

INTRODUCTION

With rising housing prices pricing out many would-be homebuyers, the Canadian Mortgage Housing Corporation (CMHC) has launched its latest multi-unit mortgage loan insurance product, MLI Select, to increase rental supply across Canada. As of March 7th, MLI Select has replaced CMHC’s 2017-launched MLI Flex program. The MLI Flex program distributed financing benefits based on a commitment to 10 years of guideline rental increases, and requiring 20 percent of the units to be below 30 percent of the local median household income. Comparatively, CMHC’s new

MLI Select program is based on a three-tiered point system that allocates benefits based on the applicant’s commitment to affordability, accessibility, and energy efficiency, allowing for increased flexibility in attaining the benefits offered from the program. The greater the social and environmental outcomes of a rental housing property, the broader the incentives are, including lower insurance premiums and longer amortization periods. These incentives are available for both existing and newly constructed properties, and are as follows:

BENEFITS OFFERED BY THE MLI SELECT PROGRAM BASED ON THE NEW POINT SYSTEM

Total Points	Max. LTC/LTV	Max. Amortization*	Rental Achievement Holdback	Recourse	Replacement Reserve	Min. DSCR
EXISTING PROPERTIES						
Min. 50 Points	Up to 85%	Up to 40 years	May Apply	Full	Discretionary	1.1
Min. 70 Points	Up to 95%	Up to 45 years	May Apply	Full	Discretionary	1.1
Min. 100 Points	Up to 95%	Up to 50 years	May Apply	Limited	Discretionary	1.1
NEW CONSTRUCTION						
Min. 50 Points	Up to 95%	Up to 40 years	Waived	Full	Discretionary	1.1
Min. 70 Points	Up to 95%	Up to 45 years	Waived	Full	Discretionary	1.1
Min. 100 Points	Up to 95%	Up to 50 years	Waived	Limited	Discretionary	1.1

AFFORDABILITY

While CMHC’s predecessor program distributed benefits based on median household income, MLI Select encourages developers to pursue affordability even further by allocating points based on median renter income, significantly lower than household income. Based on the percent of units that are at 30% of the median renter income, applicants can obtain up to 100 points (the maximum amount).

CMHC has released the figures for the median rental income of urban centres in Ontario in 2019. Applicants may find it advantageous to allocate the affordable units to bachelor suites. By doing so, developers can obtain a high number of points while charging at or near market rents for these units.

City	2019 Medium Rental Income	30% Median Rental Income	Monthly Rent
Brampton	\$67,700	\$20,310	\$1,693
Ottawa	\$61,400	\$18,420	\$1,535
Barrie	\$58,900	\$17,670	\$1,473
Guelph	\$57,400	\$17,220	\$1,435
Kitchener	\$57,000	\$17,100	\$1,425
Oshawa	\$54,000	\$16,200	\$1,350
Toronto	\$53,900	\$16,170	\$1,348
Kingston	\$52,500	\$15,750	\$1,313
Mississauga	\$49,000	\$14,700	\$1,225
Greater Sudbury	\$46,500	\$13,950	\$1,163
Hamilton	\$44,400	\$13,320	\$1,110
Thunder Bay	\$42,800	\$12,840	\$1,070
St. Catherines/Niagara	\$41,900	\$12,570	\$1,048
Brantford	\$40,300	\$12,090	\$1,008
London	\$39,600	\$11,880	\$990
Windsor	\$34,000	\$10,200	\$850
Sarnia	\$25,800	\$7,740	\$645
Cornwall	\$24,700	\$7,410	\$618
Sault Ste. Marie	\$22,100	\$6,630	\$553

ACCESSIBILITY

Unlike the phased-out MLI Flex program, MLI Select allows for applicants to pursue other considerations such as accessibility and sustainability to obtain the benefits offered by the program. In terms of accessibility, points will be given based on adhering to at least one of three criteria for accessibility: CSA Standard B 651-18, universal design, and the Rick Hanson Foundation Accessibility Certification. [CSA standards](#) requires applicants to undergo a strict criterion of accessible features, ranging from the width of the washroom to door handles. Adhering to the CSA standards may prove to be difficult for existing buildings and may require capital expenditures and additional expenses such as a consultant. Meanwhile, universal design for new housing units, requires more general guidelines such as “allowing space for wheelchairs and walkers to move freely.” The Rick Hansen Foundation Certification provides a holistic approach and assesses accessibility based on a percentage score determined by a company representative.

20 Points	30 Points
EXISTING PROPERTIES & NEW CONSTRUCTION	
Min. 15% of the units are considered accessible in accordance with the CSA standard B651-18	Min. 15% of the units are considered in accordance with the CSA standard B651-18 and Min. 85% of the units are universal design
Min. 15% of units are universal design	100% of units are universal design
The building receives Rick Hanson Foundation Accessibility Certification (60-79% score)	100% of the units are accessible in accordance with CSA standard B651-18
-	The building receives Rick Hanson Foundation Accessibility Certification “Gold” (80% score or better)

SUSTAINABILITY

Lastly, up to a 100 points may be allocated based on the applicant’s commitment to climate change and sustainability. For existing properties, retrofitting a new efficient energy system may be required to reduce total energy consumption and GHG emissions below current baseline levels. Though it may be difficult to achieve a 40% reduction (100 points), this reduction may be achievable if current in-place energy systems are not efficient and instant reduction in usage is accomplished. For new construction, the building must either outperform [2017 NECB/2015 NBC](#). These reductions must be accompanied by supporting documentation commissioned by the borrower from a qualified professional using appropriate energy simulation software. More information regarding documentation required can be found [here](#). It is important to note that unlike the affordability criteria, the energy efficiency criteria and the accessibility criteria does not need to be demonstrated annually, rather once achieved, the borrower’s commitment is considered fulfilled and there are no further requirements.

30 Points	50 Points	100 Points
EXISTING PROPERTIES		
Min. 15% decrease over current baseline levels	Min. 25% decrease over current baseline levels	Min. 40% decrease over current baseline levels
NEW CONSTRUCTION		
Min. 20% better than NECB/NBC	Min. 25% better than NECB/NBC	Min. 40% better than NECB/NBC



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