



# Evaluation of the National Housing Co-Investment Fund

FINAL EVALUATION REPORT  
June 2021



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# 1. Executive Summary

## Purpose of the Evaluation

The evaluation was undertaken to determine whether the intended outcomes are on track to be achieved in the first years of implementation. The evaluation was conducted by CMHC Evaluation Services (Evaluation Services) who provide insights that support CMHC's ability to provide evidence-based policy advice to the government on future directions of programs.

## Program Description

The National Housing Co-Investment Fund (NHCF) has two funding streams, one for construction of new units, and one for the repair/renewal of existing units.<sup>1</sup> The NHCF is expected to create up to 60,000 new units of housing and repair/renew up to 240,000 units of existing affordable and community housing by 2028.

The objectives of National Housing Co-Investment Fund (NHCF) are to:

- expand the housing supply via the repair/renewal of existing community and affordable housing;
- encourage new partnerships and investments to build, renew, and repair existing housing;
- provide housing that exceeds mandatory minimum requirements for affordability, energy efficiency, accessibility, and financial viability; and,
- promote social and economic inclusion and serve vulnerable populations.

## Methodology

This evaluation included questions pertaining to the relevance and performance of the NHCF. The evaluation covered the period from May 2018 to December 2020. Evaluation Services conducted the evaluation using a mixed-method approach. These methodologies were data, documentation and literature review, key informant interviews, a survey of successful NHCF applicants, case studies, and the use of Statistics Canada's input-output model to estimate economic impacts. Key stakeholders engaged included CMHC Officials, applicants with financial commitments, project partners, ineligible applicants, and provincial housing agencies.

## Summary of Key Findings and Recommendations

The NHCF remains relevant as there continues to be a significant need for affordable housing in Canada. The program supports the creation of new affordable housing stock as well as the repair and renewal of existing housing stock that is at risk of becoming obsolete. The NHCF is also one of few programs in Canada that directly supports the creation as well as the repair and renewal of shelter and transitional housing.

<sup>1</sup> The repair and renewal stream is for the preservation of the existing community and affordable housing.

The objectives of the NHCF are consistent and aligned with federal government and CMHC priorities. The design of the NHCF enables CMHC to support the NHS Priority Areas and Priority Populations, especially Indigenous peoples, who are in significant need of affordable housing.

Overall, the evaluation found that the NHCF is on track to meet its objectives. The program is particularly successful for projects that received funding from

the new construction stream where many projects are exceeding the achievement of its targeted social outcomes. However, potentially more can be done to address the challenges faced by repair and renewal projects and lower uptake of projects under this stream. To address these challenges, the evaluation identified a need to review program requirements and to update communication and outreach for the repair and renewal stream. The evaluation also noted opportunities for improvement for program data collection.

The evaluation proposes the following three recommendations:

### **Recommendation 1**

Review the relationship between social outcomes and uptake in the repair and renewal stream and adopt necessary adjustments to program requirements to ensure an optimal balance. This review should consider options including:

- a) adjusting the accessibility requirement for repair projects beyond urgent repairs;
- b) accepting previous investments made to achieve energy efficiency within the building (within a reasonable timeframe) for both repair and renewal projects;
- c) aligning with provincial requirements for energy efficiency and accessibility when CMHC has contributed less than project partners; and,
- d) modifications to the forgivable loan amount that non-profit organizations are eligible to receive.

### **Recommendation 2**

Develop a focused communications strategy to encourage uptake which includes:

- a) examples of how past projects were able to address the requirements, specifically for repair and renewal projects; and,
- b) new processes and improved application processing times.

### **Recommendation 3**

Review and reconfirm data collection strategy for NHCF, including:

- a) ensuring that data is consistently entered in program database; and,
- b) exploring the potential for obtaining tenant information.



## 2. Overview of the Evaluation

This report presents the results of the evaluation of Canada Mortgage and Housing Corporation's (CMHC) National Housing Co-Investment Fund (NHCF). The evaluation was carried out over the period of August 2020 through March 2021 and was conducted by CMHC Evaluation Services and BDO Canada LLP.

**Rationale:** The evaluation was undertaken to determine whether intended outcomes of the NHCF are on track to being achieved in the first years of program implementation. Evaluation Services provides insights to support CMHC's ability to provide evidence-based policy advice to the government on future directions of programs.

**Scope:** The evaluation included questions pertaining to the relevance and effectiveness of the NHCF in alignment with the Treasury Board Secretariat Policy on Results. Program efficiency was not scoped in as the NHCF program underwent significant process changes during the timeframe of the evaluation.

The purpose of the evaluation is to provide a credible, reliable, and timely assessment of the NHCF that will:

- Assess the continued need for investments toward affordable housing;
- Examine program results achieved to date; and,
- Identify and propose actions for improving the program in future years.

Acronyms and abbreviations are provided in [Annex A: Acronyms and Abbreviations](#) and terms and definitions related to the NHCF are provided in [Annex B: Key Definitions](#).

## 3. Program Profile

### Context

The NHCF commenced in May 2018 and is one of several programs administered by CMHC through the National Housing Strategy (NHS). It is a \$13.2 billion federally managed fund to support the construction of new and repair/renewal of community and affordable units. The NHCF supports the development of new and repair/renewal of units for projects across the housing continuum including emergency shelters, transitional, supportive, and community housing, as well as affordable rental housing.

The NHCF has two funding streams, one for construction of new units, and one for the repair/renewal of existing units. The NHCF is expected to create up to 60,000 new units of housing and repair up to 240,000 units of existing affordable and community housing by 2028.

### Program Objectives

The following summarizes the key objectives of the NHCF:

- Expansion of the housing supply;
- Repair and renewal of existing community and affordable housing stock;
- New partnerships and investments to build, renew, and repair existing housing;
- Housing that exceeds mandatory minimum requirements for affordability, energy efficiency, accessibility, and financial viability;
- Housing that promotes social and economic inclusion and serves vulnerable populations.

NHCF targets include at least 4,000 shelter spaces created or repaired for survivors of family violence; at least 7,000 new affordable units created for seniors; and at least 2,400 new affordable units created for people with developmental disabilities as part of the promotion of social and economic inclusion for individuals and families through affordable housing. Consideration for the housing needs of Indigenous groups include at least 560 Indigenous affordable housing units that are expected to be repaired by 2027-28. The logic model depicting key NHCF outcomes can be found in [Annex C: Logic Model](#).

### Eligible Applicants

Eligible applicants include but are not limited to the community housing sector (e.g., non-profit housing organizations and rental co-operatives); Municipal, Provincial, and Territorial Governments including their agencies; Indigenous Governments and Organizations (including First Nation Bands and Tribal Councils); and private entrepreneurs/builders/developers.

### Eligibility Criteria

Community and affordable housing; urban Indigenous community housing; mixed-use market or affordable housing; shelters; transitional and supportive housing; and conversion projects from non-residential buildings to affordable multi-residential buildings are all eligible to receive funding under the NHCF. Projects must have a minimum of five units or beds and residential use as their primary use.

Applicants are required to meet minimum requirements for affordability, energy efficiency, accessibility and financial viability in order to receive funding. Proponents are also required to work with other levels of government and partners. The following are the minimum requirements to be met by applicants for each stream of funding.

- **Affordability:** rents for at least 30% of the units must be less than 80% of the median market rent and maintained for a minimum of 20 years.
- **Energy efficiency:** new construction projects must achieve a 25% decrease in energy consumption and greenhouse gas (GHG) emissions relative to the 2015 National Energy Code for Buildings (NECB) or the 2015 National Building Code (NBC), or a 15% decrease relative to the 2017 NECB. CMHC also allows alternatives to meet the energy efficiency requirements, such as BC Step Code 3. Repair and renewal projects must achieve a minimum 25% decrease in energy use and GHG emissions relative to pre-repair or pre-renewal (“base case”) performance.
- **Accessibility requirements:** new construction projects have two options, either 20% of all units within the project meet or exceed accessibility standards with all common areas barrier free, or the entire project has full universal design<sup>2</sup>. Repair and renewal projects are expected to meet minimum accessibility standards with 20% of units meeting or exceeding criteria and all common areas are barrier free.
- **Financial viability:** organizations need to demonstrate their financial and operational ability to carry the project and capacity to deal with development risks. A minimum debt coverage ratio (DCR) is used to calculate the minimum standard for financial viability. A score of 1.00 is required for residential spaces and 1.40 is required for commercial spaces.

To support emergency repair of Indigenous community housing, some minimum requirements and need for partnerships may be waived. These projects can potentially receive loans and forgivable loans up to 100%. Additionally, flexibility on minimum requirements for accessibility, energy efficiency and proximity to transit may be allowed with approval for projects that are: rural, Northern, small-scale projects, shelters, transitional housing, supportive housing and urgent housing repairs.

Prioritization, verification of project details, and evaluation of the application determines whether a project receives funding, the type of funding (loan, forgivable loan, or a combination), and the amount of funding. Prioritization of projects is based on the expected achievement of outcomes within the NHCF priority areas. Higher scores are given to projects that exceed minimum requirements as well as promote social inclusion (including supporting vulnerable populations such as women and children fleeing domestic violence, seniors, indigenous peoples, people with disabilities, those with mental health and addiction issues, veterans, young adults, visible minorities and newcomers) and demonstrate collaboration with multiple partners.

## Program Funding

A total of \$8.65 billion is available through repayable loans and a total of \$4.532 billion is available through forgivable loans over ten years for a total of \$13.2 billion. Additionally, \$100 million of NHCF funding is allocated through forgivable loans specifically for Northern projects (i.e., \$40 million for the Yukon and \$60 million for the Northwest Territories).

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<sup>2</sup> Universal Design is defined as the design of products and environments to be usable by all people without the need for adaptation or specialized design.

## 4. Overview of Projects in Scope for the Evaluation

The evaluation examined a total of 101 approved funded projects (projects that have financial commitments through a signed letter of agreement [LOA]) as of December 31, 2020. Given that few of these projects have been built to completion at the time of the evaluation, the analysis focused on financial commitments to determine the extent the program is on track to achieve its objectives and intended outcomes. Table 1 below indicates that the majority of funded projects are allocated through the new construction stream and there is low project uptake

in the repair stream. However, the program is still on track to achieve its target to repair and renewal units. This is largely due to the committed funding provided to the Toronto Community Housing Corporation (TCHC) portfolio agreement to repair buildings within Toronto.<sup>3</sup> Also, funding is not always allocated the same year that the application was received. For example, an application submitted in the fall of one year may not receive funding until the following year when the application has been approved. As the program only began in May 2018, no funding was allocated that year.

**Table 1: Overview of Projects and Financial Commitments**

		New Construction	Repair	Renewal	Total
2019	# of Projects	59	9	1	69
	Forgivable Loan	\$191,321,418	\$4,529,637	\$285,412	\$196,136,467
	Loan	\$76,183,580	\$2,050,000	\$0	\$78,233,580
2020	# of Projects	29	2	1	32
	Forgivable Loan	\$134,601,018	\$527,733,057	\$2,845,000	\$665,179,075
	Loan	\$584,251,808	\$813,828,056	\$11,200,000	\$1,409,279,864
<b>Total Number of Units</b>		<b>8,359</b>	<b>59,630</b>	<b>43</b>	<b>68,032</b>

**Note:** Projects are specific to those with a financial commitment. Totals will vary compared to those reported in the effectiveness section, which reports on all commitments (i.e., conditional as well as financial commitments).

The scope of the evaluation includes 16 Shelter projects, 5 Transitional Housing projects, and 10 Indigenous and Northern projects (5 urban Indigenous projects). Further breakdown of projects show that the majority were non-profit organizations receiving funding through the

new construction stream. Of the 86 non-profit projects, 76 of those are new construction and 10 are repair/renewal projects. Table 2 below outlines the breakdown of projects by proponent type and funding stream.

<sup>3</sup> <https://www.torontohousing.ca/news/whatsnew/Pages/National-Co-investment-Fund-.aspx>

**Table 2: Financially Committed Projects by Proponent Type and Funding Stream**

Funding Stream	Proponent Type									
	Co-operative		Corporation		Individual		Non-Profit		Other Level of Government	
	# of Projects	# of Units/ Beds	# of Projects	# of Units/ Beds	# of Projects	# of Units/ Beds	# of Projects	# of Units/ Beds	# of Projects	# of Units/ Beds
New Construction	0	0	6	155	1	42	76	6,529	3	1,541
Repair	2	105	0	0	0	0	8	1,073	1	58,861
Renewal	0	0	0	0	0	0	2	43	0	0
<b>Total</b>	<b>2</b>	<b>105</b>	<b>6</b>	<b>155</b>	<b>1</b>	<b>42</b>	<b>86</b>	<b>7,645</b>	<b>4</b>	<b>60,402</b>

Additionally, of the 101 projects, 46 are located in Ontario followed by 13 in British Columbia, 7 in both Manitoba and New Brunswick, and 6 in Alberta. At the

time of review, there was no committed funding for projects in the Northwest Territories or Newfoundland. See Table 3 below for a further breakdown.

**Table 3: Financially Committed Projects by Province and Funding Stream**

Province	New Construction		Repair		Renewal	
	# of Projects	# of Units/ Beds	# of Projects	# of Units/ Beds	# of Projects	# of Units/ Beds
Alberta	4	336	2	442		
British Columbia	11	2,025	2	105		
Manitoba	6	402	1	284		
New Brunswick	5	68	2	70		
Nova Scotia	4	86				
Nunavut	1	71				
Ontario	38	4,221	4	59,138	2	43
Prince Edward Island	5	186				
Quebec	8	297				
Saskatchewan	2	20				
Yukon	1	45				
Province not included	1	510				
<b>Total</b>	<b>86</b>	<b>8,267</b>	<b>11</b>	<b>60,039</b>	<b>2</b>	<b>43</b>

## 5. Evaluation Questions

The evaluation focused on the two key evaluation issues of relevance and effectiveness. The relevance of the program examines the extent to which there is a continued need for a program to provide funding to support the construction and repair/renewal of affordable housing. Effectiveness examines the extent to which the program is on track to achieve its stated objectives. Below are the key evaluation questions.

### Relevance

1. Is there a continued need for a program to support the building, repair and renewal of affordable housing?
2. Are the objectives of the NHCF consistent with federal government and CMHC priorities?
  - a. To what extent does the program complement or duplicate other similar initiatives?

### Effectiveness

3. To what extent is the program on track to achieving its intended outcomes?
  - a. To what extent has the program contributed to the expansion of the housing supply?
  - b. To what extent has the program contributed to the renewal and repair of the existing housing supply?
  - c. To what extent does the program encourage the construction of new units and/or repaired and renewed units that are:
    - Affordable
    - Energy Efficient
    - Accessible
    - Financially Viable

- d. To what extent has the program been able to achieve new partnerships and investments?
- e. To what extent does the program promote social and economic inclusion and serve vulnerable groups?
- f. What is the economic impact of the NHCF?

For additional detail and for a list of indicators and sub-indicators, please refer to the Evaluation Matrix in [Annex E: Evaluation Matrix](#).

## 6. Evaluation Methodology

The evaluation was conducted using a mixed-method approach that included a literature and program data and document review, key informant interviews, survey, and an economic impact analysis.

### Literature, Program Data and Documentation Review

A detailed review of the key background documents, external literature, program documents, and program data was conducted to address the evaluation questions related to relevance and effectiveness.

### Key Informant Interviews

The evaluation team used in-depth interviews, via open-ended questions, to gain further insight related to the evaluation questions. A combination of a random and purposive sample was used.<sup>4</sup> The evaluation team selected a random sample of successfully funded projects with three Indigenous organizations' projects purposively selected and added to the sample. Interviews were also conducted with applicants that were ineligible for funding. The projects were reviewed with CMHC Program Officials to ensure appropriate regional distribution and project type.

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<sup>4</sup> A purposive sample is a nonprobability based sample wherein the objective is to produce a sample that can be logically assumed to be representative of the population.

**Table 4:** Number of Informants per Type of Key Internal and External Informants

Key Internal or External Informant	# of Interviewees
CMHC Senior Management	2
CMHC Program Officials	11
CMHC Specialists	6
Recipients of Funding	19
Unfunded Applicants	8
Social Housing Agencies	2
Project Partners	4
<b>Total Number of Key Informants Interviewed</b>	<b>52</b>

**Table 5:** Approved Funded Interviewees by Province/Territory and Funding Stream

Province	New Construction	Repair/Renewal	Both
Alberta	1		
British Columbia	3	1	
Manitoba	2		
New Brunswick	1		
Newfoundland and Labrador	1		
Nunavut	1		
Ontario	5	2	1
Quebec	1		
<b>Total</b>	<b>15</b>	<b>3</b>	<b>1</b>

## Survey

To further supplement the information collected through key informant interviews, a survey was administered to all recipients of NHCF funding who were not invited to participate in an interview. Survey questions were aligned to interview questions. 41 recipients of funding participated in the survey and the survey received a

65% completion rate. Survey respondents were largely representative of the population of all NHCF approved funded projects in terms of funding stream, proponent type, and province.<sup>5</sup> The survey was completed by 8 shelter projects, 3 transitional housing projects, and 2 Indigenous projects. The following table provides further information on proponent types and funding stream for those who completed the survey.

<sup>5</sup> Projects from the Province of New Brunswick were underrepresented in the survey by 5.5% while projects from Ontario were overrepresented in the survey by 9.4%.

**Table 6: Breakdown of Survey Respondents**

Proponent Type	Funding Stream		
	New Construction	Renewals	Repairs
Co-operative	0	0	2
Corporation	2	0	0
Individual	1	0	0
Not-for-Profit	32	2	1
Other level of government	1	0	0
<b>Total</b>	<b>36</b>	<b>2</b>	<b>3</b>

### Economic Impact Analysis

The evaluation used the Statistics Canada interprovincial input-output model (“I/O”) of the Canadian economy to assess the economic impact of the NHCF. The model allows for the estimation of direct and indirect supplier impacts. Relationships within the model map the production of products onto industries and identifies the primary or intermediate goods and services that are used in the production of each final product or service used by consumers or sold as an export. The model then aggregates all the employment and

value-added impacts generated in the supply chain. The economic impact analysis used program data (project budgeted expenditures less land costs and taxes). For additional detail about the methodology used for the economic impact analysis, see [Annex D: Detailed Methodology for Economic Impact Analysis](#).

For more details relating to the evaluation methodology, including the application of the methodologies to the evaluation questions, limitations, and quality assurance practises, see [Annex F: Evaluation Methodology and Quality Assurance](#).

## 7. Evaluation Findings

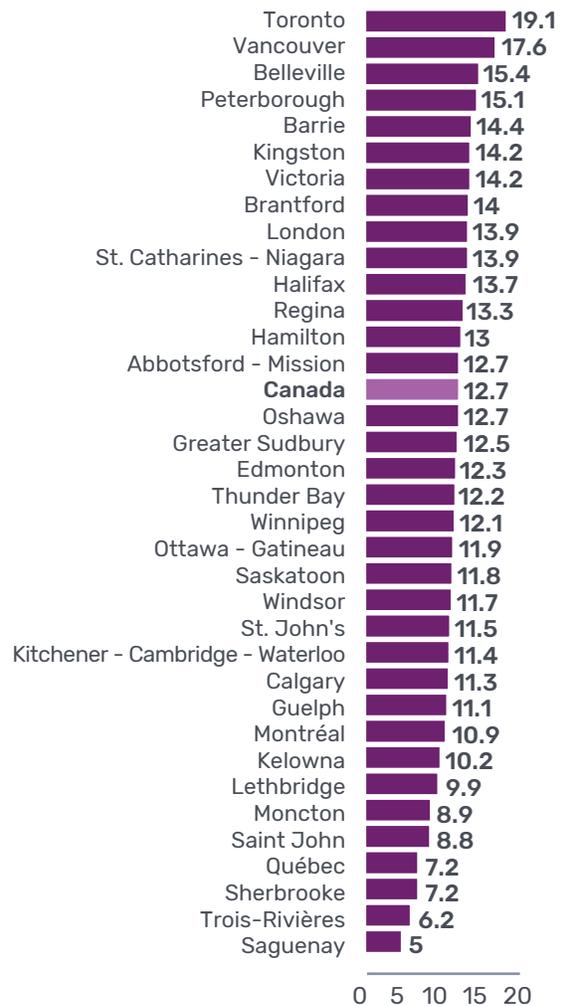
### 7.1. EVALUATION QUESTION 1: Is there a continued need for a program to support the building, repair and renewal of affordable housing?

#### Finding 1

Housing need is prevalent across Canada with the highest levels in the Territories, specifically Nunavut, followed by Ontario and British Columbia.

Housing need is described as substandard living conditions and includes inadequate housing, unsuitable housing, unaffordable housing, and core housing need.<sup>6</sup> The prevalence of core housing need throughout Canada illustrates the continued need for a program that supports the building, repair and renewal of housing units across the housing continuum.

**Figure 1: Core Housing Need Rate for Canada and Census Metropolitan Areas, 2016 (%)<sup>7</sup>**



<sup>6</sup> <https://www.cps.ca/documents/position/housing-need>

<sup>7</sup> <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

“Inadequate” housing refers to housing that is in a condition that requires major repairs.<sup>8</sup> In 2018, over one million (7.1%) Canadian households reported living in dwellings that were in need of major repairs.<sup>9</sup> “Unsuitable” housing is housing that fails to meet the National Occupancy Standard requirements for the number of bedrooms required to suit the size and number of residents in the household (i.e., crowding).<sup>10</sup> In 2018, 5.1% of all Canadian households reported living in unsuitable housing.<sup>11</sup> “Unaffordable” housing is housing whose shelter cost makes up 30% or more of the gross household income.<sup>12</sup> About one-fifth of Canadian households reported living in unaffordable housing in 2018.

“Core housing need” is defined as a household whose dwelling is unacceptable (i.e., does not meet at least one of the standards of suitability, adequacy, or affordability) and the acceptable alternative would cost 30% or more of the household’s income.<sup>13</sup>

As of 2018, 1.6 million Canadians were living in core housing need<sup>14</sup> and 628,700 households were living in social, affordable, and subsidized housing units.<sup>15</sup> Most Canadian households were in core housing need solely because one of the housing standards

(i.e., suitability, affordability and adequacy) was unmet.<sup>16</sup> Specifically, 74% of households in core housing need did not meet the affordability standard, 6.6% did not meet the adequacy standard, and 3.8% lived in unsuitable housing.<sup>17</sup>

Based on 2016 Census data, the rate of core housing need is highest in the Territories, with 36.5% in Nunavut.<sup>18</sup> Of the provinces, Ontario (15.3%) and British Columbia (14.9%) had the highest levels of core housing need.<sup>19</sup> As shown in Figure 1, among Census Metropolitan Areas (CMAs) in 2016, Toronto (19.1%) and Vancouver (17.6%) had the highest proportion of households in core housing need.<sup>20</sup>

Some groups are at a significantly higher risk for living in core housing need than the general Canadian population.<sup>21</sup> For example, as of 2015, there is an estimated intake of 300,000 new immigrants per year<sup>22</sup> and finding acceptable housing continues to be a challenge for new immigrants. In 2011, 29.6% of newcomers who had been living in Canada for less than five years were experiencing core housing need.<sup>23</sup> Recent immigrants are also three times more likely to experience core housing need compared with non-immigrants.<sup>24</sup>

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<sup>8</sup> Ibid.

<sup>9</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/191122/dq191122c-eng.htm>

<sup>10</sup> <https://www.cps.ca/documents/position/housing-need>

<sup>11</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/191122/dq191122c-eng.htm>

<sup>12</sup> <https://www.cps.ca/documents/position/housing-need>

<sup>13</sup> Ibid.

<sup>14</sup> <https://www150.statcan.gc.ca/n1/daily-quotidien/201002/dq201002a-eng.htm>

<sup>15</sup> <https://www150.statcan.gc.ca/n1/pub/75f0002m/75f0002m2020003-eng.htm>

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

<sup>18</sup> <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

<sup>19</sup> <https://www.cps.ca/documents/position/housing-need>

<sup>20</sup> <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/chn-biml/index-eng.cfm>

<sup>21</sup> <https://www.cps.ca/documents/position/housing-need>

<sup>22</sup> <https://www.immigration.ca/how-many-immigrants-come-to-canada-each-year>

<sup>23</sup> <https://www.amssa.org/wp-content/uploads/2016/07/InfoSheet31-Housing.pdf>

<sup>24</sup> Ibid.



## Case Study

### Repairs and Renewals supported by the NHCF:

An example given by an interviewee noted that the funding received from this program allowed them to repair the building elevator; perform retrofits to the communal kitchen to bring it up to the accessibility code; make the kitchen more accessible for residents who use wheelchairs; and, perform specific repairs in tenant rooms. This recipient noted that 25% of the building's tenants had accessibility needs, so the repairs and retrofits were impactful for at least one quarter of the residents.

## Finding 2

There is a need to construct new units and repair existing units in the affordable and community housing stocks in the rental markets.

Interviews with recipients of funding under both funding streams noted that there is a continued need for the NHCF to support new construction as well as renewal, repair, renovation, and retrofit projects. Among survey respondents, all five respondents completing both repair and renewal projects strongly agreed that there is a continued need for the NHCF while 36 respondents completing new construction projects at least agreed.

## Affordable Rental Market

Since 2011, accessing affordable rental housing continued to be a challenge for Canadians as demand significantly outpaced supply. Despite approximately one third of Canadian households being renters, less than 10% of new homes in the last 20 years were purpose-built rental homes.<sup>25</sup> Construction of rental homes has increased since 2014; however, rental construction still makes up less than one-third of all construction.<sup>26</sup> Increasing construction prices present a challenge to building new and repairing existing affordable rental housing. For example, softwood lumber prices increased 118% between March 2020 and March 2021. This is attributed to the temporary shutdown of sawmills due to Covid-19. Additionally, the average wholesale price for framing lumber increased 33% between 2016 and 2018.<sup>27</sup> Accordingly, the cost of construction increases with the cost of lumber. Construction costs increased for every building type in Canada in the first quarter of 2021, including residential building construction costs, with the highest increases in Calgary (16.8%), Toronto (15%) and Ottawa (14.6%).<sup>28</sup> Additionally, the most recent CMHC Rental Market Report noted that in many CMAs newly completed rental units have the highest rents potentially making it more difficult for those in greatest need to access adequate units.<sup>29</sup> The Canadian Housing Survey, administered in 2018, noted that 7.1% of Canadian

<sup>25</sup> [https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/housing\\_organizations/201904-up2-rentalhousing-challengesresponses.pdf](https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/archive/housing_organizations/201904-up2-rentalhousing-challengesresponses.pdf)

<sup>26</sup> Ibid.

<sup>27</sup> <https://www150.statcan.gc.ca/n1/pub/62f0014m/62f0014m2019007-eng.htm>

<sup>28</sup> <https://www150.statcan.gc.ca/n1/en/daily-quotidien/210506/dq210506b-eng.pdf?st=P9nKRilj>

<sup>29</sup> <https://assets.cmhc-schl.gc.ca/sites/cmhc/data-research/publications-reports/rental-market-reports/2020/rental-market-report-69720-2020-en.pdf?rev=936ca622-a6c5-4cbc-b937-d29b1d63cc14>

households reported their homes were in need of repairs.<sup>30</sup> Rental households were more likely to report needing repairs than owner households.<sup>31</sup>

Rental housing is also becoming increasingly unaffordable. For example, according to the CMHC 2020 Rental Market Survey, rent continued to increase with two-bedroom apartments increasing by 3.6% in 2020. The increased growth in the cost of rent was most prevalent amongst Halifax, Montreal, Calgary and the Greater Toronto Area, with Vancouver displaying a slowdown. In line with the increasing cost of rent, the Canadian Rental Housing Index reports that of the approximate 4 million renters in Canada, 40% of households spend over 30% of their income on housing, with 18% spending over 50%, showcasing the lack of affordability in the existing Canadian rental marketplace. Furthermore, CMHC 2020 Rental Market Report noted that 58.3% of landlords reported a higher rental arrears rate compared to 2019.<sup>32</sup>

The overall Canadian vacancy rate declined for the third year in a row to 2.2% in 2019.<sup>33</sup> Finding a rental unit can also be challenging when there are few options to choose from. The lower the rental housing vacancy rates<sup>34</sup>, the fewer options there are available to potential renters and the harder it is for Canadians to switch to more suitable accommodation. While CMHC's 2020 Rental Market Report demonstrates recent increases to vacancy rates in many CMA's this is overshadowed by continued rental price increases.

Additionally, key informant interviewees have stated that there is a continued need for the construction of affordable rental housing. CMHC Program Officials reiterated the continued need for a program that supports the new construction and repair and renewal of housing. Interviews with project partners and CMHC Senior Management noted that increasing construction costs make it challenging for housing providers to continue to build affordable housing. Funding recipients and partners have noted during interviews that the COVID-19 pandemic has made it challenging for non-profit organizations to gather donations to support initiatives to provide affordable housing.

### **Finding 3**

**There is a continued need to support the building and repair of shelter and transitional housing in Canada.**

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<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> Ibid.

<sup>33</sup> <https://www.cmhc-schl.gc.ca/en/media-newsroom/news-releases/2020/canadas-national-vacancy-rate-declines-third-year>

<sup>34</sup> The vacancy rate is the percentage of all available units in the rental property market that are unoccupied at a certain time.

## *Shelter Occupancy Rates and Shelter Facilities*

Between 2016 and 2019, there has been little growth in the number of new emergency shelters, shelters for survivors fleeing domestic violence, and transitional housing facilities.<sup>35</sup> In addition, the overall number of shelter beds in Canada between 2005 (15,774 beds) and 2016 (15,413 beds) has remained about the same while the demand has increased.<sup>36</sup> This has resulted in individuals being turned away from shelters. For instance, the number of women turned away from facilities due to lack of capacity has increased by 26% since 2014 and approximately a third of transgender youth are likely to be rejected by a shelter as a direct result of their gender identity or expression.<sup>37,38</sup>

Between 2014 and 2016, there were 4.9 million Canadians living in poverty.<sup>39</sup> Persons with mental and physical disabilities are twice as likely to live below the poverty line.<sup>40</sup> Additionally, it has been estimated that at least 235,000 individuals experienced homelessness in 2016.<sup>41</sup> The Canadian Alliance to End Homelessness (CAEH) reported that 92.4% of the approximately 15,000 available shelter beds were utilized on an average night in 2014.<sup>42</sup> This is up from 82.7% in 2005, demonstrating the increased need for shelters over the years.<sup>43</sup>

From 2005 to 2016, emergency shelter occupancy rates have grown as a result of longer average stays, which have doubled since 2005.<sup>44</sup> New facilities are especially needed in the western provinces and the territories, which have experienced the highest rates of homelessness.<sup>45</sup>

## *Continued Need for Repairs of Shelters and Transitional Housing*

In addition to a lack of capacity, facilities are aging. The median age of transitional housing buildings for survivors of domestic violence in Canada is 39 and 69% need repairs or renovations.<sup>46</sup> 48% of shelters are unable to afford the repairs or renovations required.<sup>47</sup>

Data collected as part of a Women's Shelters Canada survey illustrated the need for a program that supports the repair, renewal, retrofit, and renovation efforts of shelter and transitional housing units for survivors fleeing domestic violence throughout Canada. For example, 38% of shelters reported that their inaccessible features were a major challenge for those accessing services.<sup>48</sup> The survey also noted that 80% of respondents indicated their shelters were in need of some form of repairs or renovations with 55% reported needing "major repairs."<sup>49</sup> 46% of these shelters needing major repairs could not afford to perform the necessary repairs and renewals.<sup>50</sup>

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<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> <https://www150.statcan.gc.ca/n1/en/pub/85-002-x/2015001/article/14207-eng.pdf?st=hurpsjxY>

<sup>38</sup> <https://www.rondpointdelitinerance.ca/blog/1-3-transgender-youth-will-be-rejected-shelter-account-their-gender-identityexpression>

<sup>39</sup> <https://cwp-csp.ca/poverty/just-the-facts/>

<sup>40</sup> <https://www.canada.ca/en/employment-social-development/programs/poverty-reduction/backgrounder.html>

<sup>41</sup> <https://cwp-csp.ca/poverty/just-the-facts/>

<sup>42</sup> <https://www.canada.ca/en/employment-social-development/programs/homelessness/reports-shelter-2016.html>

<sup>43</sup> <https://fcm.ca/sites/default/files/documents/resources/submission/canada-housing-opportunity.pdf>

<sup>44</sup> [https://conference.caeh.ca/wp-content/uploads/RPCOH-06\\_B\\_Annie-Duchesne\\_-\\_Patrick-Hunter.pdf](https://conference.caeh.ca/wp-content/uploads/RPCOH-06_B_Annie-Duchesne_-_Patrick-Hunter.pdf)

<sup>45</sup> [https://homelesshub.ca/sites/default/files/SOHC16\\_final\\_20Oct2016.pdf](https://homelesshub.ca/sites/default/files/SOHC16_final_20Oct2016.pdf)

<sup>46</sup> <https://endvaw.ca/wp-content/uploads/2019/04/More-Than-a-Bed-Final-Report.pdf>

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> Ibid.



Some groups are disproportionately affected by housing need. In 2016, Census data shows that 26.2% of Inuit lived in inadequate housing followed by First Nations (24.2%) and Métis (11.3%).<sup>51</sup> Inuit households were also over five times more likely to live in unsuitable housing compared with the rest of the Canadian population.<sup>52</sup>

## Finding 4

There is a continued need to support housing specifically for Northern communities and Indigenous peoples.

There is a particular and urgent need for renewal, repair, renovation, and retrofit funding assistance for housing in Northern communities. Many of their housing units were built based on housing development practices found in the southern parts of Canada.<sup>53</sup> In addition, because of environmental conditions and improper maintenance, some housing can begin to deteriorate within only three years.<sup>54</sup> Further, because of the challenges accessing Northern communities, such as difficulty maintaining winter roads, some building supplies are not in usable condition by the time they arrive in Northern communities.<sup>55</sup> Funding from a program like the NHCF can allow for organizations to undertake repair and renewal projects in order to meet the unique needs of their respective housing environments, particularly in Northern communities.

<sup>51</sup> <https://www.cps.ca/documents/position/housing-need>

<sup>52</sup> Ibid.

<sup>53</sup> <https://chra-achru.ca/wp-content/uploads/2019/11/Congress-2019-Session-Series-Housing-in-the-North-Final-1.pdf>

<sup>54</sup> Ibid.

<sup>55</sup> Ibid.

## Case Study

The **Everyone Counts** study conducted by ESDC in 2018 surveyed individuals who are experiencing homelessness in shelters, unsheltered locations, transitional housing or those who are in health or correctional facilities, or staying with others because they have no permanent residence. The survey spans across 61 communities in Canada. They survey shows that among respondents, 65% lived in emergency and domestic violence shelters, 21% lived in transitional homes, and 14% lived in unsheltered locations. Out of the total responses, 30% identified as Indigenous peoples, with the majority being First Nations. This is significantly disproportionate to the 5% of the Canadian population that are Indigenous peoples.

<https://www.canada.ca/en/employment-social-development/programs/homelessness/reports/highlights-2018-point-in-time-count.html>

One interviewee noted that the NHCF program is one of the biggest dedicated pools of funds for Indigenous and Northern organizations to use for the creation and renewal of shelter and transitional housing. For example, the program has provided an opportunity to an organization in Nunavut to build the first transitional housing project in the region.

The external literature and data reviewed also indicated that an increased supply of shelter and transitional housing is needed in Northern communities.<sup>56</sup> Indigenous peoples, who make up 90% of the population in Northern communities,<sup>57</sup> are disproportionately experiencing homelessness as a result of systemic barriers, including poverty, discrimination, and lower education levels.<sup>58</sup> According to the 2014 General Social Survey, Indigenous women are three times more likely to report sexual assault than non-Indigenous women.<sup>59</sup> In addition, the number of Indigenous women who self-report spousal violence is three times more than the number of non-Indigenous women.<sup>60</sup> For rural Indigenous communities, the need for shelter and transitional housing is significant. This is because geographic accessibility to shelters continues to be an issue due to a lack of facilities in rural areas. For instance, as per the evaluation of the Shelter Enhancement Program (SEP) conducted by CMHC in 2018, 40% of second stage housing operators stated that if their facility was not available, the next closest one is approximately 70 kilometres away and there is a lack of transportation. Taken together, there is evidence for the continued need for the new construction of shelters and transitional housing units in rural communities and Northern communities.<sup>61</sup>

Interviews with CMHC Senior Management, Program Officials, and Specialists emphasized that there is a significant need for a program like the NHCF to respond to the need for housing within Indigenous and Northern communities. Interviews with four CMHC NHCF Program Officials noted the heightened need for investment into housing in Indigenous communities and Northern communities, both on and off-reserve, to address the lack of housing available. To further address this, the 2020 Fall Economic Statement outlines the government's commitment to build and support the operation of 12 emergency shelters across Canada for

Indigenous women, children, and 2SLGBTQIA+ people escaping family violence. Funding for this initiative will be administered through the NHCF.

## 7.2 EVALUATION QUESTION 2: Are the objectives of the NHCF consistent with federal government and CMHC priorities?

### Finding 5

The NHCF is aligned with federal and CMHC priorities to expand and repair the community housing, transitional housing, and affordable housing stock and housing for priority populations.

The importance of the NHS, including the NHCF, is outlined in the 2019 Mandate Letter for the Minister of Families, Children and Social Development.<sup>62</sup> The 2019 and 2020 Speeches from the Throne reiterate the need for increased affordable housing for Canadians, which has become even more relevant due to the COVID-19 pandemic. The NHCF plays a key role in expanding the community, transitional and affordable housing stock, and in supporting the development of homes specifically for individuals within priority communities. The Fall Economic Statement 2020 re-affirmed the federal government's commitment to investing in affordable housing, particularly affordable housing for Indigenous peoples and Northern communities through increases in investments and collaboration with non-profits and co-operative organizations that support the National Housing Strategy.

<sup>56</sup> [www.canada.ca/en/employment-social-development/programs/homelessness/reports-shelter-2016.html](https://www.canada.ca/en/employment-social-development/programs/homelessness/reports-shelter-2016.html)

<sup>57</sup> Ibid.

<sup>58</sup> <https://static1.squarespace.com/static/573e02ab62cd943531b23633/t/592c4b9b197aea285817a02c/1496075165312/AHMA+Parity+article+on+Aboriginal+Homelessness+1110.pdf>

<sup>59</sup> <https://www.justice.gc.ca/eng/rp-pr/jr/jf-pf/2017/july05.html>

<sup>60</sup> Ibid.

<sup>61</sup> <https://assets.cmhc-schl.gc.ca/sf/project/cmhc/pdfs/content/en/evaluation-of-the-shelter-enhancement-program-on-reserve-dec-2018.pdf>

<sup>62</sup> <https://pm.gc.ca/en/mandate-letters/2019/12/13/minister-families-children-and-social-development-mandate-letter>

CMHC’s aspiration is to ensure that by 2030 everyone in Canada has a home that they can afford and that meets their needs.<sup>63</sup> The NHCF will support the progress of CMHC’s aspiration by constructing up to 60,000 new units, as well as repairing and renewing up to 240,000 existing units, meaning that there will

be suitable and affordable housing for approximately 10% of the population that is anticipated to experience homelessness over the timeframe of the NHCF.<sup>64</sup>

In addition, CMHC has three Common Prioritization Areas.<sup>65</sup> Table 7 outlines how NHCF is contributing to these priorities.

**Table 7: NHCF Contribution to Priority Areas**

Common Prioritization Area	NHCF Contribution
The community housing sector includes non-profit and co-operative housing providers.	Providing funding for the new construction and repair and renewal of community housing units with both non-profit and co-operative housing partners. <sup>66</sup>
Partnerships and collaborations between governments, non-profits, co-operatives, academics and the for-profit sector.	Partnerships and collaborations between levels of government, non-profits, co-operatives, academics, or the for-profit sector are required for application to the program.
Housing that exceeds mandatory minimum requirements related to affordability, energy efficiency, and accessibility.	Application criteria that are related to affordability (rent costs for tenants), energy efficiency, and accessibility of units as well prioritization for projects with multiple partners and vulnerable groups. <sup>67</sup>

### *NHCF Alignment to Provincial and Territorial Programs*

The NHCF is also one of very few programs in Canada that support the development and renewal of shelter and transitional housing. This is an important aspect that encourages social inclusion by providing individuals and groups the opportunity and resources to be involved in society in a way that is satisfactory to them.

The NHCF complements funding initiatives that are administered by some Provincial and Territorial governments. Interviews with members from CMHC Senior Management, CMHC Specialists and social housing agencies noted that the NHCF was designed to complement many of the existing housing initiatives that are carried out at various levels of government. These interviewees also noted that CMHC is working collaboratively with provinces and territories to ensure

<sup>63</sup> <https://www.cmhc-schl.gc.ca/en/about-us/cmhcs-story>

<sup>64</sup> <https://www.cmhc-schl.gc.ca/en/media-newsroom/news-releases/2019/government-canada-to-build-affordable-housing-newcastle-for-seniors>

<sup>65</sup> <https://www.cmhc-schl.gc.ca/en/nhs/guidepage-strategy>

<sup>66</sup> <https://www.placetocallhome.ca/progress-on-the-national-housing-strategy>

<sup>67</sup> Ibid.

cohesive administration of provincial-territorial-and-federally-administered programming. One example of this collaboration is the development of a unique task force with British Columbia (BC) Housing, where both organizations are ensuring that the delivery of their respective programming is integrated.

Interviewees including CMHC Program Officials, recipients, and unfunded applicants noted that the affordability, accessibility, and sustainability related thresholds that are requirements for the NHCF are different than those required through provincial and territorial programs, which can make it challenging for some projects to apply to multiple sources of funding. Challenges related to Provincial/Territorial partnerships are furthered detailed in [Section 7.3.6](#).

### *NHCF Alignment to CMHC Seed Funding Program*

Both the CMHC Seed Funding and the NHCF programs are similar in design, both having a new construction stream and preservation/repair and renewal stream, and both offer loans and forgivable loans.

Many interviewees noted that the NHCF complements the Seed Funding initiative operated by CMHC. Multiple interviewees noted that Seed Funding was instrumental in supporting the financial viability of their projects in the interim while waiting for funding to be administered by the NHCF, with some interviewees noting that without Seed Funding they would have been unable to continue advancing their proposed projects.

#### **Interviewees used Seed Funding in the following ways:**

1. Hiring engineers to ensure they would meet energy efficiency targets.
2. Hiring architects to support the design of their project.
3. Support the NHCF application process (completing studies and plans).

## **7.3 EVALUATION QUESTION 3: To what extent is the program on track to achieving its intended outcomes?**

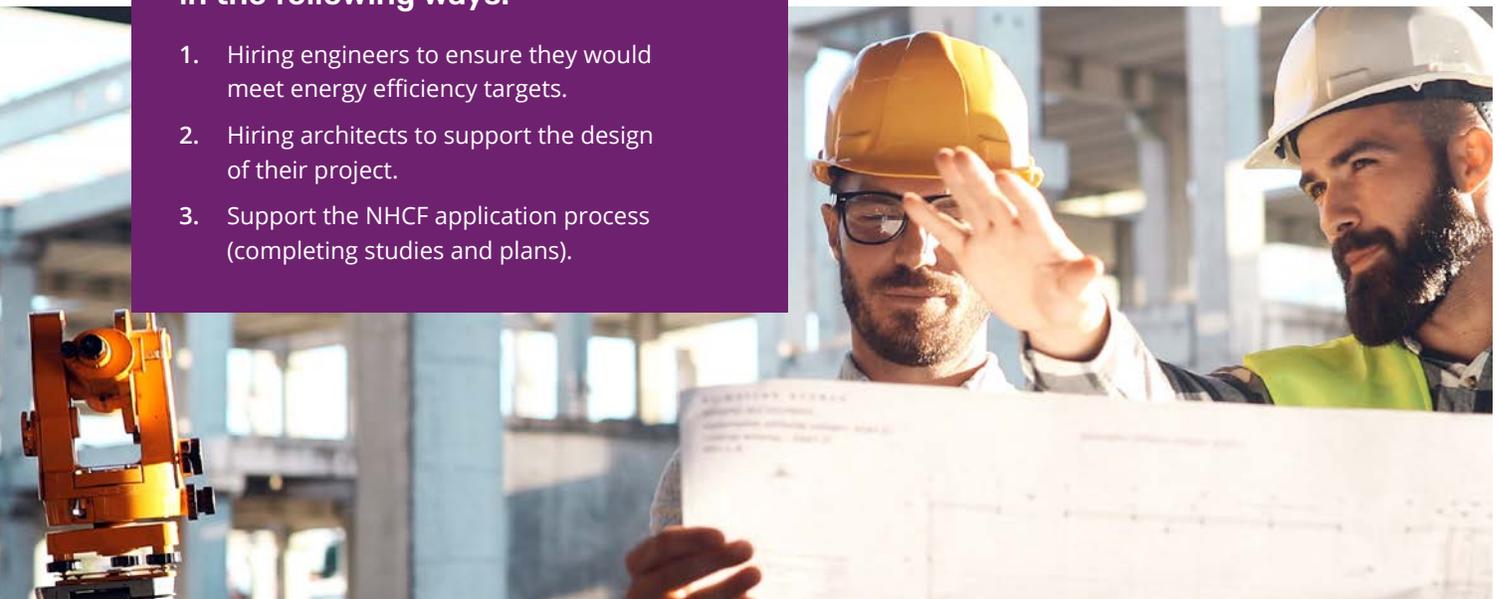
### *7.3.1 Expansion and Renewal of Housing Stock*

#### **Finding 6**

The NHCF commitments demonstrate that it is on track to meet its short-term targets in both the new construction and repair and renewal project streams.

#### **Progress of the NHCF**

Table 8 below demonstrates the number of new units that the NHCF has committed to funding, including both conditional commitments (projects with a Letter of Intent) and financial commitments (projects with a Letter of Agreement) between May 2018 and December 31, 2020. The table also demonstrates how these outputs will compare to the program's targets. The lifespan of the NHCF is ten years and unit targets for the program increase each year. The table below shows that given the ten year commitment for achievement of outcomes, the program is on track. The units in Table 8 account for a total of committed funding of \$3.1B as of December 31, 2020 (approximately \$2B in loans and \$1.1B in forgivable loans)



**Table 8: New Construction Targets (conditional and financial commitments)**

Unit Type / Target Population	Target (# of units)	Committed New Units (December 31, 2020)
Community and Affordable Housing Units*	14,600 – 16,700	12,400 (~8,600 affordable units)
Shelter Beds for Survivors of Gender-Based Violence	2,000	800
Senior-Led	At least 7,000	2,700
People with Developmental Disabilities	At least 2,400	650
Indigenous	N/A	Over 3,000

\*Short term target - to be achieved by 2021-22. Remaining indicators are to be achieved over the ten years of the program (by 2028).

The NHCF is also committed to funding for repair/renewal projects that will contribute to the program’s outcomes. Table 9 below demonstrates the number of repaired or renewed units that the NHCF has conditionally committed and financially committed to funding as of December 31, 2020, as well as how these outputs compare to the program’s targets. The program is on track to meet its short-term target (to be completed by 2021-22) for the number of repaired or renewed community and affordable housing units. However, it should be noted that the majority of the committed repair/renewal units are dedicated to the Toronto Community Housing Corporation, and there is room to increase repair/renewal projects in other jurisdictions.

The program is under target with regard to its ten-year commitment for shelters for survivors of gender-based violence and commitments to repair/renewal of Indigenous units with pre-existing legacy funding. There have been no requests for funding from the NHCF, however, uptake is expected to begin in 2023 with the expiration of the operating agreement. Additionally, given this ten-year target there is time for it to be achieved prior to 2028. It should also be noted that funding commitments through the repair/renewal stream could potentially repair up to 9,800 units to support Indigenous peoples.

**Table 9: Repair/Renewal Targets**

Unit Type / Target Population	Target (# of units)	Committed Repair/ Renewed Units
Community and Affordable Housing Units*	49,100 – 75,100	65,900 (~61,900 affordable units)
Shelter Beds for Survivors of Gender-Based Violence	2,000	150
Units for Seniors	N/A	30,900
Indigenous	560	0

\*Short term target -to be achieved by 2021-22. Remaining indicators are to be achieved over the ten years of the program (by 2028).

### **Finding 7**

There is less uptake of repair/ renewal projects compared to the new construction stream and repair/renewal projects face unique challenges that can make it difficult to meet program requirements.

#### **Challenges Experienced by Repair and Renewal Projects**

Key informant interviews with CMHC Program Officials, Specialists, and Senior Management have confirmed that there is limited application uptake in the repair and renewal stream compared to the new construction

stream. Based on internal program data of the 101 approved funded projects assessed as part of this evaluation,<sup>68</sup> 86 of the projects were new construction projects, 13 were repair projects, and 2 were renewal projects. Four of the repair projects were classified as requiring urgent repairs. Additionally, based on the program’s internal progress reporting, the NHCF has committed funding to repair 64,500 units in Ontario, while the program has not yet committed funding to repair any units in Saskatchewan, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, and Nunavut. As the highest levels of core housing need in the provinces are in Ontario and British Columbia, NHCF is contributing the most to the provinces in greatest need; however, further investments of repair/renewal are needed in the Territories to help address core housing need, particularly in Nunavut.

<sup>68</sup> “Financial commitment projects assessed as part of this evaluation” includes projects that have the following status reasons: Advancing, Agreement Signed, Fully Advanced, and In Administration.



## Case Study

### Repair and Renewal Project – Accessibility Criteria

One NHCF proponent is a non-profit organization that partners with housing providers and social enterprise contractors to renovate under-utilized buildings into energy efficient affordable housing with wraparound supports. This proponent received support from the NHCF through its repair and renewal stream for the renewal of two buildings, one dedicated to young adults with developmental disabilities and one dedicated to at-risk youth.

As a repair and renewal project, the proponent faced some challenges with the NHCF's accessibility criteria, noting that although they built a number of accessible units to meet the program's criteria, it would be challenging to rent out these units. This is because the proponent understood that its target tenant populations did not necessarily have a need for fully accessible units, resulting in challenges for the project to balance its supply and demand of accessible units.

Key informant interviews with recipients of funding and unfunded applicants noted that repair and renewal projects face particular challenges in meeting the NHCF's accessibility and energy efficiency requirements. For example, an existing building structure can make it challenging to meet accessibility standards for a significant portion of their units. Several interviewees also noted that they have a thorough understanding of the target population who will be living in the units, and note that fully accessible units can be difficult to rent to an individual who does not require such a unit. Similarly, repair and renewal projects may not be able to make significant changes to the building in order to improve energy efficiency outcomes if limited by existing building structures. Significant energy efficiency investments in a repair and renewal project may also affect the project's viability or the rent price that the proponent is able to offer to its tenants. Key informant interviews with several CMHC Program Officials and Specialists noted that

NHCF's energy efficiency requirements do not recognize a project's prior energy efficiency investments. As such, it was highlighted that projects that have made recent energy efficiency investments may experience more difficulty in improving their outcomes even further in order to meet the NHCF's requirements, or it may impact the overall viability and affordability of the project

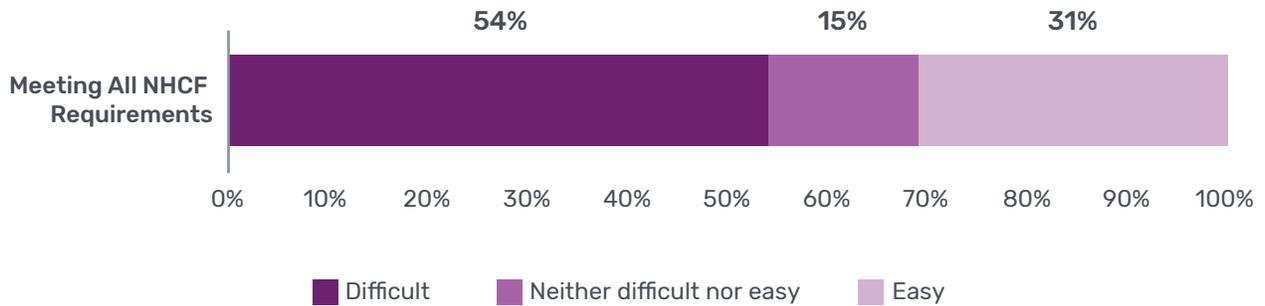
Survey responses illustrated that, when compared with new construction and renewal projects, repair projects had the most difficulty with meeting all of the requirements overall as well as the accessibility requirements. The results are mixed for renewal projects. Survey respondents with renewal projects were more likely to report little difficulty with meeting each of the requirements and the requirements overall, however, renewal project interviewees provided several challenges with meeting the criteria.

The examples provided above suggest that the accessibility and energy efficiency criteria are more challenging for repair and renewal projects to meet and may partially explain why there has been limited application uptake in the repair and renewal stream. Further breakdown of proponent types and their responses to meeting each of the criteria will be outlined in the remaining sections of this report

### Details on Meeting NHCF Requirements

Survey respondents for both the new construction and repair/renewal streams were asked to report their experiences with meeting all of the NHCF requirements in totality. From the responses presented in the figure below, 54% of survey respondents reported difficulty with meeting all of the NHCF requirements.

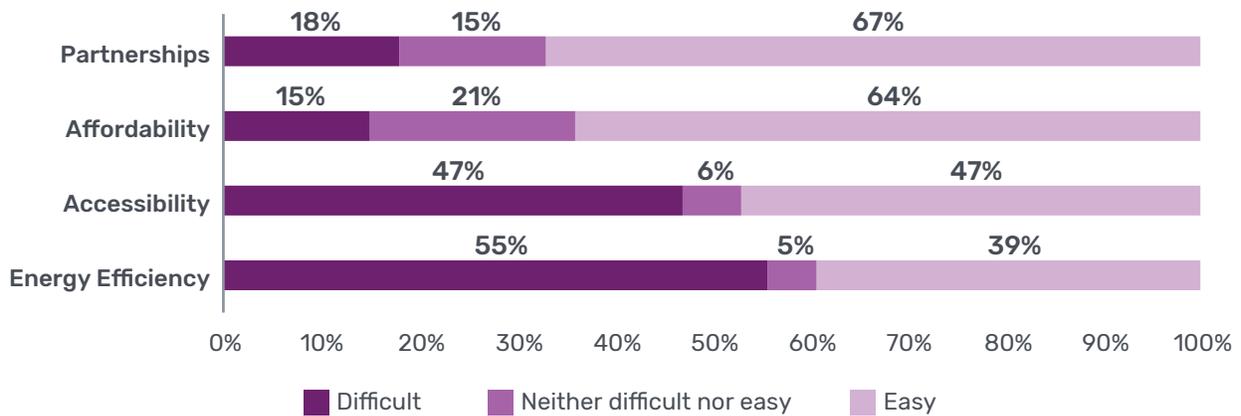
**Figure 2: Survey Responses for Meeting All NHCf Requirements (new and repair/renew)**



To probe further, survey respondents were also asked to report their experiences for meeting each of the requirements separately. From Figure 3 below, meeting the energy efficiency requirement and the accessibility requirement were reported to be the most difficult while the partnership requirement was the least difficult requirement to meet. Relatively few

survey respondents reported difficulty with meeting the affordability requirement. However, interviews with unsuccessful non-profit applicants noted that one of the main challenges they faced were the upfront costs for meeting the requirements without guarantee of receiving funding.

**Figure 3: Survey Responses to Meeting Each of the NHCf Requirements (new and repair/renew)**



Further examination of survey data was done using hierarchical multiple linear regression analyses to examine the degree to which organizational size, organizational experience, and the interaction between the two predicted respondents' experiences with meeting NHCF requirements. The analysis demonstrated that, aside from the accessibility requirement, neither organization size nor organization experience played a factor in ease or difficulty meeting the NHCF program requirements. This suggests that these organizations are not limited by size or experience in terms of receiving funding. However, smaller organizations with more experience reported having a significantly easier time meeting the accessibility requirement than those with less experience. In contrast, among larger organizations, there was no significant difference in meeting the accessibility requirement based on organizational experience.<sup>69</sup>

Further regression analyses controlling for organizational size and organizational experience revealed a significant effect of accessibility on affordability. It is important to note that this analysis only includes those who completed the survey because these projects are the only ones that have organizational size and organizational experience reported. This analysis revealed that among new construction projects that do not include shelters or transitional housing projects, the percentage of accessible units significantly predicted a reduction in affordability offered in those projects.<sup>70</sup> These results indicate that for every percent increase in accessibility there was a corresponding 0.75% decrease in affordability offered. In addition, these results suggest that the lack of significant effects for accessibility could be explained because organizational size and organizational experience were not controlled for, as this information is not available for all projects. This indicates that it is likely easier for larger and more experienced organizations to offer

affordability despite incurring larger costs related to accessibility. It is important to note that the sample sizes were too small to make comparisons for new construction shelter and transitional housing projects or for repair and renewal projects.

### Survey Respondents' Overall Experience with NHCF

Survey respondents were also asked to rate how much they would recommend the NHCF. These responses were used to create a net promoter score.<sup>71</sup> The net promoter score involves asking respondents how likely they are to recommend the program on a scale from 0 (*not at all likely*) to 10 (*very likely*). On the scale from 0 to 10, respondents who chose 0 – 6 are considered to be detractors who are unhappy with the program and who can impede growth through negative word-of-mouth.<sup>72</sup> Respondents who chose 7 – 8 are considered to be passives who are satisfied but unenthusiastic. Respondents who chose 9 – 10 are considered to be promoters who are satisfied with the program and will refer others to the program.

A net promoter score is a value between -100 to 100, wherein higher scores represent more satisfaction. A net promoter score is a way to measure client satisfaction and the potential for growth. Of 40 survey respondents, there were 20 promoters (50%), 6 passives (15%), and 14 detractors (35%).<sup>73</sup> Thus, the net promoter score for NHCF was 15. This score indicates that many are satisfied with NHCF but there is still room for improvement. It is important to note that the program's application process has recently been revised with an emphasis on application time and improved customer interaction. Therefore, surveying more recent applicants could provide better insight into how the program improvements have impacted the overall net promoter score.

<sup>69</sup> Organizational size significantly predicted experiences with meeting the accessibility requirement such that larger organizations found it easier to meet the requirement ( $b = .05$ ,  $SE = .02$ ,  $p = .03$ ,  $sr^2 = .22$ ,  $CI [.01, .09]$ ,  $R^2 = .22$ ). There was also a significant interaction between organizational size and organizational experience ( $b = -.01$ ,  $SE = .00$ ,  $p = .04$ ,  $sr^2 = .16$ ,  $CI [-.02, .00]$ ,  $R^2 = .38$ ). Among smaller organizations, the more experience the organization had, the easier it was to meet the accessibility requirement ( $b = .40$ ,  $SE = .19$ ,  $p = .04$ ,  $sr^2 = .15$ ,  $CI [.01, .79]$ ). In contrast, among larger organizations, organizational experience did not affect their ability to meet the accessibility requirement ( $b = -.06$ ,  $SE = .08$ ,  $p = .46$ ,  $sr^2 = .02$ ,  $CI [-.22, .11]$ ).

<sup>70</sup> ( $b = -.748$ ,  $SE = .27$ ,  $p = .016$ ,  $sr^2 = .27$ ,  $CI [-1.33, -.17]$ ,  $R^2 = .50$ ).

<sup>71</sup> Reichheld, F., F. (2003). The one number you need to grow. Harvard Business Review. <https://hbr.org/2003/12/the-one-number-you-need-to-grow>

<sup>72</sup> Ibid.

<sup>73</sup> The net promoter score value = (Number of Promoters - Number of Detractors) / (Number of Respondents) x 100.

### 7.3.2 Housing Affordability

#### **Finding 8**

The NHCF program will help to create units that are below market rent. However, the rents charged may still be out of reach for some in major CMAs.

#### Percentage of Affordable Units

To receive NHCF funding, applicants must ensure that at least 30% of the units that are built or repaired/renewed are affordable. Affordable is defined as units that charge rents that are less than 80% of the Median Market Rent (MMR). Of the 101 projects examined for this evaluation, 84 of the 85 projects with rental units met the criteria of having 30% of total project units that are affordable.<sup>74</sup> The remaining 16 projects are shelters that provide beds as opposed to units and are considered to be 100% affordable. As demonstrated by Table 10 below, for 35 of the 85 (41%) approved funded projects, 91% to 100% of their total project units are affordable units.

**Table 10: Number of Affordable Units**

Percentage of Affordable Units	Number of Projects
30 – 45%	16
46 – 60%	22
61 – 75%	5
76 – 90%	6
91 – 100%	35

#### Depth of Affordability

Of the 101 approved funded projects assessed as part of this evaluation, 98 met the NHCF’s under 80% of median market rent (MMR) affordability criteria.<sup>75</sup> Table 11 below demonstrates the depth of affordability achieved by the approved funded projects. For the purposes of this evaluation, the depth of affordability is defined as the percentage of MMR that is charged for their units. The requirement ensures that rents are below 80% of the MMR. If the proponent charges less than 80% the unit is considered to have greater depth of affordability. Of note, 29 projects of the 97 projects assessed provided or will be providing rents to their tenants at less than 50% of MMR. However, 16 of these 29 projects are shelter projects that offer beds as opposed to units and these shelter projects do not charge rents.

**Table 11: Project Commitment % MMR Charged for Units**

Average Depth of Affordability	Number of Projects
80-70%	37
69-60%	21
59-50%	10
49-40%	6
<39%	7
0	16 (shelters)

#### Comparison of Median Market Income to Median Market Rent and NHCF Project Affordable Rents

To further demonstrate how the NHCF is contributing to housing affordability, the evaluation also examined all projects in Toronto, Vancouver, Calgary, and Ottawa. In each city, the average Median Market Income (MMI) is compared to the MMR and then compared to the rent for the average NHCF affordable unit.

<sup>74</sup> Data not entered into CRM program database for 1 project.

<sup>75</sup> Data not entered into CRM program database for 3 projects.

Table 12 below illustrates how tenants are able to spend a smaller portion of their income when living in affordable housing (demonstrated by a smaller % of MMI to affordable unit compared to the % of MMI to MMR).

It should be noted that in Vancouver even though the average depth of affordability is below 80%, it still costs, on average, more the 30% of MMI to rent an affordable unit.

**Table 12: Comparison of % MMI to MMR and Affordable Rents**

Municipality	# of projects	Total # of units	# of affordable units	Depth of affordability (average)	% MMI v MMR (average)	% MMI v Affordable unit (average)
Toronto	4	130	125	58%	40%	18.5%
Toronto Portfolio	1	58,680	53,538	65%	42%	27%
Vancouver	2	1,605	1,547	67%	42%	35%
Calgary	4	306	273	71%	27%	15%
Ottawa	4	819	332	62%	29%	16%

**Notes:** The percentage in the depth of affordability column shows the average percentage of rent charged against the MMR. The %MMI v MMR column shows the average percentage MMI income needed to afford a MMR unit. The %MMI v Affordable unit shows the reduced percentage of income needed to rent the affordable unit.

While the above table demonstrates that through NHCF affordability requirements the depth of affordability can reduce the income needed to rent an affordable unit, Table 13 below demonstrates that for some CMAs even greater depth of affordability is needed in order to serve the lowest income groups. For example, reviewing

the targeted affordable rents for the projects below, there are no projects reaching the income group below \$20,000 a year. For projects in Vancouver, a minimum approximate income of \$60,000 is needed to afford an affordable unit.

**Table 13: Project Affordability Reach**

	Total affordable units	Affordable rent charged (average)	Depth of affordability	Approx. min. gross income required (yearly)*	Approx. # of rental households below min. income*	Approx. % of households out of reach*
<b>Toronto</b>						
Project #1	35	\$886	71%	\$40,000	12,130	21%
Project #2	35	\$888	79%	\$40,000	39,265	28%
Project #3	24	\$575	38%	\$40,000	39,265	28%
Project #4	31	\$384	42%	\$20,000	6,300	10%
<b>Vancouver</b>						
Project #1	35	\$1288	65%	\$60,000	11,635	28%
Project #2	12	\$1390	70%	\$60,000	8,060	27%

	Total affordable units	Affordable rent charged (average)	Depth of affordability	Approx. min. gross income required (yearly)*	Approx. # of rental households below min. income*	Approx. % of households out of reach*
<b>Calgary</b>						
Project #1	120	\$794	77%	\$40,000	4,910	8%
Project #2	33	\$520	74%	\$20,000	1,635	14%
Project #3	74	\$631	65%	\$40,000	3,400	28%
Project #4	46	\$667	65%	\$40,000	4,910	8%
<b>Ottawa</b>						
Project #1	39	\$466	52%	\$20,000	1,740	8%
Project #2	40	\$487	62%	\$20,000	1,465	16%
Project #3	42	\$489	56%	\$20,000	1,465	16%
Project #4	211	\$1042	79%	\$60,000	6,550	36%

\*Based on Statistics Canada 2016 Census CMA Neighbourhood data.

**Notes:** The table assumes that 30% of annual gross yearly income is required to afford the rents charged. The analysis also used income brackets of \$20,000 increments to align and compare to Statistics Canada Census CMA neighbourhood household income data. Portfolio projects were not included as they are based at the CMA not CMA Neighbourhood level. Table does not include portfolio projects or shelter projects.

### Contribution of NHCF Funding to Housing Affordability

Survey and interview results revealed that the NHCF will contribute to affordable housing units. For example, survey participants were asked to report how their project may have been impacted if they did not receive NHCF funding, 32.5% of respondents noted that their project would have had fewer affordable housing units and 50% reported that they would not have completed their projects without NHCF funding (n = 40). Of the survey respondents who exceeded the affordability requirement, 63.6% agreed that NHCF support helped them exceed the requirement. A few interviews with recipients of funding confirmed that NHCF funding allowed them to decrease their reliance on loans with higher interest rates, which resulted in affordability that

is directly passed onto tenants in the form of decreased rent prices. Key informant interviews with recipients of funding, unfunded applicants, and social housing providers further emphasized that use of the forgivable loan portion of the NHCF is what will allow proponents to continue to achieve and maintain affordability.

### Finding 9

**While non-profit organizations were generally able to exceed NHCF affordability criteria, the cost of meeting these requirements can impact their ability to provide more or greater depth of affordable units.**



NHCF is a program that provides both loans and forgivable loans but considers repayable loans first when assessing applications and administering funding to proponents. Proponents may be eligible for forgivable loans where:

- A repayable loan is not feasible for the proponent.
- The proponent is receiving external funding that covers the majority of its project costs, but a forgivable loan is required to close the gap.
- Additional funding is an incentive for higher performing projects.<sup>76</sup>

Many interviewees noted that the low-interest repayable loans and the forgivable loans make it possible to build affordable housing and incentivizes the building of affordable housing. Many interviewees pointed out how the forgivable loans were most appreciated because proponent organizations are able to keep rents lower with a forgivable loan rather than having to charge higher rents to pay back the loan. Although administering increased funding through forgivable loans would be more costly, it was suggested that this could provide a deeper level of affordability for Canadians and further support the creation and repair/renewal of affordable units.

## Case Study

### New Construction Project – Repayable Loan

One NHCF proponent received funding through the new construction stream to develop a supportive rental project dedicated to veterans experiencing homelessness. The proponent also partnered with several mental health support organizations and veterans-based organizations to provide integrated supports and services for their tenants.

As a project that received both a repayable and forgivable loan from the NHCF, it was noted that their most significant concern was paying back their loan over the long-term. Specifically, the project noted concerns with being able to receive a similar low interest rate when it comes time to renew their loan with CMHC. Additionally, it was noted that the income support offered through the Ontario Disability Support Program (ODSP) has only increased by \$20 over the past ten years. As their tenants rely on the ODSP to pay their rents, the project is concerned that future increases in the ODSP will not be enough to cover their loan payments, or that the project will be unable to maintain affordability for its tenants.

<sup>76</sup> <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/co-investment-fund-new-construction-stream>

### 7.3.3 Energy Efficiency

#### **Finding 10**

**Projects funded through NHCF are committed to reducing energy consumption.**

#### Achievement of the Energy Efficiency Requirement

NHCF's energy efficiency criteria is that projects must meet a minimum 25% decrease in energy consumption. Table 14 below illustrates the range of energy efficiency targets of approved funded projects, demonstrating that a majority (91%) of approved funded projects will meet or exceed the NHCF's minimum energy efficiency requirements.<sup>77</sup>

**Table 14:** Number of Projects Meeting the Energy Efficiency Requirement

% Energy Efficiency (Target)	Number of Projects (Total)	New Construction	Repair	Renewal
< 25 %	8	6	1	1
25% - 40%	63	58	5	
41% - 55%	14	12	1	1
56% - 70%	3	3		
71% - 85%	0			
86% - 100%	1	1		

NHCF funded new construction projects are committed to an average reduction in energy use of 33%, and repair and renewal projects are committed to achieve an average reduction of 32%. In the repair and renewal stream five projects were considered urgent repairs, with one project not meeting the criteria.

Of the projects in Table 14, 11 requested a flexibility consisting of two repair, one renewal, and eight new construction. Of the projects that did request a flexibility, 2 were in remote or rural locations.

#### Ability to Achieve Energy Efficiency Requirements

As noted in Section 7.3.1, just over half of survey respondents (21 of 38 or 55.3%) reported at least some difficulty with meeting the energy efficiency

requirement. Of this group, five (23.8%) were shelter projects and one (4.8%) was a transitional housing project. Of the 15 survey respondents who reported meeting the energy efficiency requirement to be easy, two (13.3%) were shelter projects and two (13.3%) were transitional housing projects.

According to program data above, 79 projects (78%) exceeded the energy efficiency requirement. Whereas, of the 41 approved funded projects that participated in the survey, 22 respondents (53.7%) reported that they exceeded the minimum requirements. The discrepancy is likely due to the fact that those who were just over the 25% minimum requirement were not likely to report exceeding it. Also, 80% of these respondents reported that receiving NHCF support helped them exceed the requirements.

<sup>77</sup> Of the 8 projects targeting below 25% in energy efficiency, 5 projects requested a flexibility (2 renewal projects, 1 repair project, and 2 new construction projects). Receiving a "flexibility" means that the published requirement was reduced or waived as appropriate, due to special considerations related to a specific project. The table does not include 12 projects that did not specify an energy efficiency target.



## Case Study

### New Construction Project – Energy Efficiency Criteria

One NHCF proponent received funding through the new construction stream to develop an apartment building that will be available for Indigenous Elders, individuals with accessibility challenges, and families living off-reserve.

As a project based in British Columbia, the proponent experienced some challenges with meeting the NHCF's energy efficiency requirements. It is important to note that natural gas is often the preferred energy source in British Columbia as it is less expensive than hydropower. Although natural gas is more affordable than hydropower, it is harder for buildings that use natural gas to be energy efficient. Natural gas contributes to a large amount of carbon dioxide and greenhouse gases whereas hydropower is renewable and rarely creates pollution. While the proponent made significant investments in order to achieve the NHCF's targeted energy efficiency outcomes, it was noted that the increased costs incurred could affect the level of affordability offered to tenants in the long-term.

<https://infogram.com/natural-gas-vs-hydropower-1g8djp9oz57opyw>

### Challenges Experienced by Non-Profit Organizations

The majority of interviews with recipients of funding and unfunded applicants (both streams) noted that the NHCF's extensive requirements can impact their ability to access funding. Compared to other types of applicants, several non-profit recipients of funding and unfunded applicants noted that they often had to invest significant time, resources, and money to obtain and submit the supporting documentation required for the NHCF application, such as environmental site assessment reports, soil test reports, and appraisal reports. The NHCF requirements for energy efficiency and accessibility often increase the costs of new construction and repair and renewal projects, which can make it more challenging to offer a greater reduction in the rents they charge to their tenants.

However, it is also important to note that there are potential long term cost savings with implementing energy efficient retrofits. Performing energy retrofits to living spaces can produce a positive economic impact for building owners in the form of energy savings and reduced maintenance costs. While the savings on energy and maintenance costs are not typically immediate, they can be quite impactful in the longer term. In particular, larger building projects receive better value-for-money when investing in energy retrofits, including through more cost-effective measures for lighting, HVAC, walls, windows, roofs, doors, and water systems.

## Finding 11

For repair and renewal projects, previous energy efficiency investments are sometimes not considered in the assessment of the project's ability to meet that requirement.

**Table 15: Potential Retrofit Savings<sup>78</sup>**

Type of Retrofit	Explanation of Retrofit	Savings (\$) Yield
Minor	Single measures taken	Up to 15 percent
Major	Multiple measures taken; multiple building systems affected	15-40 percent
Deep	Space changes, building renewals or modernization	40+ percent

**Contribution of NHCF Funding to Energy Efficiency Outcomes**

Survey and interview results revealed that while NHCF funding does allow proponents to achieve energy efficiency targets, it may not be a direct incentive. This is because some proponents are already working towards improving energy efficiency themselves. To illustrate, survey participants were asked to report how their project would have been impacted if they did not receive NHCF funding. Of the 40 approved funded projects that answered this question, 15 (37.5%) reported that their projects would have been less energy efficient, suggesting that the remaining 62.5% of respondents would have continued to achieve energy efficiency outcomes without the NHCF. Additionally, 6 of 19 recipients of funding (31.6%) interviewed stated that their projects would have continued to meet the energy efficiency requirements without NHCF funding as they were already built into their organizational or project mandates. Thus, these findings suggest that NHCF funding and program requirements are not the sole reason proponents are working towards improving energy efficiency.

**Regional Differences and Capabilities**

Interviews with recipients of funding advised that there is an opportunity for the NHCF to consider regional differences and capabilities with regards to the program’s energy efficiency criteria. For instance, natural gas is preferred in British Columbia because it is inexpensive compared to hydroelectricity. This can cause challenges for applicants in British Columbia to meet energy efficiency requirements and can impact the level of affordability they have been able to provide their tenants. Projects located in the North also experience challenges. Although a recipient of funding in the North was able to implement energy efficiencies throughout their building, they still found difficulties in meeting the NHCF’s minimum requirements because they were limited to using diesel heating. A CMHC Program Official echoed the difficulties Northern communities have in obtaining energy efficiencies. For example, solar panels are not viable in the North due to weather conditions and short daylight periods in the winter. Limited resources, existing conditions, and costliness present barriers for groups in Northern communities to meet or exceed energy efficiency requirements.

Additionally, the NHCF’s energy efficiency requirements for repair/renewal projects are based on a pre-repair or pre-renewal “base case”, which does not necessarily recognize a project’s prior energy efficiency investments. Projects that have made recent energy efficiency investments may experience more difficulty in improving their outcomes even further in order to meet the NHCF’s requirements or it may impact overall project viability and affordability.

**7.3.4 Accessibility**

**Achievement of Accessibility Requirements**

Of the 101 approved funded projects assessed as part of this evaluation, the total average percentage of units in proponents’ buildings that will be accessible is 25%, which is above the minimum requirement of 20%.<sup>79</sup> New construction projects showed an average of 27% accessible units whereas renewed and repaired projects

<sup>78</sup> <https://data.fcm.ca/documents/resources/gmf/sah-why-undertake-energy-efficiency-retrofits-gmf.pdf>

<sup>79</sup> This average percentage was calculated for 85 out of 101 total approved funded projects as it excluded projects that did not specify a percentage for units that were accessible within their building.

showed an average of 15% (excluding the 5 urgent repair projects that are not required to meet the minimum accessibility requirement). Table 16 below demonstrates the extent that projects are contributing to accessibility. A total of 31 projects did not meet the minimum accessibility requirements, of those, 14 requested

a flexibility, 6 of which were from the repair/renewal stream.<sup>80</sup> Additionally, of the projects that did not meet the accessibility requirement that received a flexibility, 2 projects were shelters located in rural/Northern locations and 2 were shelters or transitional housing in urban locations.

**Table 16: Contribution of Projects to Accessibility Requirements<sup>81</sup>**

% of units meeting Accessibility Requirement	Number of projects (total)	New construction	Repair	Renewal
<b>Urgent Repair</b>			5	
< 10%	22	15	2	
10% - 19%	10	9		1
20% - 29%	36	31	2	1
30% - 39%	10	10		
40% - 49%	4	4		
50% - 100%	17	17		

## Finding 12

Repair projects experience challenges with meeting the accessibility requirements.

### Challenges Associated with Meeting Accessibility Criteria

As noted in [Section 7.3.1](#), in the survey of successful applicants, the two repair projects reported the most difficulties with meeting the accessibility requirement compared to the 14 (47%) new construction and none of the renewal projects. This was further confirmed through key informant interviews. As described in [Section 7.3.1](#), interviews with recipients of funding, ineligible applicants, and CMHC Program Officials noted that it can be especially challenging for applicants to the repair and renewal stream to meet the program's

accessibility requirements because an existing building structure may make it difficult for a proponent to meet accessibility standards for a significant portion of their units. This is often due to the negative cost-benefit trade-offs associated with making significant changes to an existing building. A few other unfunded applicants noted that it is especially difficult for non-profits to assume a significant level of project risk, including making accessibility-related modifications to their projects, while waiting for a decision from CMHC. Additionally, the current accessibility-related requirements of the NHCF are focused on physical accessibility. Interviews with recipients of funding and CMHC Program Officials noted that persons with disabilities do not always require physical improvements to meet their specific accessibility requirements. Current NHCF accessibility requirements are also focused on physical accessibility and do not necessarily consider other types of accommodations that may be required for persons with learning disabilities, those who are Deaf or hard-of-hearing, or those who are visually impaired.

<sup>80</sup> CRM program data. There is a potential that for the 17 projects that did not meet the criteria without flexibilities could have been incorrectly entered in the database.

<sup>81</sup> Data not entered into CRM program database for two projects.

Of the 16 survey respondents who reported meeting the accessibility requirement to be difficult, two (12.5%) were shelter projects and one (6.3%) was a transitional housing project. Of the 16 survey respondents who reported meeting the accessibility requirement to be easy, four (25%) were shelter projects and two (12.5%) were transitional housing projects. This suggests that shelters and transitional housing projects are less likely than other project types to report difficulty meeting this requirement.

were noted to have the required DCR score, data was unavailable for the remaining projects.<sup>82,83</sup> NHCF projects often rely on funding from third-party contributors on top of funding from CMHC. The following table demonstrates the average third-party contributions provided to recipients of funding compared to CMHC's contributions. Table 17 demonstrates that, on average, third-party contributors are providing more funding to projects compared to CMHC.

### 7.3.5 Financial Viability

#### Achievement of Financial Viability Criteria

NHCF projects must demonstrate their financial viability, specifically, their financial and operational ability to carry out the project. Based on available program data, 84 of the 101 projects assessed as part of this evaluation

### Finding 13

Funding from both the NHCF and project partners is vital to the financial viability of affordable housing projects. On average, third parties contribute more than CMHC on the cost per door.

**Table 17: Comparison of CMHC and Third-Party Loans and Contributions**

	Average Total Cost Per Project	Average Total Cost/Door	Average CMHC Total Cost/Door (\$)	Average CMHC Total Cost/Door (as % of Average Total Cost/Door)	Average Third Party Total Cost/Door	Average Third Party Funding as % of Average Total Cost/Door
<b>New Construction</b>	\$35,104,958	\$303,407	\$120,698	39%	\$179,339	59%
<b>Repair</b>	\$17,163,851	\$59,735	\$16,503	27%	\$37,453	63%
<b>Renew</b>	\$10,001,338	\$338,742	\$103,552	30%	\$184,457	54%

Note: Percentages were calculated by taking the average contribution and dividing it by the average total cost/door.<sup>84</sup>

<sup>82</sup> CRM program data. Data either not entered or given a value of "0" into CRM database for 16 projects. Of the remaining projects, 1 did not meet the criteria.

<sup>83</sup> Of the 101 projects assessed as part of this evaluation, 30 projects requested a flexibility for either the accessibility, affordability, energy efficiency, loan and/or contribution, partnership, or other requirements, which could ultimately impact the project's ability to achieve the financial viability criteria. Receiving a "flexibility" means that the published requirement was reduced or waived as appropriate, due to special considerations related to a specific project.

<sup>84</sup> Percentages do not add to 100% because of missing data. This missing data results in the average CMHC and third party contributions not adding up exactly to the average total cost/door, which results in the percentages not reaching 100% when added together.

### Financial Contributions from Project Partners

The range of financial contributions from project partners varied as demonstrated in Table 18 below. The majority of projects received below \$5M in financial contributions, followed by projects in both the \$5M to \$14.99M range. There were also five projects that received more than \$30M in funding from project partners.

**Table 18: Range of Financial Contributions from Project Partners**

Range of Contribution from Project Partners (\$)	Average Project Funding	Number of Projects
\$0.00 – \$4.99M	\$9,139,860 <sup>85</sup>	57
\$5M – \$9.99M	\$14,007,384	20
\$10M – \$14.99M	\$18,982,825	10
\$15M – \$19.99M	\$25,145,743	6
\$20M – \$24.99M	\$50,443,250	2
\$25M – \$29.99M	N/A	1
\$30M+	\$1,300,590,023	5
<b>Total</b>		<b>101</b>

### Contribution of NHCF Funding to Financial Viability

A few interviewees highlighted that they would have experienced significant challenges in completing their projects without the contributions of the NHCF. NHCF's contributions were noted to support the expansion of projects, help raise funding with donors, and allow projects to provide additional support for their tenants, including addiction support, medication, and nursing staff for recipients of funding within both the new construction and repair and renewal streams. Two recipients of funding noted that the forgivable loans provided through the program positively impacted

their ability to complete their repair projects. Without NHCF funding, their repair projects would have been nearly impossible to complete, and they would have experienced significant delays. Additionally, 78.0% of survey respondents felt that their project would not be financially viable without NHCF support. Further, 79.4% of survey respondents indicated that increased financial viability was an advantage of the partnerships they formed for their NHCF project. Recipients of funding and CMHC Specialists stated that the NHCF made a significant contribution to the viability of projects in that it allowed for the achievement of the projects' targeted outcomes. For example, a few interviewees mentioned that NHCF's support allowed for their project to provide affordable rent for their tenants. The contribution directly impacted tenant rent prices and the project did not have to rely on a loan with a higher interest rate in order to maintain affordability for their tenants. Two recipients of funding stated that they were able to leverage the funding received through the NHCF to enhance the features of their buildings and social services to further encourage social inclusion for their tenants.

It was also noted that a range in the level and type of funding offered to projects is different across provinces. There are many confounding factors that make comparisons between regions, provinces and territories challenging. Based on the limited evidence reviewed in this regard, the evaluation team noted that CMHC aims to balance these various considerations, where possible, in its NHCF funding allocations so that they are relevant to the specific and differing project costs of the respective location of the specific project.

### 7.3.6 Partnerships

#### **Finding 14**

**The design of the NHCF enables the facilitation of partnerships and NHCF funding adds a level of credibility to projects.**

<sup>85</sup> Of the projects noted in this table, data on total funding amount was not entered into the CRM program database for 28 projects.

During key informant interviews, several recipients of funding noted that receiving funding from CMHC added credibility to their projects and demonstrated to other potential partners that the proponent organization had done their due diligence in meeting the NHCF's requirements. This gave other potential partners confidence and trust in the proponent organization's project, resulting in a higher level of willingness to collaborate or to contribute financially to the project. One recipient of funding noted that once CMHC had confirmed their funding, they were able to receive additional donations from private donors and organizations to support the operational expenses of their project. Another recipient of funding noted that receiving funding from the federal government made it easier to receive support from provincial and municipal levels of government, and ultimately was able to reach its fundraising goal at a faster rate than initially planned.

63% of survey respondents reported that their partnerships were pre-existing. In a hypothetical situation where approved funded projects had not received NHCF funding, only 4% of survey respondents said they would not have partners. This suggests that while the NHCF enables the facilitation of partnerships, it is likely that the NHCF is not always a direct incentive for proponent organizations to create partnerships. This may be a result of several factors, including that the majority of NHCF applicants are non-profit organizations who are often already well-versed in collaborating with others and forming partnerships because this is a common aspect of their day-to-day operations. Affordable housing development or repair projects are also costly and are often challenging to complete without multiple funding streams to ensure financial viability.

## **Finding 15**

**The majority of project partnerships are with one or more levels of government and can take the form of either monetary or non-monetary support. Recipients of funding and unfunded applicants noted some challenges with maintaining provincial/territorial partnerships.**

## **Advantages of Partnerships**

Based on internal program data, the majority of project partnerships are with one or more levels of government (municipal, provincial/territorial, and federal) and take the form of either capital contributions, operational funding, or in-kind or non-monetary support such as waived development fees and tax rebates. Several projects have received contributions from private donors.

Several recipients of funding noted that outside of forming partnerships for the purpose of receiving financial support, they were also able to form partnerships with community-based organizations and service providers to provide on-site supports for their tenants. These supports included counselling, meals, homelessness prevention programs, public education, job training, and immigration process support. For example, one proponent organization partnered with a mental health services organization to provide in-building support while collecting rent from that partner organization, creating an additional revenue stream for the proponent. Another recipient recognized the need to better serve Indigenous people. As a result, they partnered with an Indigenous service provider and allocated several of their units to Indigenous people. This further enabled their ability to achieve social inclusion and to support vulnerable populations.

Interviews also confirmed that partnerships allowed recipients to expand their expertise, knowledge, and network. A recipient of funding highlighted that through its partnerships, they were provided with on-site tenant support and were also able to find tenants to fill dedicated units within the building. The partnering organization was able to reach into their network to identify individuals in need of accommodations that suited the proponent organization's target group.

Survey respondents were asked to report which entities they partnered with for the purposes of their NHCF project. The following table demonstrates the survey response frequencies for all partnership types.<sup>86</sup>

<sup>86</sup> Number of respondents = 35.

**Table 19: Partnership Types**

	Survey Respondents who Partnered with this Group	
	Number of Survey Respondents	Percentage of Survey Respondents
Provincial / Territorial Government	25	71.4%
Municipal Government	23	65.7%
CMHC (Other Funding Stream)	17	48.6%
Federal Government of Canada	15	42.9%
Not-for-Profit	14	40.0%
Other	6	17.1%
For-Profit / Private	4	11.4%
Indigenous Group	3	8.6%
Indigenous Government	1	2.9%

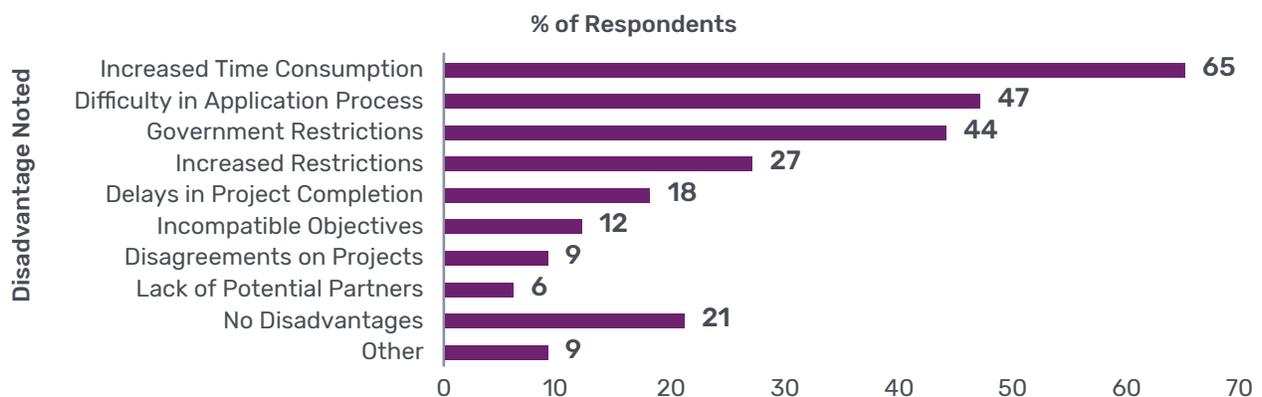
97.1% of 34 survey respondents reported that NHCF partnerships provided advantages to their project. Respondents reported the following advantages:

- 79% reported increased financial viability
- 47% reported help with meeting NHCF requirements
- 35% reported help with design or building
- 35% reported increased visibility

**Disadvantages and Challenges of Partnerships**

While the recipients of funding noted several advantages to partnerships, there are some noted disadvantages. Of the 34 approved funded projects surveyed who reported the disadvantages they experienced because of the partnerships they formed, the top disadvantage with partnerships is increased time consumption and added difficulty to complete the application process (see Figure 4). The next most frequently reported disadvantage of partnerships was more restrictions to meeting application requirements. It should also be noted the 21% of survey respondents claimed there were no disadvantages to having partnerships.

**Figure 4: Disadvantages of Partnerships**



Key informant interviews also noted three primary challenges with provincial/territorial partnerships.

### 1. Alignment with Provincial/Territorial Requirements

Unfunded applicants, recipients of funding, CMHC Specialists, and CMHC Senior Management noted that the NHCF's program requirements are not necessarily aligned with the requirements of the provinces or territories. For example, the energy efficiency criteria between CMHC, the Province of British Columbia, and the City of Vancouver are not aligned and are contradictory at times. This can cause pressure on the applicant to incur additional costs to meet all three levels of criteria in order to secure funding from all three sources. Where a province has energy efficiency or accessibility requirements, NHCF program requirements are perceived as stricter, and therefore more expensive, than provincial requirements. The more expensive NHCF requirements may decrease affordability and project viability. It was noted that CMHC may not be making a contribution to the building in the same proportion as project partners because CMHC requires extra expenditure on energy efficiency or accessibility.

### 2. Timing of Release of Funding

Since the launch of this program, CMHC has made a significant effort to streamline and increase operational efficiencies of the NHCF's processes. In the past year the program has implemented changes to reduce application turnaround time (from when applicants submit their application to receiving a loan agreement) by 50%.<sup>87</sup> Despite these gains, interviews with recipients of funding and CMHC Program Officials noted that there is an opportunity to further improve the timing of the release of funds by CMHC. Several recipients of funding noted that the timing of the release of funds by CMHC and by a province or territory is often misaligned, which can result in the proponent organization being "caught in the middle", attempting to manage the partnerships between multiple levels of government and other partner organizations. Moreover, a few interviewees noted that they experienced challenges where both

CMHC and the province were waiting for the other party to release their funds before releasing their own. Challenges associated with the varied timing of and release of funds across jurisdictions were most pronounced for non-profit organizations as many lack the necessary cash flow to undertake additional negotiations about project details with CMHC and other funders.

### 3. Stacking of Funding

Interviews with both CMHC Program Officials, recipients of funding, project partners, and community housing agencies indicated that since provinces and territories signed their bi-lateral agreements with the federal government, proponent organizations have experienced challenges with combining provincial/territorial funding with federal funding. Key informants perceived that if the provinces and territories combine their funding with NHCF funding, the number of units created, repaired, or renewed will be counted under the NHCF (i.e., the units may not count towards the targets set out in the bi-lateral agreements in order to avoid double counting). At times, this can mean that PTs are less willing to invest in a project, posing some difficulties for proponents. Several interviewees noted that fulfilling the bi-lateral agreements is the main priority of the provinces and territories so they are less inclined to stack their funding on top of NHCF funding. Finding a partner other than the province or territory can cause additional pressures and challenges for proponent organizations, especially non-profit organizations, who require multiple sources of funding in order to ensure project viability and affordability.

The three challenges noted above can have a negative impact on project viability and affordability. Many NHCF applicants are small non-profit organizations who often have limited time, resources, and capacity that they can dedicate to negotiating funding agreements, coordinating project partners, and accommodating cash-flow challenges.

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<sup>87</sup> NHCF Process Improvement Charter.

### 7.3.7 Social Inclusion

#### **Finding 16**

**The NHCF encourages proximity to amenities and services for projects. It is more challenging for projects in remote or rural areas to meet the NHCF's proximity requirements.**

Based on internal program data, the average proximity to transit for new, renewed, and repaired affordable housing stock was 5.09 kilometres<sup>88</sup> for all projects. 83% of projects were within a one kilometre distance from public transit with the average distance at 0.5 kilometers for urban projects. Of the approved funded projects that reported outcomes related to proximity to amenities, 8 of the 19 projects (42%) in Northern, remote, or rural areas were identified to meet NHCF's requirements for proximity to amenities. In comparison, all 62 projects (100%) in urban centres were identified to meet NHCF's requirements for proximity to amenities. This discrepancy is likely explained by the fact that access to amenities becomes more challenging in suburban, rural, and remote areas.<sup>89</sup>

CMHC's internal program data highlights that of the approved funded projects assessed as part of this evaluation, many of the projects have formed partnerships with external organizations to provide on-site supports for their tenants, which reduced the average proximity to support and services that facilitate social and economic inclusion to zero kilometres.

The NHCF encourages the inclusion of vulnerable populations in a number of ways. Components of social inclusion are built into the program's design – applicants score higher on their application if more than 50% of their units are dedicated to meet the needs of priority groups or vulnerable populations as well as if the applicant plans to offer full-time integrated supports and services to tenants on-site.

#### **Finding 17**

**The NHCF enables the achievement of social inclusion through the program's overall emphasis to support vulnerable populations.**

#### **Targeted Projects for Vulnerable Populations**

The majority of projects funded through the NHCF encourage inclusion of vulnerable populations by specifically offering their units to priority populations, including seniors, veterans, individuals fleeing gender-based violence, individuals with physical or developmental disabilities, Indigenous individuals, racialized individuals, LGBTQ2S+ individuals, youth, and newcomers to Canada.

Of the survey respondents, 35 approved funded projects who reported on the priority populations their project targeted, the three most targeted populations were seniors (62.9%), individuals experiencing homelessness (57.1%), and disabled individuals (54.3%). Table 20 below provides a detailed breakdown of survey responses.

<sup>88</sup> This does not include approved funded projects that did not specify a distance to transit.

<sup>89</sup> <https://www.theglobeandmail.com/canada/article-when-it-comes-to-liveable-neighbourhoods-theres-a-wide-divide-in/>

**Table 20: Priority Populations Target by Survey Respondents**

Priority Population	Number of Projects	Percentage of Projects
Seniors	22	62.9%
People Experiencing Homelessness	20	57.1%
Persons with Physical or Developmental Disabilities	19	54.3%
Persons with Mental Health or Addiction Issues	17	48.6%
Women and Children*	17	48.6%
Indigenous Peoples	12	34.3%
Survivors Fleeing Gender-Based or Family Violence	11	31.4%
Young Adults	11	31.4%
Racialized Communities	8	22.9%
Newcomers (Including Refugees)	8	22.9%
LGBTQ2+	8	22.9%
Veterans	6	17.1%

\*Not an NHS priority population group.

Of the 40 survey respondents who reported how their project would have been impacted if they did not receive NHCF funding, 17.5% noted that their project would have had less focus on priority populations. This suggests that proponent organizations were not necessarily incentivized to target specific vulnerable populations as a direct result of NHCF funding or requirements and instead are targeting specific vulnerable populations for other reasons. This may be because the majority of the successfully funded projects are led by non-profit organizations, many of whom already have a mission or mandate to serve vulnerable populations in their communities. However, recipients of funding interviewed noted they were able to serve a greater number of individuals or were able to improve the quality and breadth of their services and supports with NHCF funding.

### **Finding 18**

**CMHC Program Officials provide support for the challenges that NHCF Indigenous projects can face.**

#### **Challenges Experienced by Indigenous and Northern Groups**

Of the 10 Indigenous and Northern projects assessed as part of this evaluation, all are meeting or exceeding the affordability criteria, and 8 are meeting the energy efficiency and accessibility requirements. However, it was noted in key informant interviews that Indigenous and Northern projects often face unique challenges when trying to meet the criteria. A few CMHC Program Officials noted that the NHCF’s program requirements



are not necessarily aligned with the needs and contexts of Indigenous housing providers on-reserve, in the North, and in urban settings. For example, it was noted that First Nations on-reserve want to prioritize health and safety when developing or renewing housing units as opposed to improving accessibility or energy efficiency.

In 2019, CMHC created a dedicated team of specialists who support applicants from Indigenous and Northern organizations and groups. This allowed the organization to better understand and respond to the unique needs of Indigenous and Northern organizations and groups when evaluating applications. Project flexibilities are being allowed as appropriate with regard to energy efficiency and accessibility. Of the three Indigenous and Northern projects interviewed for this evaluation, all received flexibilities on accessibility or energy efficiency criteria. However, interviews with CMHC Program Officials noted that there continues to be limited application uptake from Indigenous and Northern groups. This may be because the NHCF's application process requires organizational capacity and time to complete the application and documentation, and many Indigenous and Northern organizations, similar to non-profit organizations, lack sufficient resources and capacity to prepare a complex application and supporting documentation.

## Case Study

### New Construction Project - Northern

One NHCF proponent located in a Northern area received funding from the NHCF under the new construction stream. The project is dedicated to meeting the needs of homeless individuals, specifically in Northern communities. In an effort to support tenants, the project implemented full-time integrated on-site supports and services.

The proponent succeeded in self-financing parts of the proposed project while completing its application and waiting to receive funding from both CMHC Seed Funding and from the NHCF. As a project based in the North, the proponent experienced some challenges with regards to the application process. For example, due to limited Internet bandwidth in the North, the organization had to submit a paper-based application. During the application process, CMHC recognized the fact that Northern organizations such as this one have limited time, resources, capacity, and access to professional expertise, making it more challenging to complete the application.

### 7.3.8 Economic Impact

#### **Finding 19**

The NHCF is expected to enable the contribution of approximately \$2.7 billion to \$3 billion to the economy and create between 25,300 and 28,500 jobs.

To assess the economic impact of the NHCF, Statistics Canada's input/output (I/O) model was used. In the model, Statistics Canada's I/O multipliers are used to estimate the total economic impact. These multipliers were used to create a generic production function for the residential construction sector represented by residential building construction North American Industry Classification System (NAICS) code (2361). The multiplier used for this analysis is based upon the 2017 data of the Canadian economy.<sup>90</sup> For more information on the methodology, see Annex D. It is important to note that the following assumptions underpin this analysis:

- Project budget estimates were assumed to be estimated within a material amount of the final budget cost. This means contingency cost estimates are assumed to be realized. Project budget estimates were sometimes provided in a range leading to the findings being presented as a range.
- The supply chain of the residential construction sector in all years covered in this analysis was comparable to the supply chain upon which the 2017 I/O multipliers were based.
- The estimated budgets have similar breakdowns in soft costs and hard costs to industry averages, upon which the 2017 I/O multipliers were based.
- NHCF applicants' application year budgets were estimated based upon the application year's dollar value.
- The year the loan was approved is the same year that the project was constructed (i.e., the same year the money is spent).<sup>91</sup>
- The difference between using fiscal year inputs and calendar year multipliers is immaterial.
- Some NHCF applications include a commercial component; for ease of calculation, all costs were assumed to be related to residential construction sector. Note that a sensitivity test applying the commercial construction sector did not materially change the results.

- Due to time and scope constraints, this study did not consider alternative outcomes as part of the economic impact estimation. In other words, if the NHS program did not exist, some of these developments may still have been built (or built smaller, later, etc.); these developments were not removed from the total economic impact of the program. As a result, this analysis delineated how the NHS programs enabled the relevant construction.
- Similarly, NHCF funding was often one component of funding provided to these projects. Therefore, this analysis clearly notes that NHCF contributed to the economic impact since it was one of a few financial inputs for most projects.

NHCF is expected to enable a wide range of economic benefits across Canada. Below is a description of each of these benefits, followed by details on the gross domestic product and employment impacts. Unless otherwise noted, all dollar values are inflation adjusted to 2020 equivalent values, and all reported values are national.

**Employment:** Through the funding committed during the study period NHCF is expected to enable approximately 11,100 – 12,500 jobs directly within the sector, supporting an additional 8,800 - 9,900 jobs within industries that supply to the sector, and an additional 5,400 – 6,100 jobs through the spending of labour income earned in the residential construction sector. A detailed analysis and explanation of the employment impact is presented in the following section.

**Gross Domestic Product (GDP):** GDP is a measure of the value-added by the residential sector within the local economy. Through the funding committed during the study period, NHCF is expected to enable the contribution of approximately \$1.2 – 1.3 billion directly to the economy, \$0.9 – 1.0 billion through indirect impacts of suppliers to the sector, and an additional \$0.6 – 0.7 billion through the spending of the labour income in the economy. In total, the potential direct GDP expected to be enabled by NHCF to the economy was \$2.7 – 3.0 billion. A detailed analysis and explanation of the GDP impact is presented in the following section.

<sup>90</sup> Multipliers are released on a three to four-year lag from present day.

<sup>91</sup> This assumption would likely have an immaterial impact on the outcome of the study.

### Current Economic Impact

The analysis provides estimates of the economic benefits that will be enabled from the residential construction finance sector as a result of NHCF in terms of GDP and employment. Each of these is composed of the Direct Impact (employment, and value-added created directly by the residential construction sector), the Indirect Impact (employment, and value-added generated by suppliers to the residential construction sector), and Induced Impact (the impact of re-spending of labour income earned in the residential construction sector). These three types are described in greater detail in [Annex D](#).

In addition to the quantitative economic impacts listed above, there may have also been some qualitative economic impacts that were not addressed under the scope of this analysis. These are described below:

- **Affordability:** Due to the affordability of the housing offered by NHCF buildings, tenants may be able to save money and use available funds to make purchases in other sectors.
- **Community:** Some NHCF developments include commercial real estate (i.e., retail, cafes, and restaurants) which may help to foster a community and is expected to create jobs in the local neighborhood.
- **Stability:** For some residents, the introduction of affordable housing may increase their housing stability, and therefore, economic stability by allowing tenants to be more established within a particular community for an extended period of time.

**In total, NHCF is expected to support the contribution of \$2.7 – 3.0 billion in GDP, and 25,300 – 28,500 jobs.**

**Figure 5: Estimated Economic Impacts of the NHCF**

	Direct Impact		Indirect Impact		Induced Impact		Total Impact
<b>GDP</b>	<b>1.2B - 1.3B</b>	<b>+</b>	<b>0.9B - 1.0B</b>	<b>+</b>	<b>0.6B - 0.7B</b>	<b>=</b>	<b>2.7B - 3B</b>
<b>Jobs</b>	<b>11.1K - 12.5K</b>	<b>+</b>	<b>8.8K - 9.9K</b>	<b>+</b>	<b>5.4K - 6.1K</b>	<b>=</b>	<b>25.3K - 28.5K</b>
	Impacts generated <b>directly</b> within the residential construction sector		Impacts within Suppliers to the residential construction sector		Impacts from the spending of Labour Income earned through direct and indirect impacts		

## 8. Conclusions and Recommendations

The NHCF remains relevant as there continues to be a significant need for affordable housing in Canada. The program supports the creation of new affordable housing stock as well as the repair and renewal of existing housing stock that is at risk of becoming obsolete. The NHCF is also one of few programs in Canada that directly supports the creation as well as repair and renewal of shelter and transitional housing.

The objectives of the NHCF are consistent and aligned with federal government and CMHC priorities. The design of the NHCF enables CMHC to support the NHS Priority Areas and Priority Populations, especially Indigenous peoples, who are in significant need of affordable housing.

The NHCF is on track to contribute to the expansion and renewal of the affordable housing stock in Canada. Over the period of 2018 to 2020, the NHCF has committed funding for the creation of 12,400 units and the repair or renewal of 65,900 units. The program is enabling program recipients of funding to form partnerships with multiple levels of government, encouraging social inclusion by supporting vulnerable populations, contributing to reduced energy use, and providing accessible units to those who are in need. Finally, NHCF loans to date are estimated to support economic impacts of \$2.7 – \$3.0 billion to GDP and create up to 28,500 jobs. The program is particularly successful for projects that received funding from the new construction stream where many projects are exceeding the achievement of the main social outcomes of the program (affordability, energy efficiency, and accessibility).

In light of its successes, potentially more can be done to address the challenges faced by repair and renewal projects. Specifically, repair projects have difficulty meeting the accessibility requirement and both repair and renewal projects noted challenges meeting the energy efficiency requirement. In order to address this, the evaluation identified opportunities for improvement through program requirements and communication, as well as outreach for the repair and renewal stream. The evaluation also noted opportunities for improvement for program data collection.

The evaluation proposes the following recommendations.

### Recommendation #1

Review the relationship between social outcomes and uptake in the repair and renewal stream and adopt necessary adjustments to program requirements to ensure an optimal balance.

This review should consider options including:

- a) adjusting the accessibility requirement for repair projects beyond urgent repairs;
- b) accepting previous investments made to achieve energy efficiency within the building (within a reasonable timeframe) for both repair and renewal projects;
- c) aligning with provincial requirements for energy efficiency and accessibility when CMHC has contributed less than project partners; and,
- d) modifying the forgivable loan amount that non-profit organizations are eligible to receive.

Repair and renewal projects face particular challenges in meeting the NHCF's accessibility and energy efficiency requirements. This is often because these projects are limited in their ability to make significant modifications to existing building structures. There is an opportunity for CMHC to recognize the unique challenges for repair and renewal projects and determine whether the current level of uptake is optimal or should be enhanced.

First, for repair projects, it is especially difficult to meet the accessibility requirements. Proportionally, fewer repair projects have met the accessibility criteria and repair projects consistently express difficulties with the criteria. By adjusting, or potentially eliminating, the requirement, there may be potential for greater uptake. Additionally, while some provisions for deafness and visual impairment are included, this list is not exhaustive, and more accessibility modifications could be added to

serve these individuals. For example, the list includes providing emergency and security alarms that are both audible and visual; however, more could be done to ensure that visual and audio modifications are included around the building. By expanding the list of approved modifications, CMHC can better serve everyone and ensure greater uptake.

Second, a project's prior energy efficiency investments, within a reasonable timeframe, could be considered along with the project's potential to have more funding available for more and/or greater affordable units. This could widen access to the program.

Third, in some cases, the costs to meet NHCF's requirements can negatively impact affordability of units, particularly for non-profits. Aligning with provincial requirements can be considered in some circumstances, especially where project partners are contributing more to the cost of a building than CMHC. While this approach could allow more funding to be available, the provinces generally have lower targets for social outcomes and could therefore negatively impact CMHC's current targets for achieving social outcomes. However, there are likely opportunities to strengthen partnerships with provinces, territories, and municipalities. This could include the customization and co-development of agreed upon requirements based on where the project is located and better supporting the timing of funding and program stacking.

Finally, administering more forgivable loans provides an opportunity for CMHC to realize longer term gains in achieving social outcomes, which may outweigh short term costs experienced by proponents. Meeting the NHCF's accessibility and energy sustainability requirements often increases overall project costs and without significant forgivable loan amounts this can have an effect on project viability and the depth of affordability proponent organizations are able to offer their tenants.

Additionally, providing more funding through forgivable loans could help to better facilitate construction of affordable housing that is also energy efficient and accessible. This is because there has recently been significant increases in construction costs and many NHCF applicants are small, non-profit organizations with limited time, capacity, and resources available to meet the NHCF's extensive application requirements.

Assessment of the feasibility to provide more forgivable loans could also be considered for the new construction stream. Analysis showed that all NHCF projects receive, on average, more funding from third-party partners than from CMHC. Since CMHC administers the program, there is the case that CMHC could provide more funding.

Any approach to potential adjustments should be calibrated to take into account the costs of meeting program requirements and the trade off with creating a greater depth of affordable units. For example, when implementing modifications, CMHC should calibrate the trade-offs between adjusting accessibility and energy efficiency criteria to increase uptake because more projects with relaxed criteria may impede NHCF's ability to meet the overall NHS targets in the medium or longer term. It is important to note that targets provided for both new construction and repair and renewal units consist of a range and that meeting the lower end of the range may be the trade off to allow for some changes to program criteria. In addition, given differing contexts and levels of need, potential adjustments could be considered on a jurisdictional/needs-driven basis.

## Recommendation #2

Develop a focused communications strategy to encourage uptake, which includes:

- a) examples of how past projects were able to address the requirements, specifically for repair and renewal projects; and,
- b) new processes and improved application processing times.

Program data has demonstrated that there are fewer approved repair and renewal projects than approved new construction funded projects. There is an opportunity for CMHC to develop a focussed communications strategy including providing updates to the program's website as well as proactive engagement and outreach. This could encourage more uptake in the repair and renewal stream, Northern and Indigenous, and provinces where there is lower uptake.

Additionally, the program has integrated several process improvements over the last year that should be communicated to potential applicants and the public. Applicants who may have been hesitant to apply for funding could be more encouraged to do so with shorter application processing times. In addition, highlighting the dedicated team of specialists put in place to support applicants from Indigenous and Northern organizations and groups could encourage greater uptake.

### **Recommendation #3**

Review and reconfirm the data collection strategy for NHCF, including:

- a) ensuring that data is consistently entered in program database; and,
- b) exploring the potential for obtaining tenant information.

While there was a significant amount of data and documentation that could be pulled to inform the evaluation, there were issues with the consistency and accessibility of program data and/or program data not entered into the program database, particularly with total funding amounts, commitments to achieving requirements, and information on building type (shelter, transitional housing, mixed-use). Having more robust and up-to-date program data that is easily accessible will provide useful information to CMHC management for program monitoring and enable more regular reporting of outcomes, including NHS social outcomes.

There is also an opportunity to explore obtaining more information about tenants of the NHCF's projects to better measure the contribution of NHCF in providing affordable units to target households, including to National Housing Strategy priority populations. Having this information could provide a stronger evidence base to support policy decisions and include details on the extent to which NHCF is meeting the need for affordable housing. CMHC can explore options for obtaining data by collecting this information directly or through an arrangement with Statistics Canada and/or other organizations. In addition, this type of data partnership may support other CMHC programs and initiatives.

## Annex A: Acronyms and Abbreviations

Acronym	Name
BC	British Columbia
CAEH	Canadian Alliance to End Homelessness
CMA	Census Metropolitan Area
CMHC	Canada Mortgage and Housing Corporation
DCR	Debt Coverage Ratio
EQ	Evaluation Question
ESDC	Employment and Social Development Canada
FTE	Full Time Equivalent
GDP	Gross Domestic Product
GHG	Greenhouse Gas
I/O	Input/Output
LOA	Letter of Agreement
LOI	Letter of Intent
MMI	Median Market Income
MMR	Median Market Rent
NBC	National Building Code
NCAPI	New Condominium Apartment Price Index
NEBC	National Energy Code for Buildings
NHCF	National Housing Co-Investment Fund
NHS	National Housing Strategy
NOS	National Occupancy Standard
ODSP	Ontario Disability Support Program
PT	Provincial/Territorial
QA	Quality Assurance
SEP	Shelter Enhancement Program
TBS	Treasury Board of Canada Secretariat

## Annex B: Key Definitions

These terms are defined as per their use in the NHCF Evaluation Report.

Term	Definition
<b>Accessibility (Housing)</b>	Refers to the manner in which housing is designed, constructed or modified (such as through repair/renovation/renewal or modification of a home), to enable independent living for persons with diverse abilities. Accessibility is achieved through design, but also by adding features that make a home more accessible, such as modified cabinetry, furniture, space, shelves and cupboards, or electronic devices that improve the overall ability to function in a home.
<b>Affordability</b>	The household has the financial ability or means to effectively enter or compete in the housing market.
<b>Affordable Housing</b>	A housing unit that can be owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that are less than 30% of its gross income.
<b>Collaboration</b>	Two or more people/organizations working together toward shared goals.
<b>Community Housing</b>	An umbrella term that typically refers to either housing that is owned and operated by non-profit housing societies and housing co-operatives, or housing owned by provincial, Territorial or municipal governments.
<b>Core Housing Need</b>	A household is considered in “Core Housing Need” if its housing does not meet one or more of the adequacy, suitability or affordability standards, and it would have to spend 30% or more of its before tax income to access acceptable local housing. Acceptable housing is adequate in condition, suitable in size, and affordable. Adequate housing does not require any major repairs, according to residents. Suitable housing has enough bedrooms for the size (number of people) and makeup (gender, single/couple, etc.) of the needs of the households, according to National Occupancy Standard (NOS) requirements. Affordable housing costs less than 30% of before tax (gross) household income. <sup>92</sup>
<b>Economic Inclusion</b>	Refers to having equal access and equal opportunity for all members of society to participate in the economic life of their country as employees, entrepreneurs, consumers, and citizens. Individuals of all backgrounds and income strata levels should have opportunities to participate in the economy, and reap the benefits of their participation. Fundamentally, inclusion entails access without bias to markets, resources, and opportunities. Economic inclusion is sometimes portrayed as a component of social inclusion.

<sup>92</sup> <https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/files/pdf/glossary/nhs-glossary-en.pdf?sv=2020-02-10&ss=b&srt=sco&sp=r&se=2024-03-30T20:07:16Z&st=2021-03-30T12:07:16Z&spr=https&sig=zphoCuN3v1pBI42RCAX1EaitvCCwi6S7%2BcL5IgMH2RY%3D>

Term	Definition
Energy Efficiency	Using energy more effectively, and often refers to some form of change in technology. Energy efficiency measures differences in how much energy is used to provide the same level of comfort, performance or convenience by the same type of product or building.
Financial Viability	The ability for the building owner or manager to generate sufficient income (from rent, common elements fees, etc.) to meet its operating payments and debt commitments, and saving for future capital needs to maintain the building in good condition.
Mixed-Income Housing	Any type of housing development (rent or owned) that includes a range of income levels among its residents, including low, moderate and/or higher incomes.
Mixed Tenure Housing	Generally refers to a development with a variety of cost and tenure options. For example, developments which include social and affordable housing alongside housing offered at full market price.
Mixed-Use Development	The development of land or a building with two or more different uses, such as residential, office and retail. Mixed-use can occur vertically within a building, or horizontally on a site.
New Construction	“New” means construction of a residential building starting with a vacant property. The new category also includes purchase of existing non-affordable/market buildings and improving them with major improvements to meet mandatory eligibility requirements of the NHCF and conversion of non-residential use to affordable residential meeting mandatory eligibility requirements. An application can be processed under the new construction stream of the NHCF if the project is substantially vacant at acquisition (i.e. there is a substantial loss of rental income), and the proponent is able to demonstrate that the social outcomes, including affordable rent levels, will be achieved.
Partnership	A collaborative arrangement. In NHS documentation, a partnership is an agreement between organizations or people to work together toward a shared goal. Under the NHCF, projects must have joint Federal, Provincial/ Territorial, and/or joint Federal-Municipal and/or Indigenous Government support and/or investment, in order to be eligible. The level of contribution by co-investors may vary from project to project and may be monetary or non-monetary. Non-monetary contributions from other partners could include, but is not limited to, land, zoning provisions, accelerated municipal approval processes, waiving of development charges and fees, tax rebates, sweat equity, other government loans, etc.

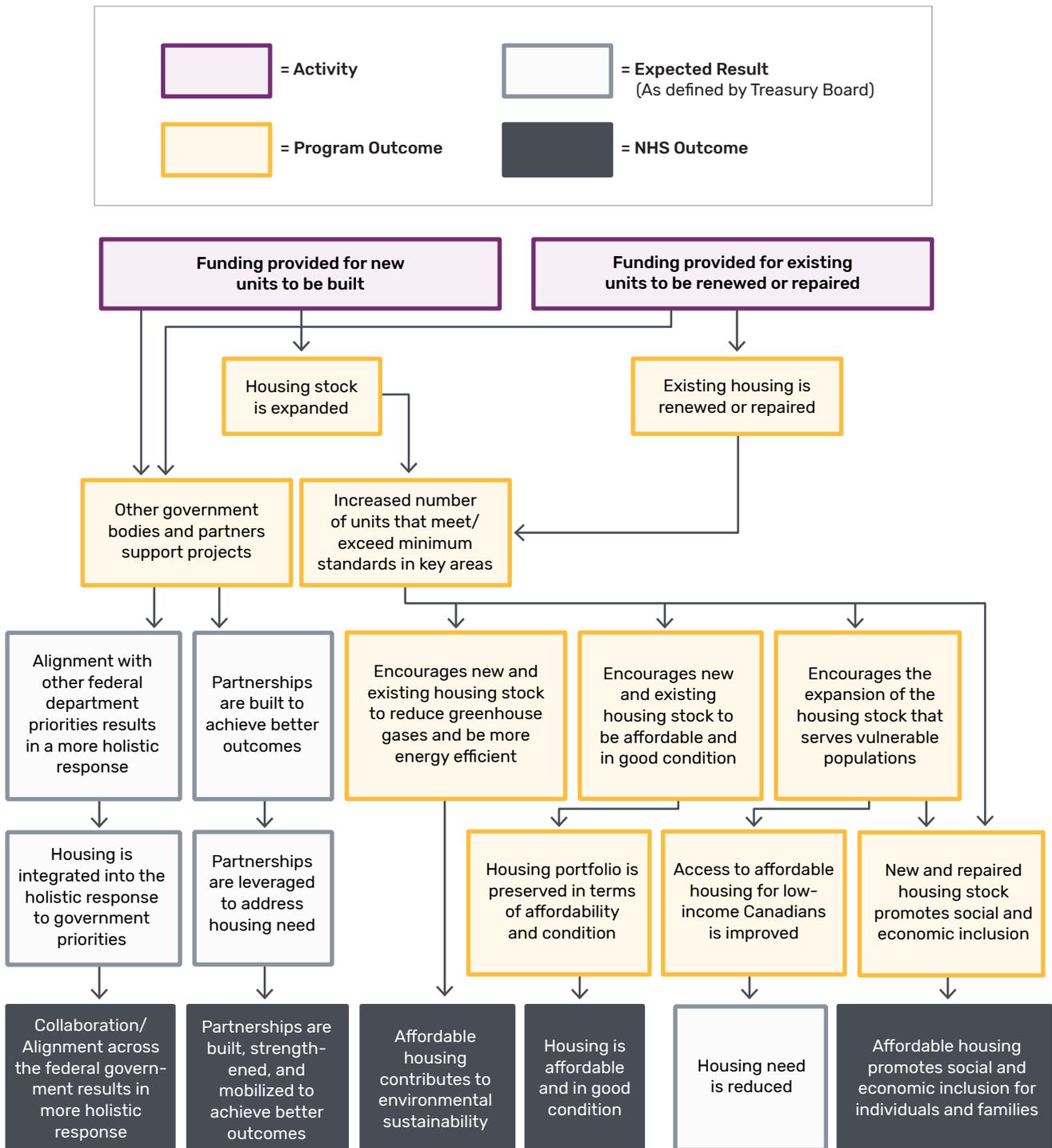
Term	Definition
<b>Repaired/Renewed Units</b>	This includes the repair and renewal of existing community and affordable housing, and shelter spaces. It is intended to preserve assets, including retrofits to modernize the housing stock.
<b>Social Inclusion</b>	A process of improving the extent to which people of all backgrounds, demographics, circumstances and income levels have the access, resources and opportunities to fully participate in all aspects of society. Working towards social inclusion means using measures to reduce or eliminate barriers contributing to disadvantage, marginalization or exclusion, geographic accessibility, vulnerable populations (inclusive of GBA+, people with lived experience, veterans, disabled, and Indigenous and Northern).
<b>Vulnerable Populations</b>	Women, children and persons belonging, or perceived to belong, to groups that are in a disadvantaged position or marginalised are often referred to as vulnerable groups. As of 2018, the National Housing Strategy priority vulnerable groups/populations are defined to include survivors (especially women and children) fleeing domestic violence; seniors; Indigenous peoples; people with disabilities; those dealing with mental health and addiction issues; veterans; LGBTQ2+; racialized groups; newcomers (including refugees); individuals and families experiencing homelessness; and young adults. <sup>93</sup>

<sup>93</sup> <https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/files/pdf/glossary/nhs-glossary-en.pdf?sv=2020-02-10&ss=b&srt=sco&sp=r&se=2024-03-30T20:07:16Z&st=2021-03-30T12:07:16Z&spr=https&sig=zphoCuN3v1pBI42RCAX1EaitvCCwi6S7%2BcL5IgMH2RY%3D>

## Annex C: Logic Model

The logic model for the National Housing Co-Investment Fund is provided below. The logic model was prepared based on documentation and were validated with CMHC Program and/or Policy Measurement and Analysis Officials.

### The National Housing Co-Investment Fund



## Annex D: Detailed Methodology for Economic Impact Analysis

The first step in performing any analysis using the I/O multipliers is to understand how much revenue is being contributed within a specific sector. The analysis relied on the project cost estimates for all projects approved and funded under NHCF. Each dollar related to project costs is viewed as one dollar of revenue for the rental construction industry. Project cost estimates were used for all projects accepted through December 2020; this included hard costs (construction) and soft costs (marketing and administration). Each budget also included land costs and HST/GST costs associated with the application. Land costs are a transfer of economic wealth, and therefore do not lead to an additional economic impact. It was estimated that the land and HST costs range between 10% and 20% of the total costs and were removed from the total costs estimate.

Given that the I/O multipliers are based upon 2017 data in the Canadian economy, the revenue inputs needed to be converted to 2017 dollars. For purposes of this analysis, projects were included that were accepted into NCF in the years 2018 through 2020. In order to ensure that consistent dollars were used, budget estimates were converted into 2017 dollars based upon the year that the project was approved. The Canadian Consumer Price Index was used to inflate or deflate budget estimates in each year. This relies on the assumption that the year the loan was approved is the same year that the project is constructed (i.e., the same year the money is spent).<sup>94</sup>

Once all project budget estimates were converted to 2017 dollars, the relevant input-output multipliers from the Statistics Canada input-output model were applied to the budgeted costs. Final impacts to GDP were converted back to 2020 dollars using the Canadian Consumer Price Index. The three types of impacts are described in further detail below:

- **Direct Economic Impact:** Direct economic impact is the total amount of additional expenditure within a defined geographical area that can be directly attributed to activity within the sector. Direct economic impact represents the deliveries by domestic industries and imports necessary to satisfy final demand expenditures on products and services. An example of a direct economic impact is the GDP, and employment created directly by the operations of a residential construction firm.
- **Indirect Economic Impact:** Indirect economic impacts are the upstream activities associated with supplying intermediate inputs (the current expenditures on goods and services used up in the production process) to the sector. An example of an indirect economic impact is the purchase of goods and services (such as raw materials, utilities, office equipment, etc.) that the sector makes to meet their firm's needs.
- **Induced Economic Impact:** Induced economic impacts are an estimation of the production and imports associated with the spending of wages and income from the Sector. An example of an induced economic impact are the employees of a residential construction firm purchasing goods and services (at a household level) with their earnings. Induced economic impacts, while having significant effect on the Canadian economy, are difficult to forecast accurately and are sometimes not considered when evaluating a specific activity's economic benefit.

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<sup>94</sup> This assumption would likely have an immaterial impact on the outcome of the study.

## Annex E: Evaluation Matrix

This annex provides a summary of the lines of evidence that will be used to gather data and information about each evaluation question and related evaluation indicators.

A table indicating the indicator and the data source is provided below.

### National Housing Co-Investment Fund

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
<b>Relevance</b>							
<b>EQ1: Is there a continued need for a program to support the building and renewal of affordable housing?</b>							
Housing is affordable and in good condition	Evidence of the continued need for affordable housing in Canada	Incidence of housing need			X	X	X
		Rate of core housing need, by major CMA across Canada, of both residents of affordable and market rental			X	X	X
		Vacancy rates (by major CMA across Canada)			X	X	X
		Price index for new condominium and apartment prices					X
		Demand for affordable housing (through average income, poverty rate, household debt, rate of immigration, settlement into rural and urban properties)			X		X
		Perceptions of key informants regarding the extent to which there is a continued need for a fund/program like the NHCF to support the expansion of affordable housing in Canada	X	X			
		Shelter-cost-to-income Ratio				X	X

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Housing is affordable and in good condition	Evidence of the continued need for shelter and transitional housing	Number of shelter and transitional home facilities (by CMA)				×	×
		Number of individuals admitted and turned away				×	×
		Occupancy rate including number of beds				×	×
		Average duration of stay				×	×
		Perceptions of key informants regarding the extent to which there is a continued need for a fund/program like the NHCF to support the building and renewal of shelter and transitional housing	×	×			
		Evidence in document and literature review regarding the extent to which there is a continued need for shelter and transitional housing				×	×
	Evidence of the continued need for social and community housing	Perceptions of key informants regarding the extent to which there is a continued need for a fund/program like the NHCF to support the building and renewal of social and community housing	×	×			
		Number of publically owned social and affordable housing assets (municipal, provincial, federal)			×	×	×
		Percentage of publically owned social and affordable housing assets that are barrier free				×	×
		Rate of housing subsidies administered				×	×
		Evidence in document and literature review regarding the extent to which there is a continued need for community housing				×	×

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Housing is affordable and in good condition	Evidence of the continued need for affordable rental housing	Perceptions of key informants regarding the extent to which there is a continued need for a fund/program like the NHCF to support the building and renewal of affordable rental housing	X	X			
		Vacancy rate of market rentals				X	X
		Wait list information for affordable housing			X	X	X
		Ownership vs rental rate				X	X
		Average market rent (by major CMA across Canada)				X	X
		Rental starts (by major CMA across Canada)				X	X
		Evidence in document and literature review regarding the extent to which there is a continued need for affordable rental housing				X	X
	Evidence of the continued need for new construction	Perceptions of key informants regarding the extent to which there is a continued need for a fund/program like the NHCF to support new construction	X	X			
		Rate of housing starts and completions				X	X
		Rate of building permits administered				X	X
		Average cost to construct new affordable housing units				X	X
		Evidence in document and literature review regarding the extent to which there is a continued need for new construction				X	X

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Housing is affordable and in good condition	Evidence of the continued need for renewal, repair, renovation, and retrofit	Perceptions of key informants regarding the extent to which there is a continued need for a fund/program like the NHCF to support renewal, repair, renovation, and retrofit efforts	X	X			
		Average age of the rental, social and community housing, shelter, and transitional housing stock					X
		Percentage of units that need repair in the rental, social and community housing, shelter, and transitional housing stock				X	X
		Percentage of units that need renewal, retrofit or renovation in the rental, social and community housing, shelter, and transitional housing stock				X	X
		Evidence in document and literature review regarding the extent to which there is a continued need for the continued need for renewal, repair, renovation, and retrofit of housing units				X	X

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
<b>EQ2: Are the objectives of the NHCF consistent with federal government and CMHC priorities?</b>							
	Extent to which the program aligns to federal strategic direction and priorities	Evidence in document and literature review regarding the extent to which the NHCF is aligned with federal strategic direction ( <i>e.g. Budget, speeches from the throne, departmental plans and priorities</i> )			X		X
		Evidence that the program aligned with federal priorities to assist and/or support shelters/transitional homes for survivors of domestic violence			X		X
		Evidence that the program aligned with federal priorities to ensure priority groups are served (i.e. seniors, those with disabilities, racialized persons or communities, newcomers, veterans, Indigenous groups and LGBTQ2+ community)			X		X
	Extent to which the program aligns with CMHC plans and priorities	Evidence in document review regarding the extent to which the NHCF is aligned with CMHC plans and priorities			X	X	
	Extent to which the program complements or duplicates	Evidence in document and literature review regarding the extent to which the NHCF complements or duplicates other similar initiatives and programs			X	X	X

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
<b>Effectiveness (Performance)</b>							
<b>EQ3: To what extent is the program on track to achieving its intended outcomes?</b>							
Housing is affordable and in good condition	Extent to which the program has contributed to the housing stock	Number of new and affordable units built as a result of the program			X	X	X
		Number of shelters and transitional homes built as a result of the program			X	X	X
		Number of social and community housing units built as a result of the program			X	X	X
	Extent to which the housing stock has been renewed, repaired, renovated or retrofitted as a result of the program	Number of affordable housing units repaired as a result of the NHCF			X	X	X
		Number of units renewed as a result of the NHCF			X	X	X
	Extent to which housing stock renewal, repair, renovation and retrofit contributes to housing adequacy and suitability	Perceptions of key informants regarding the extent to which housing stock renewal, repair, renovation and retrofit contributes to housing adequacy and suitability	X				
		Evidence in document and literature review regarding the extent to which housing stock renewal, repair, renovation and retrofit contributes to housing adequacy and suitability			X	X	X

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Housing is affordable and in good condition	Extent to which the program design enables the affordability of the housing stock to be preserved	Perceptions of key informants regarding the extent to which the NHCF enables the affordability of the housing stock to be preserved	X				
		Perceptions of key informants regarding which aspects of the NHCF's design has an impact on the preservation of housing stock and the achievement of housing affordability	X	X			
		Evidence in document review regarding the NHCF's program design and the extent to which it supports the achievement of housing affordability			X	X	
Energy Efficiency	Evidence of the extent to which the program contributes to reduced energy use	Percentage improvement above the 2015 National Energy Code for Buildings (NECB) or the 2015 National Building Code (NBC) energy consumption requirements for new buildings			X	X	X
		Percentage improvement above baseline energy consumption for repaired and renewed buildings			X	X	X
		Perceptions of key informants regarding the extent to which the program contributes to reduced energy use	X				

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Energy Efficiency	Evidence of the extent to which the program contributes to reduced greenhouse gas emissions	Percentage reduction in greenhouse gas emissions of funded buildings compared to a baseline building constructed to the requirements of the 2015 National Energy Code for Buildings (NECB) or the 2015 National Building Code (NBC)			X	X	X
		Percentage improvement above baseline greenhouse gas emission reductions for repaired and renewed buildings			X	X	X
		Perceptions of key informants regarding the extent the which the program contributes to reduced greenhouse gas emissions	X				
	Extent to which the program design enables the achievement of energy efficiency	Perceptions of key informants regarding which aspects of the NHCF's design has an impact on the achievement of energy efficiency outcomes	X	X			
		Evidence in document review regarding the NHCF's program design and the extent to which it supports the achievement of energy efficiency outcomes			X	X	

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Partnerships	Evidence of the extent to which the program contributes to collaboration with other levels of government	Percentage of NHCF-funded projects involving collaboration with other levels of government			X	X	X
		Perceptions of key informants regarding the extent to which the program contributes to collaboration with other levels of government	X	X			
	Extent to which the program design enables the achievement of partnerships	Percentage of NHCF-funded projects involving multiple partners			X	X	
		Perceptions of key informants regarding the advantages and disadvantages of forming partnerships, as well as the reasons for collaboration/support	X				
	Evidence of the extent to which the program contributes to the financial viability of projects	Average and range of debt coverage ratio scores of the approved projects			X	X	
		Average amount and range of contributions from project partners			X	X	
		Perceptions of key informants regarding the extent to which NHCF funding contributes to project viability	X	X			
		Perceptions key informants regarding the extent that the program design enables project viability	X	X			
		Perceptions of key informants regarding the extent that contributions from partnerships to enhance the financial viability of projects	X	X			

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Social Inclusion	Evidence of the extent to which the program encourages proximity to amenities and services	Number of approved projects that have proximity to public transit			X	X	
		Average proximity to transit for new and renewed affordable housing stock			X	X	
		Average proximity of affordable housing units to supports and services that facilitate social and economic inclusion			X	X	
	Evidence of the extent to which the program encourages accessibility	Number of units which are part of buildings which achieve universal design			X	X	
		Average or weighted average percentage of units that are accessible			X	X	
		Percentage of new housing units within a building that meet accessibility standards or universal design			X	X	
	Extent to which the program design enables the achievement of social inclusion	Perceptions of key informants regarding the extent to which informal guidelines or approaches are being used to encourage social inclusion	X				
		Evidence in document review regarding the extent to which program requirements and guidelines related to social inclusion are adhered to			X	X	

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
<b>EQ4: To what extent has the program contributed to the achievement of intended results of the National Housing Strategy?</b>							
Housing is affordable and in good condition	Extent to which the program contributes to meeting the need for affordable housing	Perceptions of key informants regarding the extent to which the NHCF encourages/discourages affordable housing	X				
		Perceptions of key informants on the likelihood of building affordable units in the absence of NHCF	X	X			
Energy Efficiency	Evidence of the extent to which the program contributes to energy efficiency	Evidence in document review regarding the extent of the program's impact on energy efficiency (e.g. comparison of NHCF and non-NHCF energy efficiency requirements)			X	X	X
		Perceptions of key informants regarding the extent to which the program contributes energy efficiency, including factors that contribute to the achievement of energy efficiency outcomes (e.g. building practices and materials)	X				
Partnerships	Evidence of the extent to which the program enables the facilitation of partnerships	Percentage of NHCF-funded projects who formed new partnerships as a result of the NHCF			X		
		Perceptions of key informants regarding the extent to which the program enables the facilitation of partnerships, including the extent of collaboration and support available for partnerships	X	X			

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
Social Inclusion	Evidence of the extent to which the program encourages inclusion of vulnerable populations	Number of housing units built, including shelter spaces			X	X	X
		Number of housing units repaired, including shelter spaces			X	X	X
		Number of new shelter spaces or transitional housing units built for survivors of gender-based violence			X	X	X
		Number of repaired shelter spaces or transitional housing units for survivors of gender-based violence			X	X	X
		Number of new affordable housing units built for senior-led households			X	X	X
		Number of repaired affordable housing units built for senior-led households			X	X	X
		Number of new affordable housing units built for people with developmental disabilities			X	X	X
		Number of repaired affordable housing units built for people with developmental disabilities			X	X	X
		Number of new Indigenous affordable housing units built			X	X	X
		Number of Indigenous affordable housing units repaired			X	X	X
		Perceptions of key informants regarding the extent to which the program encourages inclusion of vulnerable populations	X				

Theme (if applicable)	Main Evaluation Indicators	Sub-Indicators	Line of Evidence				
			Key Informant Interviews	Surveys	Program Data and Documentation	CMHC Data and Documentation	External Data and Documentation
The NHS contributes to Canadian economic growth	Evidence of the economic impact of the program (e.g. Impact per dollar spend)	Evidence in document review and economic modelling of the extent of the program's economic impact			×	×	×

## Annex F: Evaluation Methodology and Quality Assurance

### Evaluation Methodology

The following paragraphs describe how each methodology was used to address the evaluation questions. A summary of how the data sources were used to address the evaluation questions is also provided in the evaluation matrix in [Annex E: Evaluation Matrix](#).

#### ***EVALUATION QUESTION 1: Is there a continued need for a program to support the building and renewal of affordable housing?***

The internal and external documentation review were key sources of information on the current state of Canada's housing sector and housing affordability. Internal document review and external literature review provided information related to the need to support the building and renewal of affordable housing. Interviews and surveys with key informants, including CMHC Program Officials and recipients of funding, were valuable to gather perceptions of those involved with the NHCF on the continued need to increase affordable housing in relation to the NHS Priority Areas. These sources also helped to address information gaps uncovered in the documentation review.

#### ***EVALUATION QUESTION 2: Are the objectives of the NHCF consistent with federal government and CMHC priorities?***

The document, data, and literature review facilitated understanding of the alignment of the NHCF with federal legislation, priorities (e.g. the National Housing Strategy), and CMHC strategic direction. It also provided insight into the extent of duplication or complementarity of the NHCF with other existing initiatives/programs.

#### ***EVALUATION QUESTION 3:***

#### ***To what extent is the program on track to achieving its intended outcomes? To what extent has the NHCF contributed to the achievement of intended results of the National Housing Strategy?***

**(Please note:** The evaluation matrix is separated into two effectiveness questions, however, there is significant overlap between the program outcomes and NHS outcomes. For simplicity in this section both sets of outcomes have been aligned into one question).

Program documentation and key informant interviews with recipients of funding and their project partners as well as with CMHC Program Officials were the key sources of information for examining program effectiveness. Information gathered from key informant interviews and surveys provided insight into the extent to which the NHCF is on track to achieving its intended outcomes. It provided insight into the extent to which the NHCF has contributed to achieving the intended results of the National Housing Strategy. Program documentation provided quantitative data related to the achievement of outcomes. The following sub-sections further describe how the evaluation methodologies were applied to the four themes specific to the NHCF, as well as the program's intended outcomes.

**a. To what extent has the program contributed the expansion of the housing supply? To what extent has the program contributed to the renewal and repair of the existing housing supply?**

Program data and documentation, CMHC internal documentation, and external literature were key sources of quantitative information for this evaluation question. More specifically, the number of new and affordable units built as a result of the program, the number of shelter and transitional homes built as a result of the program, and the number of social and community housing units built as a result of the program indicated the extent to which the NHCF has contributed to the expansion of the housing supply in Canada. The number of units repaired, renewed, renovated and retrofitted as a result of the NHCF were also collected and indicated the extent to which the program has contributed to the renewal and repair of the existing housing supply.

**b. To what extent does the program encourage the construction of new units and/or repaired and renewed units that are affordable? To what extent has the NHCF contributed to the achievement of housing affordability?**

With regards to housing affordability, three key areas were explored: (1) Extent to which the program enables the affordability of the housing stock to be preserved; (2) Extent to which the program contributes to the condition of the housing stock; and (3) Extent to which the program meets the need for affordable housing (shelters, transition homes, social/community housing). We used the definition of “affordability” used by the program for our analysis. This is 80% of median market rent. Key informant interviews with and surveys of recipients of funding and project partners provided insight into what aspects of the NHCF had an impact on the preservation of housing stock. For example, there were differences between the new construction stream and the Housing Repair and Renewal stream, and the type of funding successful applicants receive (loan vs. contribution) may also have had an impact on housing affordability outcomes. Program documentation and external literature also provided quantitative data related to housing affordability, such as the number of new units built/repared, the type of units built/repared, and the number of years of extended useful life of the affordable housing stock in Canada. Program documents and external documentation were used to compare the cost of rent for a sample of NHCF projects with market rentals to examine the definition of affordability for the NHCF program.

**c. To what extent does the program encourage the construction of new units and/or repaired and renewed units that are energy efficient? To what extent has the NHCF contributed to the achievement of energy efficiency?**

Program documentation and applications of successful recipients, as well as signed Letters of Intent/Letters of Agreement provided evidence to which program requirements related to energy efficiency (e.g. energy use and greenhouse gas emissions are at least 25% below the 2015 National Energy Code for Buildings or National Building Code, etc.) are being achieved. A comparison between the energy efficiency outcomes of an NHCF-funded project and non-NHCF requirements (e.g. provincial requirements) were also made to determine the extent of the impact of the NHCF. Key informant interviews with successful recipients of funding, their project partners, and CMHC Program Officials also provided insight to other factors that contribute to the achievement of energy efficiency outcomes, such as building practices and materials or reduced greenhouse gas emissions due to the extent to which public transit is accessible by residents.

**d. To what extent has the program been able to achieve new partnerships and investments? To what extent has the NHCF contributed to the achievement of partnerships?**

Program documentation and applications of successful recipients provided evidence to the extent of partnerships formed in NHCF projects. Key informant interviews and surveys were also key sources of information for assessing the extent to which the NHCF has contributed to the forming

of partnerships. Interviews with CMHC Program Officials, recipients of funding, and their project partners provided insight to the advantages and disadvantages of partnerships. Interviews with CMHC Program Officials and community housing agencies also provided insight to the extent of collaboration and support available for partnerships, and the reasons for collaboration/support or the lack of collaboration/support.

**e. To what extent does the program promote social and economic inclusion and serve vulnerable groups? To what extent has the NHCF contributed to the achievement of social inclusion?**

Three key social inclusion attributes are directly linked to the NHCF: (1) Proximity to public transit; (2) Accessibility and universal design requirements that support equal access and participation; and (3) Targeting vulnerable populations. Key informant interviews with recipients of funding, project partners, and CMHC Program Officials provide insight to whether or not informal guidelines or approaches are being used to encourage social inclusion. Program documentation and applications of successful recipients also provided evidence to the extent to which program requirements and guidelines related to social inclusion are adhered to.

## Limitations to the Evaluation Methodology

Limitation	Magnitude/Impact	Mitigation Strategy
<p>The NHCF is a ten-year initiative that was launched in 2018.</p>	<p>As this is a formative evaluation, the evaluation team was limited in its ability to conclude on the extent to which outcomes had been achieved.</p>	<p>The evaluation concluded on the extent to which outcomes had been achieved to date and the extent to which the program is on track to achieve the intended outcomes over the planned ten-year implementation period.</p>
<p>Inconsistencies across different documentation and data sources, or inaccurate/incomplete information provided in the documentation provided.</p>	<p>Documentation may not provide the expected information related to an evaluation issue in a full and complete manner.</p>	<p>The evaluation team worked closely with the NHCF program to ensure that all documentation provided was the most current and accurate version available. Any inconsistencies across different data sources or documentation was mitigated through the information collected through the other lines of evidence and the triangulation of findings.</p>

## Quality Assurance

Evaluation Services strives to produce products that exceed the requirements of CMHC commitments to TBS, meet the Canadian Evaluation Society Standards, abide by CMHC’s Code of Ethics, and serve CMHC’s internal program or initiative learning needs.

To ensure evaluations are of high quality, key deliverables underwent a quality assurance (QA) process. At the conclusion of the evaluation project, CMHC’s Audit and Evaluation Sector’s Professional Practices Group also collects client feedback to make improvements.

### *BDO and CMHC Evaluation Services Quality Assurance Practices*

<p><b>BDO’s Quality Assurance Process</b></p>	<ul style="list-style-type: none"> <li>• All deliverables were reviewed internally by the Project Manager to ensure their conformity with evaluation standards.</li> <li>• BDO assigned the Project Manager as the single individual who had overall responsibility for the quality and timeliness of all deliverables.</li> <li>• Bi-weekly touchpoints were scheduled between the BDO Evaluation Team and CMHC Evaluation Services and status reports were provided to identify progress and any issues.</li> </ul>
<p><b>CMHC’s Quality Assurance Process</b></p>	<ul style="list-style-type: none"> <li>• All deliverables provided to CMHC were reviewed and must have been accepted by the Evaluation Lead.</li> <li>• The Methodology Report and final Evaluation Report underwent an internal peer review as per Evaluation Services Guidelines and Procedures to provide senior management with assurance of the quality of evaluation products.</li> </ul>

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## Alternative text and data for figures

**Figure 1: Core Housing Need Rate for Canada and Census Metropolitan Areas, 2016 (%)**

Census metropolitan area (CMA)	Core housing need rate (%)
Saguenay	5
Trois-Rivières	6.2
Sherbrooke	7.2
Québec	7.2
Saint John	8.8
Moncton	8.9
Lethbridge	9.9
Kelowna	10.2
Montréal	10.9
Guelph	11.1
Calgary	11.3
Kitchener - Cambridge - Waterloo	11.4
St. John's	11.5
Windsor	11.7
Saskatoon	11.8
Ottawa - Gatineau	11.9

Winnipeg	12.1
Thunder Bay	12.2
Edmonton	12.3
Greater Sudbury	12.5
Oshawa	12.7
Canada	12.7
Abbotsford - Mission	12.7
Hamilton	13
Regina	13.3
Halifax	13.7
St. Catharines - Niagara	13.9
London	13.9
Brantford	14
Victoria	14.2
Kingston	14.2
Barrie	14.4
Peterborough	15.1
Belleville	15.4
Vancouver	17.6
Toronto	19.1

**Figure 2: Survey Responses for Meeting All NHCF Requirements (new and repair/renew)**

	Difficult	Neither difficult nor easy	Easy
Meeting All NHCF Requirements	54%	15%	31%

**Figure 3: Survey Responses to Meeting Each of the NHCF Requirements (new and repair/renew)**

	Difficult	Neither difficult nor easy	Easy
Energy Efficiency	55%	5%	39%
Accessibility	47%	6%	47%
Affordability	15%	21%	64%
Partnerships	18%	15%	67%

**Figure 4: Disadvantages of Partnerships**

Disadvantages Noted	Percentage of Respondents
Increased Time Consumption	65
Difficulty in Application Process	47
Government Restrictions	44
Increased Restrictions	27
Delays in Project Completion	18
Incompatible Objectives	12
Disagreements on Projects	9
Lack of Potential Partners	6
No Disadvantages	21
Other	9

**Figure 5: Estimated Economic Impacts of the NHCF**

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
GDP	1.2B - 1.3B	0.9B - 1.0B	0.6B - 0.7B	2.7B - 3B
Jobs	11.1K - 12.5K	8.8K - 9.9K	5.4K - 9.9K	25.3K - 28.5K
	Impacts generated directly within the residential construction sector	Impacts within Suppliers to the residential construction sector	Impacts from the spending of Labour Income earned through direct and indirect impacts	