

# RAPID SOLUTIONS FOR AFFORDABLE HOUSING

A Guide to Creating Housing for Vulnerable Communities







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## INTRODUCTION

A home isn't just a place to live—it gives hope for the future and is a steppingstone to a better life. Today, too many Canadians are unable to find or afford suitable housing:

- Every year more than 150,000 Canadians must stay in an emergency shelter.
- Close to 35,000 Canadians will experience some form of homelessness on any given night.
- 1 in 5 Indigenous people who live off-reserve are homeless or live in overcrowded, unsafe, or inadequate housing.
- 75% of the rental buildings in Canada are over 30 years old, and many are in poor shape and in need of costly repairs.
- Over the last 15 years, house prices in most of Canada grew almost 3x faster than incomes. In Toronto and Vancouver, the price of a home grew more than 4x faster than the average income.

**There is a critical need for affordable housing across Canada.** The fast creation of affordable and supportive housing is a smart investment that has the potential to lift thousands of people out of homelessness quickly.

This document is intended to provide complete guidance to service providers (municipalities, Indigenous organizations, developers, associations, public or non-profit sector) across Canada on what modular housing construction is, and how it can be leveraged to secure government funding and implemented to effectively address the lack of affordable housing.

This toolkit comprises various resources prepared by Canada Mortgage and Housing Corporation (CMHC) and Rapid Housing Initiative (RHI) partners.





## HOUSING CHALLENGES

A home is more than just an address. Having a home makes it possible to access employment, enroll in school, and open a bank account. A home provides shelter, security, and a place to raise our families. All Canadians deserve a dignified place to call home.

Now, more than ever, housing saves lives. Over the next decade, the **National Housing Strategy** aims to remove 530,000 families from housing need, cut chronic homelessness by 50%, and change the face of housing in Canada forever.

## A NATIONAL STRATEGY FOR HOUSING

The National Housing Strategy (NHS), announced on November 22, 2017, is a 10-year plan that will give more Canadians a place to call home.

Through the NHS, the federal government is bringing together the public, private and non-profit sectors to re-engage in affordable housing. Using a mix of funding, grants and loans, the strategy will create affordable, stable, and livable communities. These communities will be located near amenities and transportation – and have the opportunities needed to succeed. Ultimately, communities where families thrive.

The goal is to ensure Canadians across the country have access to housing that meets their needs and is affordable. To achieve this, the strategy will first focus on the **most vulnerable Canadians**.

## What is the strategy?

A 10-year, \$72+ billion plan creating a new generation of housing in Canada giving more Canadians a place to call home. The National Housing Strategy has been designed as a toolkit. It features complementary initiatives working together to address challenges across the housing continuum and spectrum of housing needs. The strategy will promote partnerships and the alignment of efforts to achieve ambitious outcomes.

CMHC is leading and will deliver the NHS federal initiatives. Throughout the 10-year NHS, CMHC will score and prioritize applications, administer funding, and manage borrowing and appropriations.

### NHS initiatives:

1. Create new housing supply
2. Modernize existing housing
3. Resources for community housing providers
4. Innovation & research

### NHS priority areas:

1. Housing for those in greatest need – the vulnerable populations
2. Social housing sustainability
3. Indigenous housing
4. Northern housing
5. Sustainable housing and communities
6. A balanced supply of housing

Ultimately, the NHS will promote diverse communities and create a new generation of housing that is mixed-income, mixed-use, accessible, and sustainable.





## Rapid Housing Initiative

In October 2020 the Government of Canada launched the Rapid Housing Initiative (RHI) through CMHC as part of the National Housing Strategy program to create new affordable housing for vulnerable people and populations. The goal of RHI is to quickly develop new modular multi-unit rentals, convert non-residential buildings into affordable multi-residential homes, and rehabilitate buildings that are abandoned or in disrepair into affordable multi-residential homes. Costs to purchase land and buildings are also eligible under the initiative.

There is a key focus on ensuring the next generation of affordable community housing in Canada is built to last. This includes measures ensuring that housing is environmentally friendly, socially inclusive, and financially secure for builders and operators.

### Round 1 (October 27/20 – March 31/21):

The initial funding was \$1 billion to help address urgent housing needs of vulnerable Canadians, especially in the context of COVID-19, through the rapid construction of affordable housing.

The first round of RHI exceeded its initial target of creating up to 3,000 new affordable units and will support the construction of more than 4,700 units across Canada.

### Round 2 (June 30/21 – March 31/22):

Budget 2021 provided an additional investment of \$1.5 billion in new funding for the Rapid Housing Initiative in 2021-22 to address the urgent housing needs of vulnerable Canadians.

The second round of RHI exceeded its initial target of creating 4,500 new affordable units and is expected to create over 5,400 new units across Canada.

### Round 3: To be announced!



# WHY MODULAR?

Modular construction is an alternative project delivery process that produces the same result as conventional construction when it comes to architectural features, finishes, and operational requirements. However, it also offers inherently faster timelines, better quality, and more cost certainty. When complete, a modular project is virtually indistinguishable from a comparable site-build project.



## The Rapid Housing Initiative (RHI) has historically given priority to:

1. Projects that can provide occupancy within 12 months from funding commitment.
2. Accessible housing with supportive wrap-around services
3. Advancing greater autonomy and responsibility for housing by Indigenous peoples, organizations and communities

Modular construction projects can exceed the energy efficiency standards as set out in the 2015 National Energy Code for Buildings (NECB) or local/regional standard (whichever is higher).

This is an innovative and cost-effective way to build small-scale infill housing while providing a rapid, dignified response to connect people experiencing homelessness with homes and appropriate supports to help them achieve housing stability. Modular construction can play a key role in addressing community needs across Canada, while meeting RHI priorities.

- **Reduced construction timelines:** Manufacturing the modules off-site, while foundational work occurs concurrently allows the construction timeframe to be reduced by up to 50%, providing an efficient response to the critical need for affordable housing.
- **Cost and schedule certainty:** Reducing, if not eliminating, the opportunities for untimely delays caused by weather, site damage, or lack of trade availability creates certainty of budget and project scheduling for housing providers.
- **Quality management:** Quality management is a process that occurs on every project fabricated at the manufacturing facility and extends to on-site completion. Because the building is created in a controlled environment using Lean practices and stringent assurance and control programs, the modular building can meet exacting quality standards. **Remember – being affordable does not mean compromising quality.**
- **Sustainability:** Waste is significantly reduced, from about 30% on a typical construction site to 2% to 3% in the manufacturing setting. The on-site footprint is also significantly reduced, with less noise, dust, and traffic over a shorter period, making modular a better neighbour to those in the community.



Powered by manufacturing technology excellence, modular construction is a building technique where each building module is fabricated in a temperature-controlled factory. The term “modular” describes a construction process where individual building modules stand alone or are assembled to make up larger structures. Unlike relocatable buildings, these structures are intended to remain in one location for the duration of their useful life. Permanent modular buildings may be wood-frame, or steel and can have as many storeys as building codes allow.

Once the modular units are ready, they are transported to site, set on the foundation footprint by crane, and joined together like building blocks to make one integrated building.

The technique uses the same materials as conventional construction and designs to the same codes and standards, while saving up to 50% of the time. When finished, the structure is indistinguishable from conventional construction methods.







# MODULAR CONSTRUCTION SCHEDULE



# SITE BUILT SCHEDULE





# CASE STUDY

Modular technology has changed the landscape of affordable housing in British Columbia with its ability to meet rapid response needs. In recent years, the Government of British Columbia has committed significant funds and partnered with not-for-profit providers to solve the province's housing crisis – a crisis that bears resemblance to the circumstances in several areas of Ontario. NRB has made important contributions in BC, building dozens of projects across the affordable housing continuum that are providing more than 1,400 homes to individuals and families in need.







## 107 NICOL ST., NANAIMO BC

The Nicol St. Project is a 4-storey modular multi-family housing project located at 702 Nicol Street in Nanaimo on Vancouver Island in British Columbia.

The neighborhood is a busy urban setting with a mix of residential, commercial and hospitality buildings. The project consists of 59-units blending family focused units, apartment style suites, and accessible units. Interior finishes are of high-quality and offer bright, fresh, and modern living spaces while remaining functional and durable. Common areas include first and second floor lounges, an expansive dining area, lovely outdoor amenity spaces, and a unique bridge element to connect to the housing suites. The project consisted of 48 Modules which were fabricated at the NRB Kamloops facility and transported to the Island site by road and barge connections for craning and final installation.

The exterior design offered distinctive architectural build outs which were factory completed and final site finishing included textured Hardie siding with natural tones to provide a modern exterior that blends seamlessly into the vibrant community setting. Other exterior features included wood entryway, front porch, and entry canopies. The landscaping was designed in a sustainable and modern layout.

There was a high need in the community for affordable multi-family rental housing to support families, and NRB brought the expertise across the affordable housing continuum to this design-build project. The design for the project was carefully considered for efficient modular constructability and factory completion, which allowed most units to be delivered with a high level of completion minimizing the amount of work needed on site. By maximizing the efficiency of the modular design this allowed the project to be completed in six months which was over 50% faster than it would have taken to site build. The project features four storeys of modular wood construction over a concrete site completed foundation. This beautifully designed permanent modular multi-family project exceeded the stringent criteria of the BC Energy Step Code Four and included energy efficient and environmentally conscious aspects in the design to reduce day-to-day operating expenses and long-term environmental considerations. Other energy efficient and environmentally sustainable design elements were incorporated, which included energy efficient mechanical systems and waste management tracking throughout construction.

# CHOOSING A MODULAR MANUFACTURER

Modular construction creates buildings with the same look, feel and performance as conventional construction. The significant benefits of the method include time savings, cost and schedule certainty, higher-quality structure, and less waste.

Modular has critical differences from site-built construction in its building process. Getting the most from your modular project requires a robust modular partner. But how can one determine which modular solution provider can be the best partner for the RHI projects?

The three major elements that RHI applicants should consider when it comes to choosing the right modular partner for RHI projects are:

1. Capability
2. Capacity
3. Relevant experience and expertise





# RHI APPLICATION PROCESS

We know that applying for funding or financing can take some planning and preparation. Before you begin an application:

1. Ensure that your project meets the minimum requirements
2. Confirm all information required is complete and accurate
3. Make sure you have ample time to complete the application

## SUBMITTING AN APPLICATION

You can submit applications for yourself and your organization, and/or act on behalf of or as an agent of another person or organization. Applications are submitted through a secure online application portal. Here are a few details about the portal that you should know:

- You will need to create an account, even if you already have one with CMHC.
- Application reviews can take several weeks. You can check the status of your application in the online application portal.
- The length of each application can vary. As you move forward through the application, completed pages will be saved automatically. Partially completed pages – those that are missing required fields – will not be saved.
- You may leave the portal with your application partially finished. Any page that you have completed will be saved securely within the portal until you return.
- The portal will time out after being inactive for 30 minutes.
- Once you submit your application, it will be time stamped and locked. You must contact CMHC to have your file returned to you if you need to make changes or add additional information.



# RHI SUBMISSION CHECKLIST

The documentation listed below is what CMHC will require for non-Government Entities at application and prior to a first advance. Please contact CMHC and ensure you have a Housing Solutions specialist assigned to you before submitting your application. CMHC may also request additional documentation. Proponents are required to ensure their application is complete and accurate to provide CMHC with the information required to assess their application. Applications which are incomplete risk being withdrawn from consideration.

## LET'S PLAN YOUR RHI MODULAR PROJECT

- ☐ 1. **Proponent Organization and Development Team Experience:**
  - **Property Management:** List of projects currently managed or managed in the last 10 years of similar type, size, and scope with similar tenancy. Alternatively, provide the information relating to the experience of the company undertaking the property management of the project.
  - **Housing Development:** List of projects of similar size and scope completed by the recipient in the subject market within the last 10 years or alternatively, provide the name of the construction company/general contractor who will undertake the build with a fixed price contract.
  - If modular construction, provide the name of the manufacturer and advise how long they have been in business and if they have the capacity and experience to complete the required number of units within the timeline proposed.
- ☐ 2. **Signed Integrity Declaration:** The document is available on CMHC's website and should be signed and submitted as part of the application. A new declaration is required even if one was provided for a previous round of RHI.
- ☐ 3. **Company ownership documents:** All the documents listed below, as applicable:
  - Articles of incorporation including all supporting documentation, such as, but not limited to a business name registration, articles of organization, etc.
  - Letters, Patent, Bylaws, and any applicable shareholders' agreements.
  - Detailed information about the entity's ownership structure, including full organizational chart, names of all registered and beneficial owners and percentage of ownership (if applicable).



❑ 4. Identification of Operational and Capital Funding, Program Support and Other Support:

- **Operational Funding:** a letter of intent from the Municipality/Province/Indigenous governing body or copy of the agreement confirming that operating subsidies have been secured to ensure the long-term viability of the project. This must either include the amount of monthly or annual subsidy payments, duration of funding, and conditions of funding or be a commitment by the governing body to offer supports sufficient to meet viability requirements.
- Description of program support offered to tenants. In the case a third-party service provider is involved, a letter of intent or final executed agreement confirming the types of support that will be provided on site for the targeted tenants and source of funding for programming.
- **Capital Funding:** Please detail the source of all capital contributions, including in-kind contributions, grants, forgivable loans and waiver of development charges and fees and ensure each source is eligible.
- Evidence of other support provided by another level of government or partner (e. g., expedited approvals).

❑ 5. Confirmation that land is secured (owned /leased or upcoming purchase):

If the acquisition of the land or building is a recent or upcoming purchase, lease, or donation:

- Copy of all lease agreements, in draft or in final form as applicable. Subleases are not eligible. Leases must meet CMHC's requirements as a condition of funding. Please discuss with your CMHC Specialist for more information.
- Evidence of land donation (if applicable).
- Copy of purchase and sale agreement, including purchase price, name of the buyer and seller, closing date, and relevant selling details (if applicable).

**If the land is already owned:**

- The property identification number
- A recent property tax statement



## TIP:

The following funding application requirements can be organized and supplied by an **experienced modular manufacturer** that provides end-to-end project management. Partnering with NRB Modular Solutions will help fast-track your RHI project delivery while meeting the mandatory compliance standards.

- ☐ 6. Development and Construction Schedule:
  - A detailed plan describing how the project will be completed within 12 months of a contribution agreement, including the full development and construction schedule with milestones.
- ☐ 7. Approved Zoning:
  - Confirmation from the municipality that zoning is compatible with the proposed development/ project.
  - Considerations for On-Reserve projects for non-governing entity:
  - In-lieu of documentation demonstrating that the project is appropriately zoned, a land status report issued by ISC can satisfy part of this requirement.
  - Copy of the land lease agreement (if applicable).
- ☐ 8. Municipal approvals: (if available)
  - Copy of site plan agreement (if applicable).
  - Copy of building permits (if available).
- ☐ 9. Cost estimates for the project:
  - Cost estimates equivalent to a Class C Quantity Surveyor report from an independent qualified professional (e.g., Quantity Surveyor, architect, engineer) including an appropriate contingency based on current market conditions.
- ☐ 10. Copy of any registered encumbrances or agreements on title.





## ☐ 11. Environmental Site Assessment:

- Phase 1 environmental site assessment (if available), and Phase 2 environmental site assessment (if applicable), Record of Site Condition application (if applicable), Phase 3 environmental site assessment (if applicable), risk assessment (if applicable), and confirmation of site remediation (if applicable). Hazardous Materials Studies may also be applicable for rehabilitations and conversions.

## ☐ 12. Confirmation of Accessibility:

- For new construction, a confirmation from the manufacturer or architect/builder that it can design and build the desired number of accessible units and will, if contracted to do so by the proponent, deliver the units within the proposed timeframe. The confirmation must note the percentage of accessible units which exceed the accessibility requirements of the local jurisdiction.

## ☐ 13. Confirmation of Energy Efficiency:

- For modular construction, provide confirmation from the modular manufacturer that it can design and build the building at the committed level of energy efficiency and will, if contracted to do so by the proponent, deliver a building that meets the desired level of energy efficiency relative to the 2015 NECB.
- For traditional construction, provide an in-depth study of the energy consumption for the whole building and by major end use (space heating, hot water, lighting, ventilation equipment, cooling systems, etc.) by a qualified professional that conducts energy modelling analyses (e.g., Professional Engineer, Certified Engineering Technologist, Certified Energy Manager and or Registered Architect or Energy Advisor with Natural Resources Canada) using energy modelling software that has been independently verified to be compliant with ASHRAE Standard 140.

**For more information and resources, visit [cmhc.ca/RapidHousing](https://cmhc.ca/RapidHousing)**





Our modular building experts can help guide the development of your RHI project during the planning and design phases.

**Contact NRB Modular Solutions about your affordable housing project.**

[nrbmodular.com](http://nrbmodular.com)

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