Toronto Regional Real Estate Board

Professionals connecting people, property and communities.

July 2, 2026

Mr. Matthew Boldt
Senior Director
Housing Finance, Department of Finance Canada
90 Elgin St.
Ottawa, ON K1A 0G5

Re: Consultation on Financial Tools for Citizen-Led Homebuilding and Infill Housing

Dear Mr. Boldt:

On behalf of the Toronto Regional Real Estate Board (TRREB), representing almost 70,000 real estate professionals across the Greater Toronto Area (GTA) and Simcoe County, thank you for the opportunity to provide comments regarding the Department of Finance Canada's consultation on financial tools to support citizen-led homebuilding and missing middle housing.

TRREB strongly supports the Government of Canada's objective of improving access to financing for small-scale infill housing. Expanding opportunities to build duplexes, triplexes, fourplexes, and other missing middle housing forms within existing neighbourhoods represents one of the most practical and cost-effective ways to increase housing supply while making more efficient use of existing municipal infrastructure.

The proposed amendments to Canada's mortgage insurance framework represent an important step toward addressing financing barriers that have historically limited this form of housing. However, financing reform alone will not be sufficient to meaningfully increase housing supply. These changes will be most effective if governments implement them alongside broader regulatory and municipal reforms that improve project feasibility.

Support for Expanded Mortgage Insurance

TRREB supports the proposed amendments to permit private mortgage insurers to provide mortgage insurance for residential properties containing five to eight units and to expand flexibility for financing new three and four-unit residential developments.

Historically, lenders and insurers have designed financing products primarily around conventional single-family housing or larger commercial multi-residential developments. This has created a financing gap for homeowners and small-scale builders seeking to develop missing middle housing. Expanding mortgage insurance eligibility will help bridge this gap by increasing lender participation, improving competition and lowering financing costs. This approach appropriately recognizes that small-scale intensification can make a significant contribution to housing supply while allowing neighbourhoods to evolve incrementally.

Expand Eligibility to All Missing Middle Housing Forms

TRREB recommends that the mortgage insurance framework recognize the full range of missing middle housing forms that contribute to incremental housing supply.

This should include garden suites, laneway suites, coach houses, accessory dwelling units and other detached secondary residential structures. These housing forms have become increasingly important tools for adding supply within established neighbourhoods, yet existing financing and appraisal practices frequently fail to recognize their full contribution to property value or their independent financing needs.

The federal government should work with lenders, mortgage insurers and appraisers to ensure these housing forms are appropriately recognized within mortgage underwriting and valuation methodologies. Financing products should facilitate the addition of secondary units that increase housing supply.

Continue Supporting Modular and Factory-Built Housing

TRREB welcomes CMHC's recent expansion of mortgage insurance products supporting prefabricated, modular and manufactured housing, including the introduction of Prefab Plus and expanded eligibility within MLI Select.

Innovative construction methods offer significant opportunities to reduce construction timelines, improve productivity and lower development costs. These construction approaches are particularly well suited to missing middle housing because they can reduce project risk for smaller builders and homeowners undertaking incremental development.

TRREB encourages the federal government to continue expanding financing flexibility for factory-built housing and to ensure mortgage insurance products remain technology-neutral as construction methods continue to evolve.

Consider an Ownership Stream within MLI Select

CMHC's MLI Select program has demonstrated that well-designed financing incentives can successfully encourage the delivery of rental housing. Purpose-built rental housing supply has increased significantly in many markets across Canada, thanks in large part to this program.

TRREB recommends consideration of a complementary ownership-focused stream within MLI Select or a similar mortgage insurance program designed specifically for ownership-oriented missing middle housing. Such a program could encourage construction of owner-occupied duplexes, triplexes, fourplexes and small multi-unit projects by offering enhanced financing terms where projects advance broader public policy objectives, including increasing housing supply, supporting gentle density and improving affordability.

Providing comparable financing incentives for ownership housing would complement existing rental-focused initiatives and expand opportunities for first-time homebuyers and middle-income households.

Mortgage Insurance Products Must Be Economically Viable

The success of any new mortgage insurance product will ultimately depend on its affordability. If insurance premiums or associated lending costs are excessive, borrower uptake may remain limited despite expanded eligibility.

TRREB therefore encourages the Department to work closely with lenders and insurers to ensure premium structures appropriately reflect actual project risk while remaining attractive to homeowners and small builders. The objective should be to create products that materially improve project feasibility rather than introducing additional costs that offset the benefits of expanded eligibility.

Financing Reform Must Be Accompanied by Regulatory Reform

While improved access to financing is welcome, financing alone cannot overcome many of the barriers currently limiting missing middle housing production. Across Ontario, municipal development charges, lengthy approval processes, restrictive zoning provisions, excessive parking requirements and numerous technical planning standards continue to reduce the financial viability of small-scale infill housing. Even where financing is available, many otherwise viable projects remain uneconomic because regulatory costs have increased substantially in recent years.

Accordingly, TRREB encourages the federal government to continue working collaboratively with provincial and municipal governments to ensure financing reforms complement broader efforts to reduce unnecessary regulatory barriers. Mortgage insurance reform will achieve its greatest impact when combined with faster approvals, reduced municipal fees, streamlined planning processes and policies that facilitate gentle density as-of-right.

Financing Reform Should Complement Recent Federal and Provincial Housing Initiatives

Specifically, TRREB encourages the federal government to view these proposed mortgage insurance reforms as part of a broader suite of recent housing supply initiatives designed to improve the financial viability of new housing construction. Over the past year, both the federal and Ontario governments have introduced significant measures intended to reduce the cost of building homes, including federal GST/HST relief on newly constructed homes and the new Canada–Ontario Development Charge Reduction Program, which will reduce one of the largest upfront costs associated with residential development, potentially saving buyers up to $200,000 on the purchase of a new home.

These initiatives are helping to improve project economics so that more housing moves from concept to construction. The federal government should design expanded mortgage insurance for missing middle housing to complement these measures by further reducing financing barriers for homeowners and small-scale builders. Together, lower development charges, sales tax relief, and more flexible mortgage insurance can materially improve project feasibility, encourage private investment, and increase housing supply.

Conclusion

TRREB strongly supports the Government of Canada's proposed mortgage insurance reforms as an important component of a broader housing supply strategy.

Expanding financing opportunities for missing middle housing can make a meaningful contribution toward increasing housing supply, improving affordability and creating more diverse housing options within existing communities. TRREB appreciates the opportunity to participate in this consultation and looks forward to continuing to work with the Government of Canada to advance practical solutions that increase housing supply and improve housing affordability for Canadians.

Sincerely,

Daniel Steinfeld
President
Toronto Regional Real Estate Board

Cc: François-Philippe Champagne
Minister of Finance

Garry Bhaura, Chair
Canadian Real Estate Association