Multi-unit

CMHC
MLI Select

CMHC's MLI Select product offers scaling flexibilities to encourage the preservation and creation of affordable, accessible and climate compatible units. Flexibilities include higher loan-to-value ratios, increased amortizations, lower debt coverage ratios, and reduced premiums.

At-a-glance

Property Type and Size

- New and existing affordable, energy efficient and/or accessible housing projects including: standard rental housing, single room occupancy (SRO), supportive housing and retirement homes. Student housing projects are only eligible to qualify under energy efficiency and accessibility.

- Minimum project size of 5 units except retirement homes where a minimum of 50 units/beds is required.

Non-Residential Component

Not to exceed 30% of gross floor area nor 30% of total lending value. Loan relating to non-residential component must not exceed 75% of lending value of non-residential component.

Criteria

Borrowers can commit to any combination of the following social outcomes, though a minimum of 50 points is needed to qualify for MLI Select.

For more information, please visit **cmhc.ca/mliproducts** or call **1-877 multi GO** (1-877-685-8446).

Canada

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Affordability

This outcome is assessed based on the percentage of units within the project with rents equal to or below the established threshold for the subject market.

New construction:

- Level 1 (50 points) – Min. 10% of units at max. 30% of median renter income
- Level 2 (70 points) – Min. 15% of units at max. 30% of median renter income
- Level 3 (100 points) – Min. 25% of units at max. 30% of median renter income

Existing properties:

- Level 1 (50 points) – Min. 40% of units at max. 30% of median renter income
- Level 2 (70 points) – Min. 60% of units at max. 30% of median renter income
- Level 3 (100 points) – Min. 80% of units at max. 30% of median renter income

In all cases, the borrower must commit to maintain affordability for a minimum of 10 years from the date of first occupancy of the project. Affordability commitments of 20 or more years will be awarded an additional 30 points.
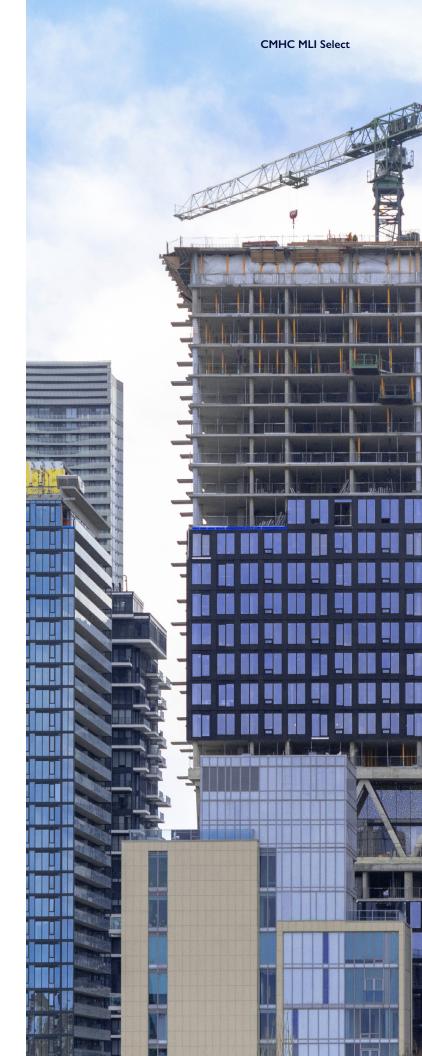
Energy Efficiency

This outcome is assessed based on the improved performance over the baseline, which depends on if the building is new or existing.

New construction:

- Level 1 (20 points) – Min. 20% better than NECB/NBC
- Level 2 (35 points) – Min. 25% better than NECB/NBC
- Level 3 (50 points) – Min. 40% better than NECB/NBC

Existing properties:

- Level 1 (20 points) – Min. 15% decrease over current baseline levels
- Level 2 (35 points) – Min. 25% decrease over current baseline levels
- Level 3 (50 points) – Min. 40% decrease over current baseline levels

Accessibility

This outcome is assessed based on the level of accessibility and adaptable building design.

There is a requirement for all levels that all units in the building (ie., both accessible and non-accessible units) are 100% visitable[1] in accordance with Canadian Standards Association (CSA) standard B651:23 and common areas are barrier free in accordance with B651:23.

Level 1 (20 points):

- Min. 15% of the units are considered accessible in accordance with the CSA standard B651:23 or
- Min. 15% of units are universal design or
- The building receives Rick Hansen Foundation Accessibility Certification v.4.0 (60%-79% score)

Level 2 (30 points):

- Min. 15% of units are considered accessible in accordance with the CSA standard B651:23 and Min. 85% of units are universal design or
- 100% of units are universal design or
- 100% of units are accessible in accordance with the CSA standard B651:23 or
- The building receives Rick Hansen Foundation Accessibility Certification v.4.0 "Gold" (score of 80% or better)

Product Timelines

Affordability criteria:

- Applies for the entire duration of the affordability period beginning at the date of first occupancy for new construction or major renovation, and the interest adjustment date for existing buildings. Documentation is required to support on-going compliance throughout the affordability period.

Efficiency criteria and accessibility criteria:

- Where improvements or construction are undertaken prior to the request for loan insurance, documentation confirming achievement of the criteria is required as part of the loan insurance application. Work must have been completed within 12 months of the request.
- Where insured financing is used to undertake improvements or construction, documentation confirming achievement of the criteria is required within 60 days after the last advance.
- Where improvements are completed with the borrower's own resources or non-insured financing, documentation confirming achievement of the criteria is required within 24 months of the last advance.
- Unlike the affordability criteria, the energy efficiency criteria and/or the accessibility criteria does not need to be demonstrated on an annual basis. Once achieved, the borrower's commitment is considered fulfilled and there are no further requirements.

Product Flexibilities

Based on total points awarded, the loan insurance application can benefit from the following flexibilities.

Total points	Max. LTC/LTV	Max. amortization[2]	Rental achievement holdback	Recourse	Replacement reserve
New Construction					
Min. 50 points	Up to 95%	Up to 40 years		Full	Discretionary
Min. 70 points	Up to 95%	Up to 45 years	May apply	Full	Discretionary
Min. 100 points	Up to 95%	Up to 50 years		Limited	Discretionary
Existing Properties					
Min. 50 points	Up to 85%	Up to 40 years		Full	Discretionary
Min. 70 points	Up to 95%	Up to 45 years	May apply	Full	Discretionary
Min. 100 points	Up to 95%	Up to 50 years		Limited	Discretionary

[1] References CSA definition of visitable - In relation to residential accommodation, any dwelling [unit] that offers a basic level of access to accommodate visitors such as people who use a wheeled mobility aid, people who are elderly, or residents who might have a temporary disability. Visitable dwellings allow a person to enter a dwelling safely, manoeuvre independently throughout the visitable level, and use the toilet facilities.

[2] The maximum amortization period is the specified number of years or remaining economic life, whichever is less. Please refer to the fees and premiums information sheet for more information.

Maximum Loan-To-Value Ratio

- **New construction:** residential component up to 95% loan-to-cost; non-residential component up to 75% loan-to-cost.

- **Existing properties:** residential component up to 95% loan-to-value; non-residential component up to 75% loan-to-value.

Loan Advancing

- **New construction:** the loan may be advanced up to 95% of costs during construction.

- **Existing properties:** the loan may be advanced up to 95% of value.

A rental achievement holdback may apply.

Minimum Debt Coverage Ratio Requirements

		Minimum DCR
Residential space	Standard rental housing with 5+ units	1.10
	Other shelter models: • single room occupancy and supportive housing (5+ units) • retirement homes (50+ units)	1.20
Non-residential space		1.40

Interest Rate

Fixed interest rate or floating (with ceiling rate).

Amortization

CMHC may consider amortization periods of up to 50 years. The amortization period must not exceed the remaining economic life of the property, as determined by CMHC.

Security Type

First, second and pari passu mortgages are permitted. Second mortgages are permitted as an interim measure.

Replacement Reserve Requirements

Replacement reserve requirements are discretionary under MLI Select and based on the strength of the borrower and application.

General Guidelines For Borrower Eligibility

The borrower must demonstrate competence and experience commensurate with the size and type of property for which mortgage loan insurance is being sought. The borrower or a corporation affiliated with the borrower must have at least five years of demonstrated management experience in the operation and management of similar multi-unit residential properties. Alternatively, a formal property management contract must be in place with a professional third party property management firm.

Borrower Net Worth

The borrower must have minimum net worth equal to at least 25% of the loan amount being requested, with a minimum of $100,000. For insurance applications scoring a total of 100 points or more, CMHC may permit flexibility in net worth requirements.

Guarantee Requirements

Construction or completion take-out financing:

The borrower and guarantor must provide their covenant/guarantee for 100% of the outstanding amount owing under the housing loan from time to time until projected rents have been achieved and stabilized for 12 consecutive months, at which time the additional guarantee required may be reduced to 40% of the outstanding loan amount owing under the mortgage, from time to time.

Purchase or refinance of existing properties:

For new loans on existing residential rental properties, the guarantee amount required by CMHC is 40% of the outstanding loan amount owing under the mortgage, from time to time.

Limited recourse:

CMHC may consider limited-recourse lending for LTVs equal to or below 65% LTV, or in cases where the borrower is unable to provide a meaningful covenant or guarantee such as, non-profits, community-based organizations or social mandate driven borrowers, or in cases where a min. of 100 points are achieved under CMHC's MLI Select product offering. Notwithstanding, the borrower remains liable under a limited recourse loan for fraud and environmental liability in all cases. The recourse of the Approved Lender shall be limited to the property and the other assets taken as security and not personally against the borrower.

In all cases, CMHC may require additional risk mitigation measures as it deems appropriate (e.g. equity retention, replacement reserves, collateral security, personal guarantees).

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