



RENTAL HOUSING CONSTRUCTION INCENTIVE --- APPLICATION GUIDE



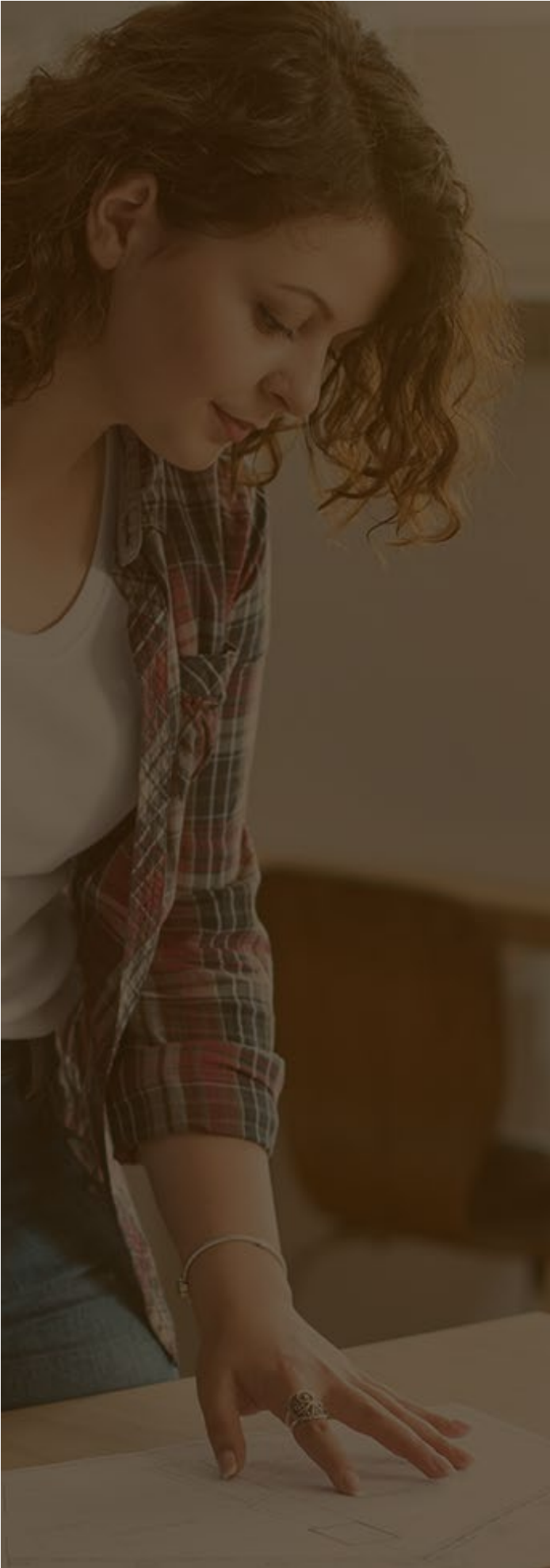


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OVERVIEW

The Manitoba government has introduced the Rental Housing Construction Incentive (RHCI) to help fund the construction of rental housing.

Housing developers can claim a tax credit up to \$8,500 per rental unit (up to 8% of eligible capital costs) plus an additional \$5,000 per affordable unit.

The tax credit is fully refundable and is claimed on income tax returns filed with the Canada Revenue Agency. Non-profits can claim the full credit in the first tax year in which the housing becomes available for use. For-profits can claim the credit up to \$8,500 per unit in the first tax year and the affordable credit over 10 years (\$500 per unit per year).

The RHCI is part of [Housing Starts Here](#), a streamlined application portal for funding to expand Manitoba's housing supply.

Resources

- RHCI Legislation: Section 10.7 of the [Income Tax Act](#) (Manitoba)
- [RHCI Regulation](#)
- [Housing Starts Here](#)
- [GST Rebate for Purpose-Built Rental Housing](#) (federal government)

Contact Us

Please contact RentConstructionTaxCredit@gov.mb.ca with any questions.

ELIGIBILITY

Applicants

To be eligible for the RHCI, applicants must be a qualifying non-profit or for-profit entity permanently established in Manitoba.

Qualifying non-profit entities:

- Housing corporation, non-profit organization, or limited-dividend housing company, described in paragraph 149(1) of the Income Tax Act (Canada).
- Not-for-profit housing cooperative described in subsection 275(2) of the provincial Cooperatives Act.
- Corporation or subsidiary owned by a First Nation or municipality.
- Partnerships or joint ventures at least 95% owned by a non-profit.

Qualifying for-profit entities:

- An individual, trust, or taxable Canadian for-profit corporation.

The applicant must also:

- Own or lease the project land.
- Apply for a Certificate of Eligibility **within 90 days** of receiving the building permit for a project or the regulation start date of August 1, 2025.

Project Types

Eligible rental housing project types:

- New construction for residential use
- Conversion from non-residential to residential use

Ineligible rental housing project types:

- Acquisition or renovation of existing housing
- Projects with less than 4 units
- Vacation homes occupied seasonally or temporarily
- Hotels or hostels
- Care facilities (in-patient or resident-based therapeutic or rehabilitative care)
- Temporary shelters for people in need
- Hospital or hospice for palliative care
- Personal care homes
- Residential care facilities
- Housing for clergy or employees of a religious denomination
- Housing for employees that may occupy the housing only while employed by the business

Project Criteria

Projects must:

- Be located in Manitoba.
- Projects on First Nation land may be eligible; [contact us](#) to discuss.
- Have a building permit obtained on or after January 1, 2024.
- Become available for use before January 1, 2031.
- Include at least four residential rental units.
- Rent or lease units for periods of at least one month.

- Ensure each eligible unit has its own sleeping facilities, keyed entry and access to a bathroom and kitchen/kitchenette.
- Be a Class 1 property in terms of the **capital cost allowance for depreciable property**.

Capital Costs

For determining the tax credit up to 8% of capital costs (up to \$8,500 per unit), the eligible capital cost **excludes**:

- Land acquisition costs
- Non-repayable government assistance (grants, subsidies, forgivable loans, GST rebate and other deductions from tax, investment allowances, or any other form of assistance)

The additional \$5,000 tax credit per affordable rental unit is not subject to the 8% limit.

Affordable Units

Rental housing units are eligible for the additional tax credit of \$5,000 if they are:

- Rented within the limits set annually through the **Affordable Housing Rental Program**
 - Rent limits exclude charges for parking and tenant services.
- Rented to households who meet the **Program Income Limit** at initial occupancy
 - This limit excludes the incomes of tenants under the age of 18; tenants enrolled in full-time studies approved by Manitoba Housing; and live-in caregivers not related to the tenant.
- Rented to tenants not related to or affiliated with the project owner.

Non-profits can claim the full affordable credit (\$5,000 per unit) in the first tax year in which the project becomes available for use. For-profits must claim it annually (\$500 per unit per year) for 10 years.

All recipients claiming the affordable unit credit must submit an annual report for compliance monitoring.

Deadlines & Readiness

Developers must apply for a Certificate of Eligibility within 90 days of receiving the building permit for a project or the regulation start date of August 1, 2025.

To be eligible for a Certificate of Eligibility, a project must either:

- Demonstrate readiness to start construction within 12 months of receiving the Certificate of Eligibility, supported by a construction schedule, financing confirmation, or other documentation.
- or -
- Have secured a commitment of land or a funding commitment under another government program for an affordable or social housing project. Government programs can include, but are not limited to, other programs within Housing Starts Here, or other programs from the Manitoba government, Canada Mortgage and Housing Corporation, Build Canada Homes, Federation of Canadian Municipalities, or programs run by Indigenous governing bodies.

Revoking a Certificate

A Certificate of Eligibility may be revoked if:

- any information provided is false or misleading or fails to disclose a material fact;
- the project fails or ceases to meet the qualifications for an eligible rental housing project;
- the entity in whose name the certificate was issued ceases to be a qualifying entity; or
- the qualifying entity fails to comply with the terms and conditions of the certificate.

If the Minister of Finance determines that all or any part of an RHCI amount paid or allocated did not qualify as a tax credit, that amount may be recoverable and become a debt due by the qualifying entity.

If any designated affordable unit is no longer considered affordable, any amount of tax credit

received under this policy for that affordable unit may become a debt due by the qualifying entity and need to be repaid.

More Information

If there is any conflict between this document and relevant legislation, the legislation prevails. See the Section 10.7 of the [Income Tax Act \(Manitoba\)](#) and the [RHCI Regulation](#).

Other relevant legislation:

- [Income Tax Act](#) (Canada)
- [Cooperatives Act](#) (Manitoba)
- [National Housing Act](#) (Canada)

Applicants are advised to seek professional legal, accounting, and tax advice before applying.

Feel free to [contact us](#) with any questions about requirements.

APPLICATION PROCESS

If you already submitted your project through the [Universal Application Form](#) or you authorized your Housing Accelerator Fund application for review under Housing Starts Here, please wait for Manitoba Housing to get in touch to confirm whether your project is eligible.

If you have not yet submitted your project, please follow these steps:

1. Take the Self-Assessment

Visit the [Self-Assessment](#) webpage and answer a series of 'yes' or 'no' questions. You'll receive a code based on the programs for which your proposal may be eligible.

Please note the Self-Assessment is not a final determination on your proposal's eligibility.

If your organization is an Indigenous governing body but your project appears to be ineligible for funding, please contact Manitoba Housing as there may still be opportunities to work together.

2. Apply for a Certificate of Eligibility

Before construction starts, apply for a Certificate of Eligibility. This certificate will indicate the tax credit amount for which your project is eligible.

Developers must apply for a Certificate of Eligibility within 90 days of receiving the building permit for a project or the regulation start date of August 1, 2025.

Go to the [Universal Application Form](#), enter the code provided by the Self-Assessment, and complete the form.

If the applicant is a corporation, required documents and information includes:

- Current articles of incorporation including any amendments
- Corporation by-laws
- List of current board of directors
- Current [Certificate of Status](#)
- [File Summary](#) no older than 3 months from the Companies Office, including the business number

If the applicant is an individual, required documents and information includes:

- Copy of government identification
- Social Insurance Number

All applicants must also provide:

- Confirmation of site ownership or pending purchase or lease agreement
- Project cost estimate (see exceptions in [Eligibility](#))

Only one application per project is needed to apply to all Housing Starts Here programs associated with the eligibility code.

3. Apply for a Tax Credit Certificate

Proponents must apply for a Tax Credit Certificate no later than 120 days after the end of the tax year in which the project becomes available for use. The proponent must have a valid Certificate of Eligibility for the project.

For-profit proponents with affordable units in their project must apply annually for the tax credit within 120 days of the tax year end.

If the proponent is part of a partnership or joint venture, they must apply within 120 days of the project becoming available for use. If the partnership or joint venture is a qualifying for-profit entity and the project includes affordable units, they must apply for the affordable tax credit within 90 days after each of the next nine anniversaries of the day the project became available for use.

This application form is in development. The form will require audited financial statements verifying the actual final construction costs and non-repayable government assistance.

4. Claim the Credit

Claim the credit when filing a T1 (personal), T2 (corporation) or T3 (trust) income tax return with the Canada Revenue Agency.

Non-profits can claim the full eligible amount in the tax year the building becomes available for use.

For-profits can claim up to \$8,500 per unit in the tax year the building becomes available for use, and an additional \$500 per affordable unit annually for 10 years, totaling \$5,000 per affordable unit. For-profits applying for the

affordable credit must do so within 120 days of the end of each tax year.

5. Report

If claiming the affordable credit, submit a report to Manitoba Housing within 60 days of tax year-end annually for 10 years. The report must include:

- a list of the affordable units in the project;
- the names of the occupants of the affordable units, as they appear in the records of the owner or the agent of the owner;
- the rent charged for each affordable unit;
- any other information requested by Manitoba Housing; and
- a statement, signed by the owner or an officer or agent of the owner, attesting to the completeness and accuracy of the information included in the report.

The application for the initial tax credit certificate serves as the report for the first year.

As part of its annual review, Manitoba Housing may request:

- Rent rolls;
- Applications, lease agreements, and income tax information of tenants in designated affordable units; and
- Any other information deemed of interest to determining the continued eligibility of the eligible rental housing project.

The qualifying entity must keep these records at its Manitoba head office for 13 years after the Certificate of Eligibility is issued.

FREQUENTLY ASKED QUESTIONS

Eligibility

Will certain types of eligible applications be prioritized over others?

No. Certificates of eligibility will be issued on a first-come, first-served basis until the RHCI lifetime budget of \$176.5 million has been fully expended. At least \$17.65 million (10%) of the lifetime budget must go toward affordable units. Projects must become available for use before January 1, 2031.

Is employee housing eligible?

Yes, only if employees can continue to live in their units after their employment ends.

Can a charitable non-profit organization qualify to get the Rental Housing Construction Tax Credit?

A qualifying organization is one that files a T2 (corporation) or T3 (trust) tax return. Charitable organizations file a “Tax Information Statement”. A non-profit entity can be established for the project to qualify for the tax credit or file a T2 as a one-off. Applicants should consult their accountant on how to proceed. Note: tax-exempt corporations or subsidiaries owned by First Nations or municipalities are qualifying non-profit entities.

Who receives the tax credit?

The beneficial owner listed on the tax credit application will receive the tax credit. If the beneficial owner is a partnership, the partnership decides what percentage of the tax credit each partner will receive.

Applying

What is the application deadline?

Within the deadlines outlined in the Application Process chapter, Manitoba Housing will accept applications until funds are fully allocated.

Can application deadlines be extended?

Application deadlines may be extended on a case-by-case basis. If you need an extension, please [contact us](#) as far in advance as possible. Funding will continue to be allocated on a first-come, first-served basis.

Can I save my application to resume later?

Yes — use the button in the bottom right corner of the Universal Application Form and save the link provided.

Certificates

What is the purpose of the Certificate of Eligibility?

The Certificate of Eligibility provides greater certainty for developers by ensuring funds are set aside for eligible projects.

What is the difference between the Certificate of Eligibility and the Tax Credit Certificate?

The Certificate of Eligibility confirms the credit amount for which a project is eligible. The Tax Credit Certificate is needed to claim the credit when filing taxes. See the steps in the Application section.

What information is on the Certificate of Eligibility?

This certificate outlines the project's number of market and affordable rental units, eligible capital costs, expected tax credit amount, expected project completion date, certificate expiry date, project address, project owner, and any other information deemed relevant.

Why does the Certificate of Eligibility have an expiry date?

This ensures funds allocated to projects that are not completed can be reallocated to help other projects.

Can the expiry date on the Certificate of Eligibility be extended?

The expiry date can be extended on a case-by-case basis if construction is not complete by the original expected completion date. You must notify Manitoba Housing **before** the expiry date on the certificate of eligibility if you are seeking an extension.

Can a Certificate of Eligibility be reassigned to another entity?

Yes, if the receiving entity is eligible for the RHCI, it acquires the original Certificate of Eligibility holder's interest in the project, and Manitoba Housing consents in writing to the reassignment.

Affordable Units

Will I have to verify the income of all tenants?

No, only tenants moving into rental units designated as affordable; see the [Eligibility](#) chapter.

Does tenant income need to be verified annually for affordable units?

No, only when a lease is signed with a new tenant.

If a tenant moves out of an affordable unit, will I need to find a new tenant who meets the income limits?

Yes, for units to remain designated affordable, new tenants must meet the [income limits](#) set by Manitoba Housing.

For how long must records be kept?

Any records required to verify that a unit is affordable must be kept for 13 years after the Certificate of Eligibility is issued.