Toronto Regional Real Estate Board

Professionals connecting people, property and communities.

September 18, 2026

The Honourable Gregor Robertson, P.C., M.P.
Minister of Housing and Infrastructure
180 Kent Street, Suite 1100
Ottawa, Ontario K1P 0B6

The Honourable François-Philippe Champagne, P.C., M.P.
Minister of Finance and National Revenue
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

Delivered via email: engagehousing-engagelogement@infc.gc.ca

Re: Consultation on Financing Measures to Support the Supply of Housing for Owners and Renters

Dear Ministers:

On behalf of the Toronto Regional Real Estate Board (TRREB) and our almost 70,000 members across the Greater Toronto Area (GTA), Simcoe County, and beyond, we welcome the opportunity to provide comments in response to the Government of Canada's consultation on financing measures to support the supply of housing for owners and renters.

Financing is one of the federal government's most effective levers in addressing housing affordability; therefore, it is imperative that those mechanisms keep pace with how Canadians finance, build, and buy homes today.

Protect and Promote Canadian Pathways to Homeownership

We begin by recognizing the significant steps the Government of Canada has taken to address the country's housing affordability and supply challenges. In particular, the federal government's efforts to reduce development charges through infrastructure partnerships with provinces represent an important and welcome shift toward tackling one of the fundamental drivers of housing costs: the cost of bringing new housing to market.

The recently established federal-provincial Development Charge Reduction Program in Ontario is a notable example of this approach. Under the broader Canada-Ontario agreement for housing-enabling infrastructure, the federal and provincial governments made up to $8.8 billion available over ten years, with the program prioritizing funding for municipalities that significantly reduce residential development charges.

Recent agreements with the Cities of Vaughan and Mississauga demonstrate the potential of this model, linking substantial federal and provincial infrastructure investments directly to municipal action on development charge reduction.

These measures complement a range of other important federal initiatives aimed at increasing housing supply and improving affordability, including:

- The Housing Accelerator Fund;
- The removal of the GST on qualifying new purpose-built rental housing;
- The Apartment Construction Loan Program;
- Build Canada Homes; and
- Measures intended to improve access to homeownership for first-time buyers.

Taken together, these initiatives represent meaningful progress and signal a broader evolution in federal housing policy. They reflect an increasingly important recognition that governments cannot solve Canada's housing challenges through subsidies alone. While targeted financial supports have an important role to play, lasting improvements in affordability require addressing the structural factors that increase the cost of housing and constrain supply. This includes reducing excessive taxation, lowering financing barriers, streamlining regulatory processes, and removing other obstacles that make it more difficult to build, buy, and own a home.

Despite this progress, much more work remains. Canada is experiencing a major shift in the composition of its housing market. While overall housing starts increased in 2025, mainly outside of the GTA, that growth was driven mostly by rental construction. According to CMHC, rental housing accounted for just over half of all housing starts in Canada’s urban centres in 2025, while construction intended for the homeownership market weakened overall. The Government’s own consultation paper underscores the extent of this shift, noting that annual starts of owner-occupied housing have declined since 2021 and are now 28 per cent below their peak earlier this decade.

This change should concern policymakers. Canada needs a strong rental market, and the recent expansion of purpose-built rental construction is an important accomplishment. But a successful housing strategy cannot be measured solely by the total number of units constructed. It must also consider whether Canadians have a reasonable range of housing choices, including a realistic opportunity to become homeowners.

That opportunity is increasingly unequal across generations. Recent research cited by the Canadian Real Estate Association (CREA) shows that about eight in ten Canadians between the ages of 18 and 44 still aspire to homeownership. Yet, the homeownership rate among Canadians aged 25 to 39 has fallen to 49.9 per cent, about 11 per cent below the rate experienced by baby boomers at the same age.

The Canadian dream of homeownership remains alive, but the pathway to achieving it is becoming increasingly difficult. The purpose of federal housing policy should therefore not be to choose between rental housing and homeownership. Canada needs both. Federal policy should support a housing continuum in which Canadians can rent when renting best meets their needs, enter homeownership when they are ready, move into larger homes as families grow, and downsize later in life.

Closer to home, TRREB has strongly supported municipal reforms permitting multiplex and missing-middle housing, including as-of-right permissions for duplexes, triplexes, and fourplexes. Specifically, we are championing a simplified, more cost-effective ownership framework for multiplexes of six units or fewer, which would help translate zoning reform into new groundoriented, family-friendly homes that first-time buyers, families, and other aspiring homeowners can actually purchase.

Within that context, TRREB recommends that the Government focus on four immediate reforms to Canada's housing finance framework.

1. Modernize MLI Select to Support Missing-Middle and Ownership-Oriented Housing

CMHC's MLI Select program has become an important component of Canada's housing finance system. Its impact on rental construction has been substantial, and CMHC data shows the increasingly significant role mortgage loan insurance and federal financing programs play in supporting new rental supply.

The next evolution of the program should be to broaden its impact across the housing continuum.

TRREB supports the creation of a fourth MLI Select category – MLI Select – Ownership, specifically directed toward middle housing ownership supply. Such a category should recognize and reward projects that provide family-sized units and are in municipalities that have implemented zoning and density reforms consistent with the objectives of the Housing Accelerator Fund.

Importantly, CMHC should also review borrower eligibility to ensure individual property owners, smaller developers, and local builders can access the program, as they are most likely to deliver duplexes, triplexes, fourplexes, and other small-scale missing-middle housing.

This represents a logical extension of reforms already underway. Municipalities across Canada have started changing zoning rules to permit greater density, including as a condition of receiving federal Housing Accelerator Fund support. The federal government should now align financing policy with those reforms. Permitting four units on a residential lot achieves little if the financing necessary to construct those units remains inaccessible.

A dedicated missing-middle supply ownership category within MLI Select could translate zoning reform into actual housing construction while encouraging the creation of family-sized homes in established communities. We recognize that the financing framework is one aspect of the current challenge, and that the Province of Ontario must also work in tandem to update the regulatory and legislative framework of the *Condominium Act* to simplify and streamline creating separately titled units within a small multiplex project. TRREB and the Ontario Real Estate Association (OREA) are actively advocating with the province for this reform.

The Government should therefore direct CMHC to establish a dedicated MLI Select category for middle housing, with preferential financing terms tied to family-sized units, Housing Accelerator Fund-aligned zoning, and other measures that support attainable housing supply. CMHC should design eligibility requirements so small builders and individual property owners can participate, rather than inadvertently restricting the program to large institutional developers.

2. Modernize the Mortgage Stress Test to Reflect Current Market Conditions

Canada's mortgage underwriting framework must continue to protect borrowers, financial institutions, and the stability of Canada's financial system. Prudent mortgage qualification serves the interests of homeowners and lenders alike.

At the same time, prudence does not require that mortgage regulation remain static when economic circumstances change.

TRREB acknowledges and supports the important step taken by the Office of the Superintendent of Financial Institutions in November 2024 to remove the prescribed Minimum Qualifying Rate for uninsured borrowers completing a straight switch between federally regulated lenders at mortgage renewal, provided that neither the loan amount nor amortization period is increased.

That reform removed an unnecessary impediment to competition. The reform no longer prevented borrowers who had already demonstrated their capacity to service their mortgage from shopping among lenders simply because they could not requalify at an artificial rate considerably above the rate they would actually pay.

The same principle should now inform a broader review of the mortgage stress test. Under the current framework, most borrowers seeking a new uninsured mortgage must qualify at the greater of their contractual mortgage rate plus two percentage points or the prescribed 5.25 per cent floor. In the economic environment that originally gave rise to the current framework, a substantial buffer was understandable.

However, a fixed two-percentage-point buffer can exclude otherwise creditworthy households from mortgage financing, even when borrowers have high income, good credit, meaningful down payments, and a demonstrated capacity to manage their financial obligations.

The consequences extend beyond individual borrowers. When the current framework prevents well-qualified Canadians from purchasing homes they could reasonably afford at their contractual mortgage rate, the result is a further narrowing of the pathway to ownership and an additional structural advantage for purchasers with greater accumulated wealth or access to family capital.

The Government of Canada, the Department of Finance, and OSFI should therefore review the Minimum Qualifying Rate to ensure that the stress test remains proportionate to actual financial risk and current market conditions.

That review should specifically consider whether the existing two-percentage-point buffer remains appropriate, whether a lower or more dynamic buffer could provide equivalent prudential protection, and whether regulators could permit greater lender discretion for well-qualified borrowers while maintaining appropriate portfolio-level safeguards.

The objective should not be to eliminate prudent mortgage underwriting. It should eliminate unnecessarily restrictive requirements. Canada has already demonstrated through the straight-switch reform that mortgage regulation can be recalibrated without abandoning financial stability. The same evidence-based approach should now apply to new mortgage originations so the framework does not unnecessarily lock qualified Canadians out of homeownership.

3. Reintroduce a Modern Multi-Unit Residential Building Tax Incentive

The Government should use the federal tax system to mobilize substantially more private capital toward the construction of new rental housing.

Canada has successfully used this approach before. The federal government introduced the Multi-Unit Residential Building (MURB) tax provisions in the 1970s to respond to a sharp deterioration in rental construction. The program allowed eligible investors in new multi-unit residential buildings to use capital cost allowance generated by the investment against income from other sources. In doing so, the measure improved the after-tax economics of rental investment and helped attract private equity into new rental construction.

The principle remains highly relevant today. Canada has enormous amounts of private capital seeking long-term investment opportunities. The federal government should structure its housing policy to encourage that capital to finance the construction of additional housing rather than compete with prospective homeowners for the existing stock of single-family homes.

A modern MURB incentive could accomplish both objectives. TRREB therefore recommends that the Government of Canada reintroduce a modernized MURB tax incentive for new purpose-built rental construction, including missing-middle rental projects, with eligibility tied directly to incremental housing supply.

The design should encourage investment in new construction rather than purchasing existing housing. It should also be sufficiently accessible to attract individual and smaller-scale Canadian investors alongside institutional capital. The Government should move quickly so that qualifying rental projects beginning construction on or after January 1, 2027, can benefit from the new regime.

The Government could also examine a complementary, time-limited measure allowing investors who sell existing non-purpose-built rental homes to owner-occupiers and reinvest the proceeds in qualifying new MURB construction to receive preferential tax treatment.

Properly structured, this would create a powerful alignment of incentives. The incentive would encourage private capital to move away from bidding against Canadian families for existing homes and toward financing new rental supply.

This is precisely the kind of market-oriented policy Canada needs: government sets the incentive, private capital provides the investment, builders construct the housing, and the country gains a larger housing stock.

4. Expand the Apartment Construction Loan Program to Smaller Missing-Middle Projects

The Apartment Construction Loan Program has been an important federal housing success. The Government has substantially expanded the program and accelerated billions of dollars in low-cost financing to support additional rental construction. This financing, combined with CMHC mortgage insurance and the removal of the GST from qualifying purpose-built rental construction, has materially improved the economics of rental development.

The Government should now adapt the program to address an important financing gap at the smaller end of the housing spectrum.

TRREB recommends establishing a dedicated Apartment Construction Loan Program application stream for smaller builders constructing two- to four-unit rental buildings and for projects requiring loans of less than $1 million.

The existing financing system is much better equipped to finance conventional single-family homes or large multi-residential developments than small multiplex projects that governments increasingly want municipalities to permit. This creates a disconnect between land-use policy and housing finance policy.

A homeowner, small builder, or local developer seeking to transform a property into a duplex, triplex, or fourplex should have access to a financing product proportionate to the size and risk of that project. The Government should not let application requirements, underwriting processes, minimum loan sizes, and administrative requirements for large apartment projects become barriers to small-scale intensification.

A dedicated small-project stream within the Apartment Construction Loan Program would help close this gap. It would also leverage municipal zoning reforms already supported by the federal government and allow more Canadian builders to participate in housing construction.
The Government should therefore preserve and strengthen the Apartment Construction Loan Program while creating a streamlined financing stream that supports small-scale missing-middle rental construction.

A Housing Finance System That Supports the Full Continuum

Canada's housing challenge has entered a different phase. For much of the past decade, the overriding policy objective was to increase the aggregate number of homes Canada builds. That remains essential, but today's data demonstrates why the composition of that supply matters as well.

Canada cannot declare success if it builds significantly more rental housing while the supply of attainable ownership housing continues to decline. Nor can it protect homeownership by neglecting rental construction. A healthy housing system requires movement across the entire continuum.

The Government's current consultation provides an opportunity to align Canada's financing system with that objective. Taken together, TRREB's recommendations above would strengthen both sides of Canada's housing market.

For younger Canadians in particular, the stakes are significant. The economics of the housing market increasingly tells a generation that overwhelmingly wants to own a home that it may never be able to do so. That is not simply a housing problem. It has implications for household wealth, family formation, retirement security, labour mobility, and Canadians' confidence that they can still access the opportunities previous generations enjoyed.

The Canadian dream of homeownership remains strong. Federal policy should ensure that it remains achievable. We appreciate the opportunity to participate in this consultation and welcome a discussion of these recommendations.

Sincerely,

Daniel Steinfeld
President

Cc: Janice Myers, CEO, Canadian Real Estate Association
Garry Bhaura, Chair, Canadian Real Estate Association