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National Housing and Investment Initiative

Recommendations for a Sustainable Canadian Housing Market

A focus group of private sector leaders working to develop collaborative, solutions-oriented housing recommendations for the federal government.

Large Urban Centre Alliance · Canada's largest financial institutions · Housing delivery and capital markets.

About the National Housing and Investment Initiative

The National Housing and Investment Initiative (NHII) is a focus group of private sector leaders working to develop collaborative, solutions-oriented housing recommendations for the federal government to serve the national interest of the Canadian population. It brings together expertise from a coalition of development industry leaders of Canada's major census metropolitan areas through the Large Urban Centre Alliance, and leadership and expertise from Canada's largest financial institutions. It combines the practical experience of housing delivery with the insights of macroeconomic trends, household finance, capital markets, and risk management. This report, prepared by the NHII, is designed to provide strategic advice to support and inform the federal government's review of the National Housing Strategy and the implementation of broader federal housing and infrastructure policies. The NHII's full recommendations are provided in the Appendices of this report.

There is a timely and necessary opportunity to establish a more resilient, evidence-based, and forward-looking housing policy framework in Canada – one that supports economic growth, reflects the realities of housing delivery across the country, and establishes a stronger foundation for Canada's long-term housing and economic stability. In turn, a structurally balanced market achieves affordability across the housing spectrum. In order to accomplish this, the NHII has focused on the following four interconnected and underpinning pillars for the housing sector that are essential to creating a more stable, affordable, and resilient housing production ecosystem:

1. Attracting More Long-Term Housing Investment
2. Credit Risk Management
3. Immigration Stability for Housing Predictability
4. Better Data for Better Decisions

Members of the NHII from Canada's Banking Community

- Bank of Montreal (BMO): Sharon Haward-Laird, Group Head, Canadian Commercial Banking & North American Integrated Solutions, and Co-Head Canadian Personal & Commercial Banking BMO Financial Group
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This work was co-chaired by Mr. Carr and Mr. Jarvis and facilitated by the Missing Middle Initiative and the Building Industry and Land Development Association (BILD). Including:

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Executive Summary

Background

The housing sector supports labour, housing mobility and enables population growth, which contributes significantly to the overall economic health of our country. According to Statistics Canada, economic activity related to residential investment supported over 1.2 million jobs in 2025 and generated $152.1 billion in gross domestic product ($3,652 per capita).

Canada's housing sector has experienced an unprecedented period of market and policy volatility. The strong demand conditions of the pandemic and immediate post-pandemic period – driven by historically low interest rates, changing household preferences, and demographic pressures – was followed by one of the sharpest market corrections in decades, especially in Canada's large urban centres. In Ontario, where the provincial and federal governments have worked collaboratively with the industry on initiatives such as the Enhanced New Housing Rebate and the Development Charge Reduction Program, we are beginning to see a revival in certain housing product types.

These initiatives represent meaningful progress and the recommendations offered by the NHII are designed to build off these initiatives and offer solutions for a broader sustainable response to Canada's housing needs, as this relief is not wide-spread and significant structural challenges continue to constrain housing production, affordability, and investment nationally. A few of those factors include shifts in immigration policy and a widening gap between the cost of delivering new housing and what Canadian households can afford. These pressures have been further compounded by declining consumer confidence amid geopolitical uncertainty and broader economic instability.

Canada's Housing Target

The federal government has established a commitment to achieve 500,000 housing starts annually. This is a laudable goal and an important recognition of the importance of housing as critical infrastructure required to support our collective national interest. However, it does represent a significant expansion of Canada's current construction pipeline. To contextualize, in order to achieve this goal, it would require a five to six times increase to the long-term average of approximately 152,400 units annually under construction between 1990 and 2022.

With the conditions experienced over recent years, the industry will struggle to maintain current levels of housing production, let alone increase starts to bridge the gap between present levels and this commitment. When developing its recommendations, NHII participants also recognized that there is a challenge and risk with regards to housing targets, as it focuses public attention on the achievement of a number rather than the need to undertake the necessary changes required to deliver new housing.

Establishing a target is a traditional and, in many cases, successful strategy to motivate and create necessary change. However, in this case, it diminishes the impact that external macro-economic conditions have on the industry's ability to deliver new housing, alongside the need to have strategies in place to address fluctuations in market conditions.

This approach misplaces public attention and minimizes the collaborative leadership of government, the financial community and the housing/development industry to undertake structural changes in the delivery and cost of housing – and in doing so, establishing a long-term and stable market where supply and demand are more in balance.

As an alternative, success should be measured and evaluated by increases in a comprehensive suite of measures like sales, starts, vacancy rates, affordability, and average rents rather than a static singular target.

Solving Canada's Housing Challenges

Creating a stable and sustainable housing sector is a shared responsibility among governments, industry, and financial institutions. Reflecting this shared responsibility, the NHII offers summary recommendations under four themed pillars, as seen below. A full set of details and recommendations for each pillar can be found in the Appendix of this report.



PILLAR 1

Attracting More Long-Term Housing Investment

Summary Recommendation (Recommendations 1-16 in Appendix)

Creating an environment that leverages private sector investment to meet the estimated $2 trillion market requirement for capital deployment in Canada's housing market, can be achieved by, but not limited to:

- Increasing attractiveness of infrastructure projects by enhancing tax and financing incentives through Tax Increment Financing, Special District Frameworks, Municipal Utility Districts and Local Improvement Districts;
- Expanding federal construction financing tools to include qualifying condominium projects;
- Creating a stable investment environment by introducing "in-stream protection" that locks in fees, charges and regulatory requirements at time of investment decision to provide investors with certainty that projects will remain financially viable through construction;
- Accelerating approvals by developing a federal best-practices framework that provides provinces and municipalities with relevant tools, and ties federal funding to the adoption of these practices; and,
- Updating the foreign buyers' ban to focus on investment in new housing in order to facilitate increased supply – using the Australian model as an example.

Meeting Canada's housing needs will require an unprecedented level of investment and coordinated collaboration. A 2025 RBC report [i] estimates that addressing Canada's housing shortage could require approximately $2 trillion in capital deployment over the next five years, representing a five-fold increase over current investment levels. Canada's ability to attract and retain international capital depends on our ability to accommodate the population and economic growth that new investments generate. As a result, housing is critical infrastructure to support Canada's competitiveness.

Capital deployment into Canada's housing sector is currently constrained by policy uncertainty, lengthy approval timelines, the cost to build and limited access to financing. The current policy environment, including measures proposed but not yet implemented by the federal government, is not yet sufficient to attract the needed capital.

Canada is competing globally for capital. Creating a more predictable and competitive environment for housing and enabling infrastructure would allow Canada to capture a greater share of that capital while addressing one of the country's most pressing domestic challenges. Housing investment should therefore be understood not only as an affordability measure, but as part of a broader strategy to attract investment, support economic growth, and strengthen Canada's long-term competitiveness.



PILLAR 2

Credit Risk Management

Summary Recommendation (Recommendations 17-21 in Appendix)

Establishing a comprehensive credit risk management framework in Canada that supports home ownership can be achieved by, but not limited to:

- Establishing down payment assistance programs and reducing down payment requirements for young Canadians;
- Partially reducing principle-resident capital-gains exemption to encourage new housing supply and investment by young Canadians;
- Refining the mortgage stress test; and,
- Continuously seeking opportunities to lower taxes on new home development (i.e., reducing development charges/development charge costs, permanent changes to HST on new homes).

A stable financial system is essential to Canada's economic prosperity and therefore, credit risk policies must be appropriately adjusted to protect financial stability. This must be done collaboratively while ensuring there is no restriction on responsible homeownership, or a limit to housing investment, or a reduction in the supply of new homes. Simply put, homes intended for ownership cannot be built without qualified buyers. If Canadians cannot access financing for new homes, housing production will continue to be constrained.

Canada's current credit risk framework includes several policies that may unintentionally limit access to new housing, including mortgage qualification requirements, limited flexibility for builder incentives, and barriers to innovative financing solutions. A comprehensive credit risk management framework should support both the supply and demand sides of the housing market to close the housing deficit. Additionally, Canada's housing market lacks many of the financing tools available in other jurisdictions to support the purchase of newly constructed homes.

PILLAR 3

Immigration Stability for Housing Predictability

Summary Recommendation (Recommendations 22-25 in Appendix)

Providing stable and predictable immigration targets to enable certainty for businesses and municipal planning can be achieved by, but not limited to:

- Changing the permanent resident admissions cap of 1% of total population to a target;
- Increasing predictability and avoiding drastic year-over-year changes by increasing the number of years covered by the Immigration Levels Plan from three to five, with small adjustments over a longer immigration objective period of 10 years; and,
- Undertaking a periodic analysis of skilled trades gaps within the new home construction industry to ensure immigration targets reflect needs for skilled workers.

Immigration and housing supply are deeply intertwined. Immigration is a key determinant of the demand for housing through population growth, and the supply of housing through the expansion of skilled trades workers and future workers. Immigration has been and remains critical to the social and economic wellbeing of Canada. Immigration drives population growth, supports the national economy, and expands the labour force. The importance of immigration target predictability within the context of the national new housing pipeline cannot be understated. The opportunity exists to better consider the relationship between housing supply, capacity, immigration and affordability, to define sustainable immigration levels.

Over the last decade, annual population growth has been increasingly variable, creating planning challenges for municipalities and industry alike. Municipal planning and housing investment decisions rely on predictable immigration and non-permanent resident targets to build the appropriate level of housing and housing-supportive infrastructure. In the 2026-2028 Immigration Levels Plan, the federal government committed to permanent-residency targets of 380,000 per year, along with further reductions in the number. The federal government has no immigration targets beyond the end of 2029, but has made commitments to:

- Reduce the temporary population to less than 5% of the total population by the end of 2027;
- Stabilize permanent resident admissions at less than 1% of the total population after 2027;
- Increase the Francophone immigration target to 12% of permanent resident admissions by 2029.

Canada needs a longer-term, predictable level of immigration that the housing industry can plan for and rely on. Immigration should be tailored towards the full spectrum of skills required to build our country and our economy – and skilled trades that support the construction and homebuilding industry should score high on the list.

PILLAR 4

Better Data for Better Decisions

Summary Recommendation (Recommendations 26-29 in Appendix)

Providing quality and consistent housing sector data to inform policy and investment decisions can be achieved by, but not limited to:

- Creating a public/private agency responsible for the collection of accurate, timely, and comprehensive housing sector data; and,
- Defining a mandatory minimum data set focusing on the format of the reported data, the geographic boundaries, and reporting period; and,
- Prioritizing data gaps like construction timelines and supply data, which is urgently needed.

Access to relevant, accurate, and comprehensive data is essential to ensuring informed and effective evidence-based policy, investment decisions, and actions are taken on matters that support an improved housing ecosystem in Canada.

High quality data directly impacts government decision making and policy outcomes for present and future-needs. It also strengthens Canada's transparency globally as we aim to attract investment and foreign capital to the sector.

Currently, various pieces of housing data are collected, analyzed, and reported by municipal and regional governments, provincial governments, the federal government (and agencies), and various private entities. Housing data collection and reporting is fragmented across Canada and is characterized by:

- Variability of information collected by each level of government and region;
- Significant differences in methodologies, definitions, and data categorizations;
- Variances in transparency, reporting frequency, and accessibility of data; and,
- Lack of data comparability, data sharing/interoperability, and data continuity impacting future forecasts.

A comprehensive data system to track housing activity across major Canadian municipalities does not exist, nor provide a national picture. This leads to a heavy reliance on what does exist, much of which is collected by either the Canada Mortgage and Housing Corporation (CMHC), or Statistics Canada.

The NHII has recognized that improving Canada's housing data is a fundamental responsibility to facilitate more informed policy decisions.

Conclusion

Canada's housing challenge won't be solved through a single policy intervention. Meeting Canada's housing needs will require a collaborative, coordinated, long-term strategy that strengthens every stage of the housing delivery system – from planning and approvals to financing, construction, and investment.

Recent government initiatives have demonstrated that well-designed policy can improve housing market activity and restore confidence. This will require a significant expansion of the development pipeline, greater access to long-term capital, modernized financial regulation, predictable immigration policies, and access to better data to support these decisions.

The recommendations presented in this report provide a practical framework for improving decision-making, strengthening investment confidence, and creating the conditions necessary to deliver more housing across all regions and tenures in Canada.

As the federal government renews key elements of Canada's housing policy framework through the National Housing Strategy, we encourage the government to consider these recommendations and establish a more coordinated and sustainable approach to housing delivery, one that supports Canada’s long-term economic growth.

Appendix

Pillar 1: Attracting More Long-Term Housing Investment

Pillar 2: Credit Risk Management

Pillar 3: Immigration Stability for Housing Predictability

Pillar 4: Better Data for Better Decisions

Pillar 1: Attracting More Long-Term Housing Investment

Background

Canada's ability to attract and retain international capital depends on our ability to accommodate the population and economic growth that new investments generate.

> *A 2025 RBC report contains a sobering fact: "tackling Canada's housing shortage will require $2 trillion in capital deployment over the next 5 years—that's a 5X increase from current levels." The federal Liberal housing platform recognized this challenge by referring to the need to "catalyze private capital," acknowledging that substantially greater private-sector investment will be necessary to achieve the government's housing ambitions.*[ii]

Canada's current policy environment, including measures proposed but not yet implemented by the federal government, is not yet sufficient to attract the needed capital. No single policy reform will create the conditions necessary to ensure an adequate supply of capital for homebuilding and enabling infrastructure – particularly given the diverse housing needs of Canadians. Policies that attract capital for one form of housing may be ineffective for other forms. Policy recommendations should therefore be assessed against the different forms of housing they are intended to support.

Recommendations

The scale of Canada's housing challenge requires a significant increase in private capital deployment. The objective should not be to create a collection of new programs, but to establish a policy environment in which private capital can confidently invest at scale.

Recommendations should be considered according to the level of government responsible for implementation. While the federal government has direct responsibility for areas such as federal tax policy, federal financing programs, and the foreign-buyer framework, many of the barriers to housing investment fall within provincial and municipal jurisdictions. The federal government can nevertheless play an important role in encouraging provincial and municipal action through funding, incentives, national best practices, and policy leadership.

The federal government should prioritize a focused set of high-impact measures, to create a stable policy environment that is conducive to investment. This can be done by:

Recommendation 1: Establishing an in-stream protection framework that locks in applicable fees, charges, and regulatory requirements at the pre-application stage (which would be superseded by a registration office, if established) to provide greater certainty of financial viability. The development of in-stream protection could be established with criteria for applicable projects that are "active" in the development process and would support global investment in Canada. This would provide investors and lenders with greater certainty that projects will remain financially viable through construction.

Once a development project has been underwritten and approved to proceed, applicable fees, charges, and policy requirements should remain fixed for the duration of the project. An investment registry or date-stamping mechanism could establish the applicable rules and costs at the outset of the development process.

Recommendation 2: Developing a federal best-practices framework that identifies successful approval approaches across jurisdictions and provides provinces and municipalities with tools to accelerate approvals, expand as-of-right development, and improve consistency and predictability in the development process.

Investment uncertainty is a significant barrier to attracting capital to Canada. Lengthy approval timelines, rising development charges, and shifting regulatory requirements increase project risk and the returns required to justify investment. Greater certainty can be achieved by speeding up the development process to avoid changes after investment decisions are made.

Lengthy and unpredictable development approvals increase both the cost and risk of housing projects, making them less attractive to investors and lenders. Accelerating approvals, expanding as-of-right zoning, and establishing clearer and more predictable processes would reduce approval risk, lower delivery costs, and improve the feasibility of housing projects.

While development approvals are largely within provincial and municipal jurisdiction, the federal government can encourage improvements through funding, incentives, data, and policy leadership.

The government should consider the following mechanisms to grow the pool of capital available for homebuilding through enhanced tax and financing incentives, along with enhanced program offerings, such as:

Recommendation 3: Expanding federal construction financing tools to include qualifying condominium projects, using the current consultation on financing measures for owners and renters to assess an Owner-Occupied Construction Loan Program that can improve access to construction financing for new ownership housing.

This recommendation could be modelled after the federal government's $55-billion Apartment Construction Loan Program (ACLP) which provides low-cost construction financing to rental apartment developers, effectively de-risking the construction phase and providing a clear path to permanent CMHC-insured financing upon stabilization.

The condominium sector, which has historically supplied upwards of 40% of Canada's urban housing stock, and provided a gateway for many first-time homebuyers to enter the housing market, has no equivalent program. A targeted construction financing facility could help address financing constraints while recognizing the unique risk profiles of condominium projects. The federal government's open consultation on financing measures to support housing supply for owners and renters provides an opportunity to implement this approach.

A CMHC, BCH, or otherwise-backed credit guarantee, for example, could be considered for condominiums, townhomes, and missing-middle housing where pre-sale requirements increasingly limit new supply.

This would allow lenders to finance projects while maintaining prudent underwriting standards, and more tightly align CMHC / BCH support with the needs of average homebuyers who make up >90% of housing demand. A loan program should not underwrite based on presale achievement alone, but should consider broader housing objectives, including affordability targets, population growth, immigration forecasts, and demonstrated local demand.

A loan program could be applied by providing a partial guarantee on construction for a condominium or townhome project in a high-growth market where housing demand is evident, but presales remain below traditional financing thresholds, allowing construction to proceed and housing supply to be delivered sooner. Program eligibility should not be solely based on pre-sale thresholds, but also consider:

- Market feasibility and absorption prospects;
- Local housing shortages and population growth;
- Expected supply impact and delivery timelines;
- Contribution to balance housing objectives; and
- Independent validation of project economics and land value assumptions.

Recommendation 4: Develop a model where a federal guarantor provides targeted credit enhancement, while banks maintain underwriting discipline and developers retain execution risk, accelerating housing construction.

Rather than relying solely on presales as the primary determinant of financing availability, CMHC-backed credit enhancement could allow lenders and developers to advance projects that align with broader housing objectives, including affordability targets, addressing housing shortages, population growth, immigration forecasts, and demonstrated local demand. This approach would leverage the government's balance sheet to crowd in private-sector lending while maintaining market discipline through commercial lender underwriting.

Eligibility should be determined through a broader housing supply lens rather than presale achievement alone, which would consider:

- Market feasibility assessment that considers inventory under construction, unsold inventory, absorption expectations, and comparable project performance.
- Housing supply needs based on projections of immigration, population growth, household formation, and municipal housing starts.
- Supply impact assessment with projects evaluated on units delivered, timing of delivery, contribution to local shortages, and ability to unlock future phases of development.
- A balanced housing market that prioritizes projects based on family-oriented housing, middle-income affordability and missing middle housing.
- For privately owned land, CMHC would review buildable density assumptions, independent appraisals, budget reasonability, market feasibility, alongside support from participating lenders.

Potential models include:

CMHC Guarantees

CMHC could provide a partial guarantee on a construction facility for a condominium or townhome project in a high-growth market where housing demand is evident, but presales remain below traditional financing thresholds, allowing construction to proceed and housing supply to be delivered sooner. Like the MLI Select or MLI Standard programs, the developer pays a premium. CMHC underwrites to expected future demand at completion for the desired location, product type, and price points.

BCH Presale Commitments

BCH provides a partial or full presale commitment on a construction facility for a condominium or townhome project in a high-growth market where housing demand is evident, but presales remain below traditional financing thresholds, allowing construction to proceed and housing supply to be delivered sooner. BCH gives the developer the option to reassign these units to qualifying purchasers before completion under an agreed-upon fee model; otherwise, it supports retaining them for broader housing objectives (rent-to-own programs, affordable housing, etc.).

Recommendation 5: To free locked-up capital, introduce a capital gains rollover program, similar to the U.S. 1031 provision, which would allow investors who sell a purpose-built rental apartment to defer capital gains, so long as the proceeds are reinvested in purpose-built rental construction.

The United States' Section 1031 "like-kind exchange" allows investors who sell one investment property to defer capital gains taxes by rolling the proceeds into a replacement property within specified timelines. Canada has no equivalent. A targeted Canadian rollover provision, applicable where proceeds from the sale of an investment property are reinvested in a qualifying new residential construction project, could unlock capital that is currently sitting outside the housing development pipeline.

Recommendation 6: Establish targeted tax and financing incentives to encourage the conversion or redevelopment of underused retail and commercial properties into new housing, including consideration of extending a 1031-style rollover where proceeds are reinvested in qualifying housing development.

Governments should explore incentives to encourage converting or redeveloping underused retail and commercial properties into housing. Options include extending a 1031-style rollover to owners who sell or redevelop underused commercial assets, provided they reinvest the proceeds in qualifying new housing development.

Recommendation 7: To build much-needed missing-middle rental housing, and to channel investor dollars towards new construction, launch consultations on the proposed Multi-Unit Rental Building (MURB) tax provision immediately, with the goal of ensuring that rental projects that begin construction on or after January 1, 2028, are eligible for the tax provision.

Prime Minister Carney announced plans to revive the 1970s-era MURB provision as part of his 2025 housing platform, but the federal government has yet to implement it. A well-designed MURB program could shift investment toward new rental townhouses and mid-rise rental supply, rather than investment in existing homes. The Large Urban Centre Alliance provided the federal government with a framework on August 6, 2025, for a modernized MURBs program which could be used for implementation.

Recommendation 8: Develop a Canadian Low-Income Housing Tax Credit to provide a long-term, scalable mechanism for attracting private capital to affordable and below-market rental housing.

Since its inception, the U.S. Low-Income Housing Tax Credit (LIHTC) has helped finance 3.65 million affordable rental housing units. Canada has never implemented a comparable program. A Canadian LIHTC could provide a long-term mechanism for attracting private capital into affordable and below-market rental housing.

Another important priority would be to develop and implement housing infrastructure financing mechanisms, using global best-practices as a guide.

Many housing projects are constrained not only by a lack of development capital, but by inadequate funding for water, wastewater, transportation, and utilities. Housing and infrastructure financing should be viewed as interconnected. It cannot be built at scale without the infrastructure required to support it. Yet many municipalities, particularly in Ontario and British Columbia, remain heavily reliant on development charges/development charge costs to finance growth-related infrastructure.

These costs are ultimately incorporated into the cost of new homes, contributing to higher prices, reducing project viability, and limiting the amount of housing that can be built.

The government should explore alternative municipal revenue and infrastructure financing models that better align the cost of growth with the beneficiaries of that growth and provide municipalities with sustainable sources of revenue. There is also a significant opportunity to attract domestic and international private capital to housing-enabling infrastructure at scale, reducing reliance on government budgets and upfront development charges/development charge costs. Alternative financing models differ across several dimensions, including debt vs. equity financing, duration of financing; and the revenue source used to repay the financing.

The government can accelerate the building of infrastructure through the following mechanisms:

Recommendation 9: Expanding the use of Tax Increment Financing (TIF) as a targeted financing tool for brownfield redevelopment, urban revitalization, and other areas where public infrastructure investment can unlock significant new housing and economic development. Provinces should ensure municipalities have clear legislative authority to establish TIF districts.

Tax Increment Financing (TIF), also known in Canada as a Community Revitalization Levy, uses future increases in property tax revenues to finance infrastructure and stimulate private investment. A municipality establishes a TIF district, identifies the existing tax base, and directs a portion of incremental tax revenues generated by rising property values toward infrastructure and development costs. Unlike Special Districts, TIFs do not impose an additional tax or special assessment on property owners.

TIF is particularly well suited to brownfield redevelopment, underutilized areas, and designated economic revitalization projects where infrastructure investment can unlock significant increases in land values and private development. Canada already has successful examples, including Calgary's East Village and Edmonton's Quarters Downtown. In Calgary's East Village, more than $400 million in public infrastructure investment helped facilitate nearly $4 billion in private-sector investment and generated more than $725 million in incremental tax revenue. The redevelopment has added more than 1,700 homes since 2009.

Recommendation 10: Establishing a Canadian Special District framework for housing-enabling infrastructure, with provinces providing the necessary legislative authority and municipalities establishing individual districts. The federal government should explore mechanisms to reduce district borrowing costs, including tax-exempt treatment of district bond interest or a federally capitalized, provincially guaranteed revolving fund.

Special Districts are a proven infrastructure-financing mechanism that could help Canada reduce its reliance on development charges/development charge costs while attracting private capital to housing-enabling infrastructure. Widely used in the United States, Special Districts allow a defined area to issue bonds to finance infrastructure such as roads, water, sewer, and drainage. The debt is repaid over time through property taxes or special assessments on properties within the district, aligning the cost of infrastructure with the residents and businesses that benefit from it.

By shifting a portion of infrastructure costs from the upfront price of a new home to a modest annual charge over multiple decades, the model can improve development feasibility and reduce the upfront cost of housing. A U.S. case study found that Special District financing reduced the estimated purchase price of new homes by approximately 20 to 25%.

Recommendation 11: Implementing a Municipal Utility Districts (MUDs) model that could be adapted to Canadian greenfield development, particularly in rapidly growing communities where significant upfront infrastructure investment is required before housing can be constructed.

Municipal Utility Districts (MUDs) provide a model for financing infrastructure in new greenfield communities. MUDs allow communities to issue tax-exempt bonds to finance or reimburse developers for water, sewer, drainage, and other eligible infrastructure. The bonds are repaid through property taxes levied on the new community as it builds out. The developer carries the initial capital risk, while bondholders ultimately bear the risk if the project does not generate sufficient assessed value.

Recommendation 12: Implementing a Local Improvement Districts (LIDs) model to finance localized infrastructure improvements that support additional housing or redevelopment, particularly in established communities.

Local Improvement Districts (LIDs) provide a similar financing model for established municipalities. Property owners in a defined area can vote to levy special assessments on themselves, with the proceeds used to finance specific infrastructure improvements. The bonds are backed by the special assessments rather than the municipality's general revenues and could potentially be structured as tax-exempt.

Recommendation 13: Implementing tax-exempt treatment for qualifying municipal and infrastructure bonds, particularly where proceeds are directed toward housing-enabling infrastructure, to deepen Canada's municipal bond market and attract long-term institutional capital.

The U.S. municipal bond market provides an important potential model for attracting institutional and private capital to infrastructure. Because interest income on U.S. municipal bonds is generally excluded from federal and, in many cases, state income taxes, issuers can borrow at significantly lower rates than comparable taxable debt. A Canadian tax-exempt municipal bond framework could lower municipalities' cost of capital while creating an additional investment opportunity for institutional investors.

Recommendation 14: Relaxing the 90/10 rule under Section 149(1)(d.5) of Canada's Income Tax Act, which limits investment in Municipal Service Corporations (MSCs) and create a tax-free savings vehicle to allow everyday Canadians to invest in infrastructure, including shares in MSCs that could be captured through the Build Canada Strong Fund.

Municipal Service Corporations (MSCs) could provide municipalities with a more flexible approach to financing and delivering housing-related utilities and infrastructure. Municipalities could operate housing-related utilities and services at arm's length, including through partnerships with private capital. Infrastructure could be financed through bonds and repaid through utility charges, reducing reliance on development charges that are incorporated into the cost of housing.

Recommendation 15: Developing a new municipal growth-financing framework.

These mechanisms are complementary rather than interchangeable. Special Districts and MUDs are particularly suited to new greenfield development, while TIF is better suited to brownfield and urban revitalization. LIDs and MSCs can provide additional tools for infrastructure investment in established communities, while tax-exempt municipal bonds could reduce borrowing costs across multiple financing models.

The longer-term objective should be to develop a more sustainable municipal growth-financing framework that diversifies revenue sources, attracts private and institutional capital, and reduces the reliance on upfront development charges. This would allow communities to accommodate new housing and population growth while improving development feasibility and reducing the infrastructure costs embedded in the price of new homes.

Recommendation 16: Adopt a supply-first approach to the foreign-buyer framework by exempting new housing construction, development-ready vacant land, and purpose-built rental projects from restrictions, while maintaining appropriate measures to limit speculative demand for existing homes.

The federal government should review whether existing policies unintentionally restrict the flow of international capital into new housing. The Prohibition on the Purchase of Residential Property by Non-Canadians Act, enacted in January 2023 and extended to January 1, 2027, bars most non-citizens and foreign-controlled entities from purchasing residential real estate in Canada's census metropolitan areas. While the policy was designed to curb speculative demand, that is no longer the case today. Its broad application can also affect investment in new housing.

Allowing the current framework to expire is one option; however, a more targeted supply-first approach could distinguish investment that creates new housing from purchases of existing homes. Exempting new construction, development-ready vacant land, and purpose-built rental projects would allow international capital to contribute to new housing supply without increasing demand for Canada's existing housing stock. Australia provides a potential model.

Conclusion

These recommendations should be pursued in partnership with provinces and municipalities. The federal government can lead where it has direct jurisdiction, particularly on taxation, federal financing programs, and the foreign-buyer framework, while using funding, incentives, and policy leadership to encourage reforms within provincial and municipal jurisdiction. Canada is competing globally for capital. Creating a more predictable and competitive environment for housing and enabling infrastructure would allow Canada to capture a greater share of that capital while addressing one of the country's most pressing domestic challenges.

Housing investment should therefore be understood not only as an affordability measure, but as part of a broader strategy to attract investment, support economic growth, and strengthen Canada's long-term competitiveness.

Pillar 2: Credit Risk Management

Background

Given housing's importance to the Canadian economy, a comprehensive credit risk management framework should balance financial stability with the need to support investment in new housing. Financial stability is critical, but overly strict credit risk rules can deter housing investment with little corresponding improvement in stability and, in some cases, may reduce investment while doing little to mitigate systemic risk.

Recommendations

Recommendation 17: Establish Down Payment Assistance Programs. To help young Canadians buy their first home, introduce a federal down payment assistance program for first-time homebuyers, but limit the program's use to newly-constructed homes to avoid inflating the resale market.

One of the biggest barriers to purchasing a newly built home, particularly for young or first-time buyers, is saving enough for a down payment. We acknowledge steps that the government has already taken on this front (e.g., First Home Savings Accounts "FHSAs"). One solution that the government could implement is a capped mortgage-interest deduction or refund tax credit for an owner-occupied new construction home, accompanied by a partial reduction in the principal-residence capital-gains exemption to encourage new supply and investment by young Canadians.

Another solution to this is to reduce minimum down payment requirements; the January 2026 MMI report, *A Blueprint to Restore Homeownership for Young Canadians*, provides the following recommendation:

> *Reducing down-payment requirements for qualifying first-time homebuyers purchasing new homes. The federal government could also lower down-payment requirements for qualifying buyers of new homes. For example, minimum down-payment requirements could be halved for first-time buyers of new homes who meet minimum income standards or have a strong track record of making rent payments.*

The report also notes that there are alternatives, recommending that governments consider implementing down-payment assistance programs in the form of low-interest loans:

> *Low-interest loans: Some provinces, such as Prince Edward Island and New Brunswick, currently offer programs that provide low- or no-interest, 10-year loans of up to 5% of the home's cost to qualifying first-time homebuyers, helping to meet down payment requirements. The federal government could introduce a similar program for existing, qualifying first-time buyers who wish to move into a newly built home.*

There is also a risk that these programs could crowd out private-sector lending. To avoid this risk and maximize effectiveness and scale, programs should be distributed through regulated financial institutions, allowing banks to act as aggregators while maintaining customer relationships, underwriting discipline, and program efficiency.

Recommendation 18: Introduce modest refinements to the structure of the mortgage stress test, including:

a. Fixing the level of risk at the time the mortgage is originated.

b. Introducing a sliding Mortgage Qualifying Rate (MQR) based on mortgage characteristics, such as mortgage term and buyer type, including a lower qualifying rate for first-time buyers purchasing newly constructed homes. Revisiting the duration and application of the stress test, recognizing that longer-term mortgages may warrant a different approach.

Further analysis should assess whether current mortgage qualification rules are disproportionately affecting higher-end market segments where recent sales declines have been concentrated. The most notable credit risk management debate is Canada's mortgage stress test, introduced under OSFI Guideline B-20. Since January 2018, uninsured mortgage borrowers must qualify at the greater of the Bank of Canada five-year benchmark rate or their contractual mortgage rate plus 200 basis points. Research from the Bank of Canada concludes that the stress test did improve the credit quality of mortgage originations and enhanced borrower resilience.[iii]

The landmark *Out of Reach: Unlocking Canada's housing affordability crisis* report, authored by the Standing Senate Committee on Banking, Commerce and the Economy, noted the mortgage stress test could be limiting new housing construction. It notes that witnesses to the committee advocated several reforms, including (but not limited to) a return to the 5.25% qualifying rate, a reduction in down payment requirements, or an outright elimination of the stress test. The Committee suggests that *"the federal government, along with OSFI, study whether the stress test should be removed in order to improve access to financing for Canadians."* However, there are concerns that loosening the rules could, among other things, cause a spike in resale home prices and harm affordability. There are potential tweaks to the rules that could prevent such a spike, including:

- A stress test release valve: The stress test is used to limit housing bubbles, though, given the 2020-22 housing price spike, it is questionable whether it is achieving this outcome. However, these rules lack a mechanism to respond to changing market conditions, so they apply to both hot and cold markets. However, there are ways of addressing this. For example, the stress test could apply only when average home prices have increased by 5% or more year-on-year for six consecutive months and remain in effect until average home prices have experienced six consecutive months of sub-5% growth.
- In order to increase housing supply, offer a time-limited exemption: New Zealand's macroprudential rules for housing specifically exempt newly built housing, to avoid the unintended consequence of those rules limiting the construction of new housing.

The federal government should operationalize refinements to the stress test by taking the advice of the Standing Senate Committee on Banking, Commerce and the Economy: "*work with the Office of the Superintendent of Financial Institutions to review the continued relevance of the mortgage stress test in the Office's Guideline B-20.*" In particular, the contract rate +2% revision should be re-examined and made more nuanced to account for differences in mortgage lengths and current market conditions. The Missing Middle Initiative has noted that the test could be calibrated to incentivize the purchase and construction of new homes, turning stress-test liberalization into a powerful supply-side tool. Stress test rules differ across OECD countries, with some of these deviations reflecting differences in local market conditions and regulatory environments.

The current stress test is a valuable prudential tool but may be too blunt an instrument by excluding otherwise creditworthy borrowers. Refinements that would improve accessibility while maintaining prudent underwriting and financial stability safeguards could include:

- Calibrate the stress test cushion to mortgage term, with a lower cushion for longer-term mortgages, such as five-year terms, to reflect their comparatively lower risk profile.
- In order to increase housing supply, offer a time-limited exemption. Reflecting the public policy objective of increasing housing supply. For example, a stress test of the borrower's mortgage contract rate +150 bps rather than +200 bps.
- A dynamic, risk-sensitive approach incorporating borrower leverage metrics such as Total Debt Service Ratio, rather than relying exclusively on a fixed test of the borrower's mortgage contract rate.

Additionally, the stress test does not have to be fixed at the same level and should be reviewed regularly, incorporating upward/downward adjustments in line with prevailing interest rate conditions, which would better align borrower qualification requirements with actual risk while preserving financial stability objectives. As an example, interest rate risk was much higher before the spike at the end of the pandemic and has lessened significantly since the rise and subsequent stabilization of interest rates.

Recommendation 19: Strengthening alignment of capital treatment with developer risk profiles.

Current regulatory capital requirements may not differentiate sufficiently between varying levels of development risk. Improved alignment between capital requirements and actual risk would enhance returns, encourage lending to housing projects, and improve financing availability without compromising financial stability. Governments and regulators should consider:

a. Greater sensitivity in capital treatment frameworks for experienced developers with strong records operating in major, liquid markets.
b. Targeted capital treatment for financing that supports affordable housing and purpose-built rental.
c. Frameworks that recognize the lower risk associated with certain government-supported housing.

Recommendation 20: Create reforms for Market-Based Incentives for New Home Buyers. Incorporate builder incentives, such as rate buydowns, into the stress test, to give builders

a wider set of options to incentivize the purchase of a newly-constructed or pre-construction home.

Homes intended for the owner-occupier market simply will not be built without qualified buyers. Families may be unable to purchase a home that suits their needs, either because they lack the funds to make the necessary down payment or because they are deemed at risk of being unable to make regular mortgage payments in the event of a rise in interest rates (or both). Through smart reforms and relatively inexpensive incentive programs, governments can increase the number of low-risk buyers who can purchase new homes. Governments are understandably hesitant to introduce policies that increase demand for resale housing, as this causes more dollars to chase a fixed number of homes, leading to price increases and reduced affordability. However, governments can prevent this by limiting incentive programs to new housing. Programs that target new housing should be considered supply-side measures, as they facilitate new supply and improve affordability.

Canada does not have the regulatory framework to allow private-sector entities to offer the types of incentive programs for new housing found in other countries, such as the United States. This creates a structural asymmetry for Canadian homebuilders and incentivizes homebuyers to purchase resale homes rather than new ones, since incentives cannot offset taxes such as HST, which applies only to newly constructed homes. This limits the attractiveness of new homes relative to resale, slowing new housing growth.

In the United States, a builder-paid rate buydown, where a builder pays discount points to a lender to reduce the buyer's mortgage interest rate, is standard practice. Industry surveys find that 60% of U.S. production builders were using rate buydowns to secure sales, with 30% committing to permanent 30-year buydowns that reduce the mortgage rate by 1-2% for the life of the loan. A Realtor.com analysis found that buyers of newly built American homes secured rates about half a percentage point lower than buyers of resale homes, resulting in over $100 a month in savings on a $400,000 mortgage.

In Canada, the infrastructure for equivalent incentives is largely absent. While a Canadian builder can offer incentives, the stress test does not distinguish between an organic borrower rate and a builder-supported reduced rate, and CMHC's insured mortgage framework has no mechanism to formally accommodate builder-funded rate reductions. This limits the usefulness of those incentives as a way to get buyers to purchase new rather than resale (or to purchase at all).

Recommendation 21: Address the cost of delivery crisis.

Large pools of capital are needed to build homes, in part, because the cost of homebuilding has risen much faster than inflation. By lowering homebuilding costs, governments can reduce the capital needed for the sector. The federal government has already implemented several helpful measures to lower the cost of homebuilding, though many of these programs are time-limited, such as the Development Charge Reduction Program in Ontario and efforts in British Columbia.

Measures to lower taxes on new home construction are already paying dividends. In Ontario, recent HST reforms contributed to the sale of approximately 5,000 additional housing units during the first three months of the program. The NHII supports these initiatives and encourages the government to transition these temporary measures into a more durable, long-term policy framework, which should be viewed as the beginning of a broader housing agenda.

Sustained housing growth will require a nationally coordinated policy environment that enables long-term investment and supports continued housing delivery. Reducing the cost and uncertainty of development is one of the most effective ways to accelerate homebuilding while lowering credit risk. Measures that improve project economics and reduce overruns can reduce default risk for lenders.

Figure 1. Strategies to reduce credit risk through streamlined development processes

Policy Option to Streamline Approvals, Permitting, and Fees	Impact on Credit Risk
Make enhanced HST rebates on new home sales permanent.	
Make HST waiver on new purpose-built rental permanent	
Fixing development charges and related fees for a defined period	Reduces the risk of cost increases, improving cost certainty and helping lenders underwrite projects with greater confidence in project margins and debt repayment capacity.
Reducing development charges and government-imposed fees that materially affect project viability	Lowers upfront project costs, improves profitability and cash flow, and increases the borrower's ability to service and repay debt.
Establishing service standards or deemed-approval timelines for development applications	Makes approval timelines shorter and more predictable, reducing carrying costs, interest accrual, and the risk that projects become uneconomic due to delays.
Exempting development charges from HST	
Deferring municipal charges until occupancy, stabilization, or sale instead of collecting fees at the permitting stage	Preserves cash during construction, reduces financing requirements, and lowers the risk of liquidity shortfalls before revenue is generated.
Expanding as-of-right zoning near transit, employment centres, hospitals, post-secondary institutions, and existing infrastructure	Reduces entitlement and rezoning risk, shortens development timelines, and improves market prospects, strengthening lenders' confidence in project completion and loan repayment.

Conclusion

Canada’s credit risk management framework must continue to protect financial stability while evolving to support the country’s urgent need for more housing. A well-functioning housing finance system should not only assess borrower and project risk, but also recognize the broader economic importance of enabling Canadians to build new homes.

The recommendations outlined in this report are intended to strike this balance by reducing barriers to housing delivery, improving access to financing for viable projects, and ensuring that creditworthy Canadians can purchase newly built homes.

Importantly, these recommendations are not intended to weaken Canada's commitment to sound financial regulation. Rather, they seek to create a more responsive, risk-based framework that distinguishes between activities that increase systemic risk and those that support the delivery of essential economic infrastructure.

As housing market conditions evolve, regulatory frameworks must adapt while upholding the principles of responsible lending. A modernized credit risk management framework that supports stability and the creation of new housing supply will be essential to closing Canada's housing gap and ensuring more Canadians can access housing.

Pillar 3: Immigration Stability for Housing Predictability

Background

Immigration has been and remains critical to the social and economic wellbeing of Canada. Immigration drives population growth, supports the national economy and expands the labour force, often drawing in expertise, skills and professional capabilities to supplement domestic sources. With low birth rates and an aging population, new Canadians not only fill critical labour force gaps but also help fund public services.

While NHII participants recognize that the impact on the housing sector is only one determinant of immigration policy, there is also recognition that immigration and housing supply are deeply intertwined. Immigration is a key determinant of both the demand for housing through population growth and the supply of housing through the expansion of the pool of skilled trades workers and future workers. Canada's immigration system is robust, with a transparent points-based system that enables the immigration of highly skilled, highly educated and economically capable newcomers from all over the world, regardless of race, religion or country of origin. The government already has moved to address the challenges brought about by higher immigration and non-permanent residents of the 2022-2024 period through a series of changes to immigration policies.

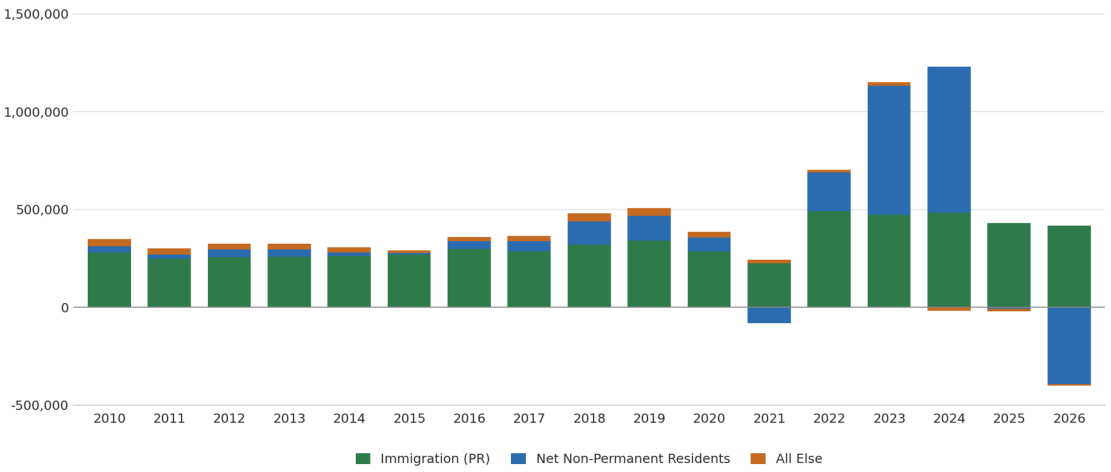
The government of Canada 2026–2028 Immigration Levels Plan has indicated its commitments to stabilize permanent resident admissions under 1% of the population beyond 2027[iv]. RBC has indicated that Canada could restore its advantage in the global competition for talent by stabilizing population growth around a sustainable target of approximately 1% per year.[v]

The opportunity now exists to better consider the relationship between housing supply, capacity, immigration and affordability, and immigration, labour availability and housing supply/capacity to define sustainable immigration levels. Doing so in the next iteration of the National Housing Strategy and as the government considers future immigration targets is in the interests of all Canadians, new and existing. It is vital to ensure that immigration levels do not negatively impact housing supply and affordability and that there is a sufficient supply pool of skilled labour to meet anticipated demand. In addition, there is a need to ensure greater stability within future immigration targets to facilitate the attraction of capital and provide certainty for business and municipal planning.

Current Status of Immigration Policy in Canada

Over the last decade, annual population growth has been highly variable, creating planning challenges for municipalities and industry alike. With municipal planning and housing industry investment decision's spreading over projects that can span a decade or more, high degrees of variability in immigration and non-permanent residents' targets have a significant implication in the availability of appropriate levels of housing and housing supportive infrastructure.

Figure 1. Population Growth by Component and Year, Canada

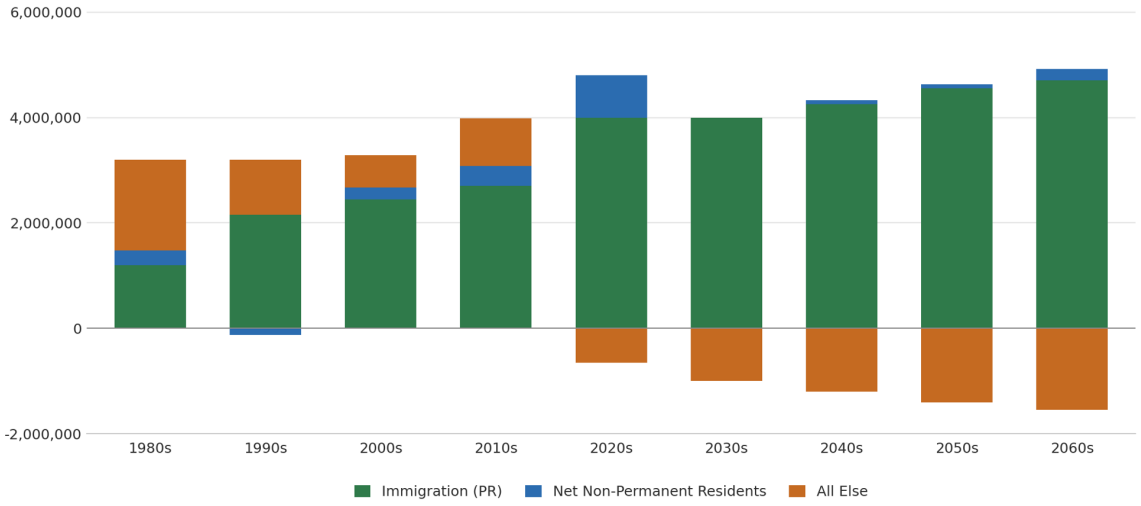


In the 2026-28 Immigration Levels Plan, the federal government has committed to permanent-residency targets of 380,000 per year, along with further reductions in the number. The federal government has no immigration targets beyond the end of 2029, but has made the following three commitments:

- Reduce our temporary population to less than 5% of the total population by the end of 2027;
- Stabilize permanent resident admissions at less than 1% of the total population after 2027; and,
- Increase the Francophone immigration target to 12% of permanent resident admissions by 2029.

Statistics Canada has incorporated these policy commitments into its median-growth population projection scenarios and found that they lead to Canada growing by roughly 3 million people per decade, with 4-5 million newcomers to Canada offset by population losses from deaths exceeding births and emigration.

Figure 2. Population Growth by Component and Decade, Canada



Newcomers to Canada not only create demand for housing but also help contribute to new supply. However, Canada's immigration system in recent decades has often prioritized newcomers with skills and credentials that are less valued by the sector. This tension has been highlighted by reports issued by groups such as Parliamentary Committees, Universities, and BuildForce Canada, to name a few.

Challenges Impacting Immigration and Housing

1. Matching Immigration Levels and Supply/Capacity

As indicated, the central challenge with establishing immigration targets is not the absolute level itself but the degree to which population growth aligns with existing housing stock and the industry's capability to add new stock. This is not simply a capacity-to-produce-the-units question, but more granularly must also consider:

a. Anticipated immigration impacts by municipality and region;
b. Municipal and regional existing housing stock, supply and vacancy rates;
c. Regional building capacity and timelines vs demand created by immigration;
d. Housing type, mix and tenure.

Being able to address these considerations adequately requires better insight into the new housing pipeline, capacity and building timelines – further underscoring the need to establish the National Housing Intelligence System outlined in Appendix 4 and elsewhere in this report. Using the outcome of this type of analysis when establishing immigration levels will yield better policy decisions.

2. Avoiding Drastic Swings in Immigration Levels

The importance of predictability of immigration targets within the context of the national new housing pipeline cannot be understated. Ramping up immigration levels too quickly leads to supply and capacity issues, lowering them too quickly undermines previous planning and investment decisions yielding sub optimal results.

Rather than significant year-over-year adjustments to immigration targets, a more logical approach would be to make incremental, smaller year-over-year adjustments to fine tune for real work conditions on the ground, within the context of a longer immigration objective. That is to say, establishing a long-term immigration objective to enable better long-term planning, followed by making smaller incremental adjustments within that period to avoid shocks to the system.

3. Skilled Labour is Central to New Housing Industry Capacity

Also central to the intersection of immigration and housing, and housing industry capacity, is the issue of skilled labour. Much has been written on the demographic challenges facing Canada's home building sector with approximately one-fifth of the workforce expected to retire in the next decade and insufficient domestic new entrants entering the trades to fill the anticipated gap.

While governments are ramping up investment in programs to attract and train workers for careers in skilled trades, and it can be expected that innovation and automation will continue to enhance productivity, it is highly likely that the remaining gap will need to be filled through immigration.

Consequently, there is a need to consider housing labour requirements within immigration policy and targets to ensure that a portion of new Canadians are selected for and destined to careers within skilled trades to support housing creation for the balance. There is also the question of how to better integrate newcomers into the Canadian labour force, including into the homebuilding sector. This is a longstanding challenge, and governments have made a number of reforms with mixed results. Further reforms are not just possible but likely, and provincial and federal governments will need to consider their goals when implementing them. These reforms should be based on key principles; for example, BuildForce Canada, provides four guiding principles it sees as vital in immigration reform:

a. Address educational bias in the Express Entry selection system.
b. Better align federal and provincial immigration policies, and increase transparency.
c. Ensure industry involvement in labour market planning, analysis, and recruitment.
d. Support competencies-based skills assessments for foreign credential recognition.

Recommendations

In order to address these challenges and encourage greater predictability in Canada's immigration policy, the following recommendations are suggested.

Recommendation 22: Create additional certainty in Canada's immigration program by updating the permanent resident admissions cap of 1% of the total population to a target, rounded to the nearest thousand, and increase the number of years covered by the Immigration Levels Plan from three to five with a commitment to fine-tune immigration levels incrementally with small adjustments over a longer immigration objective period of 10 years.

Under this recommendation, permanent resident admissions would be 417,000 in 2027, rising to 429,000 by 2031.

Recommendation 23: Leave the planned permanent resident level targets for 2027 through 2031 unchanged from the current 2027-28 plan for the family (81,000), refugee and protected persons (49,300), and total humanitarian and compassionate and other categories (5,000), and increase the levels in the economic category to a level to reach the overall immigration targets in Recommendation 1. Under this recommendation, permanent resident admissions in the economic category would be 281,700 in 2027, rising to 293,700 by 2031. Economic class admissions would represent approximately 68% of all permanent resident admissions, a level still below Australia's 72%.

Recommendation 24: Fine-tune immigration levels incrementally year-over-year, over a longer immigration objective period or window to increase predictability and avoid drastic annual changes. This will enable better business, investment and municipal planning co-ordination with federal immigration objectives and avoid "shocks" to the system. To inform fine-tuning adjustments, expand data and information gathering on existing housing stock and ensure that population growth levels better align with housing supply and capacity of the new home industry to deliver future supply.

The resulting information and analysis can then be used, in collaboration with other levels of government, to establish national, provincial, and municipal housing targets, and as an input into the fine-tuning recommendations included above. This also aligns with the recommendations to establish the National Housing Intelligence System outlined elsewhere in this report (see Appendix 4).

Recommendation 25: With industry and appropriate stakeholders, undertake a periodic analysis of present and future skilled trade gaps within the new home construction industry specifically, and given workforce migration between construction sectors (industrial, residential, infrastructure), the construction industry in general.

After discounting likely domestic replacement entrants into the workforce, establish immigration targets for skilled trade workers to ensure sufficient industry capacity to meet demand. Additionally, support reforms to enable better integration of new Canadians within the workforce.

Pillar 4: Better Data for Better Decisions

Background

A robust housing stock and a healthy housing production ecosystem supports Canada's national interest by strengthening the economy, improving the lives of average Canadians, and reducing public costs. Achieving this state is reliant on access to relevant, accurate, and comprehensive data to ensure informed, effective evidence-based policy, investment decisions and actions occur on matters that support a new housing ecosystem.

Decision making and regulatory authority for housing, housing supportive infrastructure, and conditions that impact and influence the supply of new housing in Canada are split across all levels of governments and multiple government/crown agencies. As a consequence, various levels of governments and agencies collect and compile housing data relative to their mandate for new housing creation. In addition, various private companies and third-party organizations also collect and publish housing related data. However, variability in the data collected, differences in definitions and categorization, and differences in transparency, reporting and access, results in a very fragmented and incomplete data set upon which to base policy decisions. There is no single, credible data source.

This directly impacts government decision making and policy outcomes and highlights the need to create a single, unified, National Housing Intelligence System that underpins Canada's prosperity agenda. A system that enables governments to make better policy decisions, gives domestic and international investors greater confidence to deploy long-term capital, improves market transparency, strengthens productivity, supports employment and accelerates the creation of economically viable, occupied homes across every housing tenure.

The development of this system must be prioritized in the next iteration of the National Housing Strategy and in support of the objective defined by the federal government in the 2026 Spring Economic Statement. Industry stands willing to support this endeavor collaboratively and would participate in the development of a new public/private agency to achieve this objective.

Current Status of Housing Data Collection and Reporting in Canada

Currently, various pieces of housing data are collected, analyzed, and reported by municipal and regional governments, provincial governments, the federal government (and agencies), and various private entities. Housing data collection and reporting is increasingly fragmented across Canada and is characterized by:

- Variability in the types and granularity of information collected by each level of government and geography;
- Significant differences in methodologies, definitions, and data categorizations by geography, municipal size, and province;
- Large variances in the transparency, reporting frequency, and accessibility of data; and,
- Lack of data comparability, data sharing/interoperability, and absence of data continuity throughout the development and production "pipeline" that results in less precision in future forecasts.

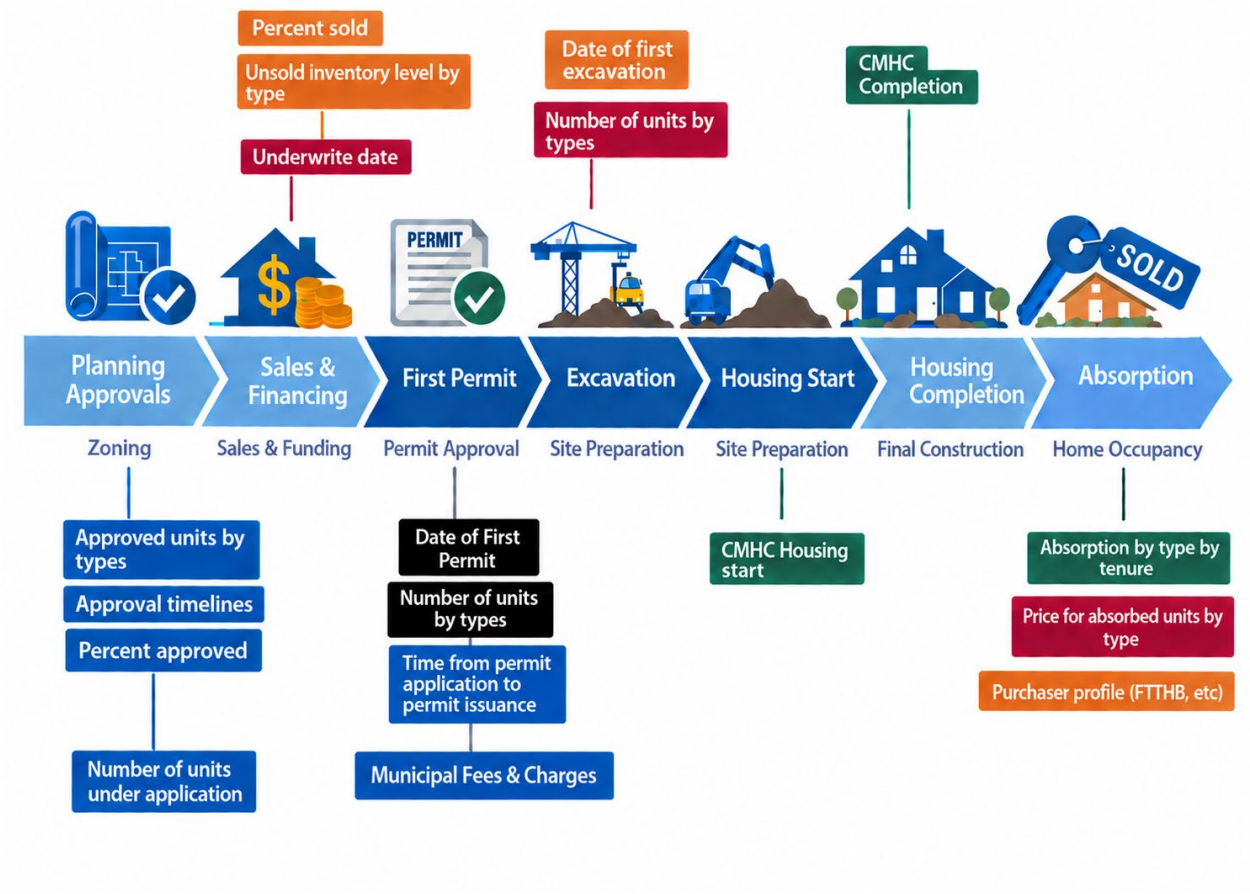
Given the status quo, it can be confidently stated that a comprehensive data system to track housing activity across major Canadian municipalities does not exist, let alone provide a national picture. This void and the resulting data gaps lead to a heavy reliance on what data does exist, much of which is collected by either the Canada Mortgage and Housing Corporation (CMHC) or Statistics Canada, as two major data sources.

Most often, cited data points for future housing supply and the health of the housing market include CHMC starts and completion data, the number of units within a municipal development approval pipeline (either approved or only under application), or the number of building permits issued. Each of these data points is not without limitations and viewing any of them in isolation can result in a distorted view of the state and future supply of new housing in a particular market.

While known data gaps creates numerous 'known unknowns', an even more substantial problem is that a lack of data availability and/or low data quality can create blind spots where certain problems may exist and are unable to be identified (these are 'unknown unknowns'). For example:

- Housing starts are a lagging indicator and are a representation of past economic activity or investment decisions. This lag can range from one to two-years for low-rise and up to five years for some high-rise projects – meaning that some starts occurring today are a result of decisions/activity made in the 2021 to 2022 time period.
- The number of units in a municipal development pipeline either approved or under application is often expressed in the tens or hundreds of thousands of units. However, these figures are questionable because these units may or may not proceed to construction, or even be approved in the first place, let alone approved and built as originally proposed.[vi] Given the delay in progressing to actual construction, there is variability in when approved projects proceed, and the hurdle rate for those applications that actually receive approval and then proceed to permitting and construction for a variety of reasons, not the least of which is economic viability.
- Gaps in information in both housing starts/completions and units in municipal pipelines, such as information related to size of units, bedroom counts, quantity and type of additional residential units (ARUs/ADUs).

Figure 1: Key Data Points during the Development Life Cycle



Blue	Identifies data collected by municipal levels of government. Data varies by municipality, reporting and access; data is not usually aggregated by higher orders of government.
Orange	Identifies data collected by private companies or third parties. Only select municipalities are covered. Data, definition, and reporting periods vary. Access to information is available for a fee or subscription. Data is not usually aggregated by higher orders of government.
Red	Identifies data that is not collected.
Black	Identifies data collected by both CMHC and municipalities. Please note CHMC reports permit data in its starts data release and as part of a separate data series.
Green	Identifies data presently collected and reported by CMHC.

Benefits of Enhanced Data Collection

Improved data collection on new housing will have a number of clear benefits for governments of all levels and industry. These include but are not limited to:

1. More timely and complete information to support housing policy and targeted intervention where required. Ultimately enabling better alignment between housing supply, mix (type and tenure) and population needs through the provision of:
    a. An end-to-end picture of capacity, timelines, supply;
    b. Municipal, regional, and provincial granularity;
    c. Enhanced data to support policy interventions and investment decisions to address affordability, supportive infrastructure, and affordable housing.

2. Information and Data Transparency:
    a. Enabling investors to better allocate capital;
    b. To support the attraction of global capital needed to meet the housing needs of Canadians;
    c. To inform private, municipal, regional and provincial investment decisions for housing and housing supportive infrastructure.
3. Stronger economic planning and job forecasting including identifying anticipated needs for skilled labour.
4. Improved accuracy of national long-term planning and the ability to tailor program and policies based on better data, including:
    a. National and regional housing policy,
    b. More precise immigration target planning,
    c. Municipal and regional official plans.
5. Provides data models to increase accountability for the delivery of housing – by making housing actions transparent, trackable, and verifiable for all parties including developers/builders, municipalities, provinces, and the federal government and agencies.

Many industry experts and those in government acknowledge the shortcomings in the current availability of data to support timely and effective policy and investment decisions.

In November 2025, the federal government reconfirmed its commitment to the Modernizing Housing Data Initiative (MHD), which was created specifically because current data is not detailed or timely enough to guide policy. This project is a collaboration between Housing, Infrastructure and Communities Canada (HICC), CMHC, and Statistics Canada.

Further, the 2026 Spring Economic Update proposes to provide $41.9 million over five years, starting in 2026-2027, to the National Research Council, the Standards Council of Canada, and Innovation, Science and Economic Development Canada for various items, notably to improve the responsiveness of Canada's housing market by working with stakeholders to modernize how housing data is collected, tracked, monitored, and shared across the country. This work is designed to respond to and inform this commitment.

Addressing data gaps must form part of the solution. Priority data gaps include, but are not limited to:

- Construction timelines and supply — specifically the lags between development applications to approvals, to permits, to starts and completions — improvement is required to upgrade forecasts and increase predictability of supply and understanding the pinch-points for projects from inception to occupancy. This also helps to ensure that municipal planning departments are meeting provincial requirements for minimum amounts of designated urban land.
- Local housing supply data — many municipalities lack standardized reporting on completions, approvals, timelines, and fees.
- More comprehensive rental market data, including secondary rental markets, secondary suites, rented condos, and informal rentals.
- Improving housing needs assessments — rigorous housing needs assessments by housing type, geography, income, and household type.
- Investor activity — specifically to understand impacts (or lack thereof) on home pricing. Statistics Canada is already working on this.

Recommendations

In order to address these challenges and enhance Canada's housing data landscape, the following recommendations are suggested.

Recommendation 26: Identify a single federal government department, third-party agency or crown corporation to be solely responsible for the collection, analysis, and dissemination of new housing data on a national basis.

Currently, housing data is collected by numerous federal departments and agencies for specific defined purposes. This is reinforced by recommendations in the 2026 Spring Economic Statement. Having a single department or agency, with a specific defined mandate creates a clear responsibility and accountability for delivering improved, national, new housing data.

The responsible government department or agency must be data focused and free from bias to one or more market segments, environmental, social or other objectives. In other words, the mandate must be the collection, integration, analysis, and provision of complete, timely, and accurate data to support informed policy-making, research, and market transparency. This is consistent with the mandates of similar agencies in Finland, Netherlands and Singapore, all recognized by the OECD for their leadership in the collection and use of housing data.

Given that the output of this endeavor would benefit both industry and government, we strongly encourage the government to consider the creation of a new third-party organization to be operated and funded jointly by the industry and government as a public/private partnership.

Recommendation 27: Prioritize data gaps to be addressed.

Self-evident priority emphasis should be placed on where the lack of good data is most blocking effective policy responses, distorting policy focus or creating the most enhanced risk from an investment (government and private) perspective. It is recommended that within the next iteration of the National Housing Strategy, the government prioritize construction timelines and supply data as the most urgent national new housing data need.

Recommendation 28: Create a minimum data set.

For each data gap, create a minimum data set that municipalities, of a minimum size, be required to report to the designated department or agency on a defined basis. This data set should include:

- **a.** Identification of the data to be collected, including the format for the data, categorization, acceptable methodologies for collection, and standardized definitions.
- **b.** The geographic boundaries for which the information should be collected.
- **c.** The reporting period to be covered, reporting timeframe, and format.
- **d.** Use a third-party organization and expert panel to define data sets and reporting requirements.

It is recommended that all municipalities with populations over 10,000 people be required to submit data. It is also further recommended that all licensed builder and developers be required to submit data where relevant.

Recommendation 29: Maximize Reporting

Creating an accurate and complete national new housing data system will require the participation of the majority of Canadian municipalities of any scale and of builders/developers of scale. As such:

a. It is imperative that municipalities, regardless of province, with a population over 10,000, participate and report either on a voluntary basis, through some form of memorandum of understanding between the department or public-private agency and the municipality or through some other form of regulatory measure.
b. The above also holds true for all licensed builders or developers of housing beyond a certain size threshold, especially where they are the sole source of relevant data.
c. Tools and guides be provided by the designated department or agency to facilitate municipal; and builder participation.

Other jurisdictions where that the OECD identifies as leading countries for the collection and use of new housing data (Finland, Netherlands, and Singapore) use regulatory means to ensure maximum participation, however there may be other means of ensuring more fulsome participation.

[i] A Housing Trifecta: How governments can tap private capital to improve supply, sustainability and affordability - RBC Thought Leadership
[ii] A Housing Trifecta: How governments can tap private capital to improve supply, sustainability and affordability - RBC Thought Leadership
[iii] Mortgage stress tests and household financial resilience under monetary policy tightening (Bank of Canada)
[iv] Source: Levels - Canada.ca
[v] Source: A Smarter Immigration Strategy - RBC Thought Leadership
[vi] A draft study conducted for BILD by Intelligence House concludes that only 40% of the units approved by the City of Toronto since 2012 have been constructed by 2026.