

## Rental Assistance Program (RAP) Town Hall Meeting (November 2020)

CHF BC facilitated a panel discussion on the new CMHC Rental Assistance Program (also known as Federal Community Housing Initiative – Phase 2, or FCHI-2) on November 25. Representatives from The Agency for Co-operative Housing, Cana Management, COHO Management and CHF BC joined us online to provide information and to answer questions submitted by co-op members.

### Quick Takeaways

RAP is a new program and not an extension of a previous funding program. It is more like a traditional rent supplement program rather than the subsidy-pool model most co-ops are familiar with.

RAP officially launched September 1, 2020, but more co-ops will be added to the program after that date if they are eligible. The program is scheduled to end on March 31, 2028.

Here are some of the program's main features:

- Support is targeted to low-income households so they can avoid paying more than a certain percentage of their incomes on housing.
- Co-ops have some flexibility in setting the maximum percent of income to be paid on housing (rent-geared-to-income): it cannot be less than **25%** or more than **30%**.
- Rather than a fixed amount of money, the program delivers assistance to a fixed number of households up to a maximum of half of the homes in a co-op. The number of households to be assisted is determined by CMHC at the point of enrolment in the program based on information provided by the co-op..
- This represents a change from the Section 95 program which offered subsidy (initially) based on mortgage interest rates.
- CMHC will not automatically increase the base number of units receiving assistance, but co-ops can reach out to The Agency with their requests and The Agency will forward them to CMHC).
- RAP includes utility allowances that must be applied according to rates set by CMHC.
- There will be a yearly reconciliation of subsidy funds, and CMHC can revise the amount of assistance based on need and available program funding. There is no subsidy surplus fund: unused subsidy must be returned to CMHC.
- CMHC can top up its payments if a co-op's maximum occupancy charges increase, but only to prevent a member's housing charge from rising above 30% of income. In other words, CMHC will not increase support to maintain rent-geared-to-income level below 30%.
- There is now a minimum housing charge embedded in RAP set at 25% of a co-op's full occupancy charges. Although RAP may deliver greater benefits than many members would have received under the Section 95 program, members with very low incomes may see

increases in housing charges due to this minimum requirement. (This will be the case if, prior to RAP, a subsidized member was paying less than 25% of the full occupancy charge.)

### Right-sizing/over-housing

The RAP agreement promotes right-sizing and introduces housing surcharges in some cases.

- The housing surcharge will be the difference between maximum (or full) housing charge for the unit and the housing charge for the right-size unit.
- There are no general exemptions for seniors who have to move (e.g. where there are stairs), but the co-op can contact its RAP officer to discuss exceptions where circumstances warrant.
- Right-sizing is only mandated where it is possible: if the smallest size home is a 2-bedroom unit, then a single occupant living in that 2-bedroom home is right-sized and wouldn't face any surcharges.
- You can find more answers to your questions on over-housing in [The Agency's over-housing resource](#).

### Transitioning to RAP

- CMHC will typically invite eligible co-ops to enroll in RAP six months or so before its operating agreement expires.
- The program is not limited to Section 95 co-ops: ILM program co-ops may also participate. If an ILM co-op doesn't choose to enroll in RAP after payment of its mortgage it can enroll after its operating agreement ends.
- Section 95 subsidy surplus pools are not affected by RAP. Co-ops have control over what happens to those funds after the original operating agreement ends.
- Income verification: what to report and with what supporting documentation?
  - Report changes in income (up or down)
  - Report changes to family composition
  - Include Notice of Assessment (assets are not included, but lump-sum RRSP withdrawals are now considered income and must be reported)
- For members on income assistance and receiving income from other sources at the same time, the amount of a household's rent-geared-to-income from all sources or shelter amount are used in the calculation of housing charges, whichever is higher.

### Still to Come/In Development

- The Agency is developing an online calculator to allow co-ops to estimate funding and manage their accounts.
- CHF BC will prepare sample policies relevant to co-ops under RAP early in 2021.
- The Agency is working on Action Plan resources (ready in early 2021).
- CMHC may re-evaluate eligibility for pre-April 2016 Section 95 co-ops and other co-ops currently excluded from the program.

## Additional Questions and Answers

1. Will the amount of support provided by RAP be the same as it was before this program came into effect? How is the amount of the assistance determined for each co-op?

No, it could be different. The amount will be set by CMHC in the enrolment process based on the household income and housing charge data provided by the co-op in the annex form.

2. When and on what basis can we request an increase to the number of subsidized units or the amount of rental assistance provided?

The amount can be revised at each yearly reconciliation but it is subject to the funds available. The Agency can ask CMHC to increasing the number of subsidized units, but no outcome is guaranteed.

3. Can a co-op create a security of tenure fund from its own resources to provide short-term support for members experiencing temporary disruptions in income?

Yes.

4. Can a co-op have and manage an ongoing system of internal support (internal assistance fund) for low-income members alongside RAP?

Yes.

5. Are there procedures for implementing housing surcharges for members who haven't been "right-sized"?

Co-ops must apply a housing surcharge; however, there is a process and steps required before the surcharge is applied for the first time. As soon as an appropriate unit is available, it must be offered to the over-housed member. The household will have a maximum of thirty (30) days from the date of the offer set by the co-operative to accept or refuse the offer. A household refusing the offer of a suitable unit will have a period of six (6) months, starting from the date of the offer, with no surcharge. After this period, the surcharge must be applied immediately.

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