

# Incentives for Rental and Owner-Occupied Housing in Canada

## PROJECT OVERVIEW

This Research Insight is based on a study completed by SPR Associates Inc. for CMHC in 2017. The study investigates how Canada’s housing system currently facilitates ownership and rental, by categorizing policies and programs based on who sponsors the program, target groups and the goal of the program. The findings from this study highlight incentives created by policies that influence the supply and demand of market-based and non-market housing.

## METHODS & INFORMATION SOURCES

The study relied on three main sources of information:

- A review of documents and literature to identify housing policies.
- An online survey of Canadian housing stakeholders to link the supply and demand of both rental and homeownership housing.
- Case studies of five major municipalities (Vancouver, Calgary, Toronto, Montréal and Halifax) to better understand housing supply issues.

## FINDINGS

### Multiple levels of policies

Housing policies are provided by all three levels of government: federal, provincial/territorial and municipal. Federal policies support both rental and homeownership housing. P/T policies provide more support for affordable rental housing, and some support for sustaining homeownership, mainly for seniors.<sup>1</sup> Municipal policies provide added incentives to support market and below-market rental housing through available F/P funding to increase affordable supply.

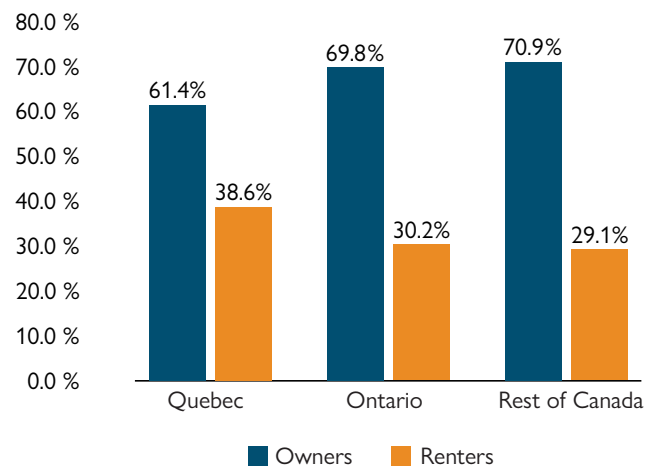
### Three sectors implement policies

The non-profit and private sectors play complementary roles in housing development and management along with the public sector. Table 1 provides a summary of policies by sector for each tenure type.

## Housing policies vary across Canadian provinces

Policies vary across the 13 P/T jurisdictions. Some include a mix of support for both rental housing and homeownership. Using Census 2016, figure 1 shows the differences in the rates of homeownership and rental tenure between Ontario, Quebec and the rest of Canada. The rental rate is higher in Quebec than in Ontario and the rest of Canada, by 8.4 and 9.5 percentage points, respectively. This difference might be due to different types of policies targeting rental tenure and homeownership in the provinces and territories and to history or culture. Table 2 presents the main housing policies by tenure for Quebec and Ontario. See annex G of the full report for the complete list of all programs in each province by tenure type.

**Figure 1: Rental and Homeownership Rates, Ontario, Quebec and Rest of Canada (2016)**



<sup>1</sup> The Atlantic provinces and Nunavut offer greater support for homebuying compared to the rest of Canada.

**Table 1: Summary of Policies by Sector of the Housing System**

Types of Policy Impacts	SECTOR		
	Public / Non-Market	Non-Profit / Below Market Sector	Private Sector
<b>RENTAL HOUSING</b>			
Supply	Leveraging assets / redevelopment with increased supply (some combined public/non-profit/private)	F/P/T IAH CMHC mortgage insurance and securitization (access to mortgage loans) P/T programs (e.g. B.C. CPI & direct lending) Leveraging assets / redevelopment to increase supply Municipal incentives (inclusionary zoning / private sector contributions)	F/P/T IAH CMHC mortgage insurance, securitization (access to mortgage loans) Municipal incentives (density bonuses, land, fee waivers, secondary suites)
Affordability	SHA subsidies	F/P/T IAH for rent supplements Mixed-market/below-market rent developments	Provincial rent regulations P/T housing allowances & income support policies
Quality, Suitability, Sustainability	Funding for repairs, redevelopment & energy efficiency	NPs leverage assets for upgrades (remortgage with CMHC mortgage insurance)	F/P/T IAH & P/T programs for repairs & modifications Energy efficiency incentives
<b>HOMEOWNERSHIP HOUSING</b>			
Sustaining Existing Ownership			F/P/T IAH & P/T programs for home repairs & modifications P/T tax credits
Access to Housing Finance for Homebuying		CMHC mortgage insurance F/P/T IAH grants for modest-income, first-time buyers	CMHC mortgage insurance F/P/T IAH grants for modest-income, first-time buyers P/T programs for first-time buyers

**Table 2: Housing Policies by Tenure in Ontario and Quebec**

PROVINCE	TYPES OF GOALS	POLICY GOALS
Quebec	Goals for Rental	Over the past 15 years, the two cornerstones of Quebec policy have been AccèsLogis (to develop new social housing) and Renovation (to improve housing conditions). Quebec has a large housing allowance program for family and senior renters (Logirente) and has rent regulation to reduce rent increases.
	Goals for Homeownership	Efforts to create incentives for working people and families with children to buy a home. Some municipalities offer homebuyer assistance and transfer tax rebates. The province provides property tax credits through income tax regulations.
Ontario	Goals for Rental	Provincial rent regulation aims to limit rent increases. Major focus on rental supply, social and affordable rental, housing allowances, and repair of existing rental housing. Policies for creating secondary suites and inclusionary zoning to increase units subject to municipal discretion.
	Goals for Homeownership	Provincial policy to provide some down payment grants to assist first-time buyers subject to municipal discretion. Provincial land transfer tax rebates for first-time buyers (Home Buyer Plan Tax Credit). HST New Housing Rebate (on new or substantially renovated existing homes).

## Acronyms

Acronyms used in this Insight and in the full report:

**AHI:** Affordable Housing Initiative

**CMHC:** Canada Mortgage and Housing Corporation

**F/P/T:** federal/provincial/territorial (the initials may be used separately)

**IAH:** Investment in Affordable Housing

**NP:** non-profit

**SHA:** Social Housing Agreements

## KEY TERMS

**Social housing:** Subsidized public, non-profit and co-operative housing, with rents based on income (rent-geared-to-income public housing or rent supplement units) or rents based on break-even (non-profit) rent levels.

**Affordable housing:** Rental housing with some unit rents set below the average market rent, based on financial support by government programs; may include units with market rents in rental projects owned by private or social housing landlords.

**Market rental:** Rental housing with market-based rents that are not subsidized by any government programs or incentives.

**Homeownership housing:** Privately-owned and occupied housing in freehold or other forms of ownership. Includes properties with outstanding mortgages as well as those with no outstanding mortgages.

## FURTHER READING

Full report – *Review of Policies for Homeownership and Rental Tenure in Canada*  
([ftp://ftp.cmhc-schl.gc.ca/chic-ccd/Research\\_Reports-Rapports\\_de\\_recherche/2018/Review\\_of\\_policies\\_for\\_homeownership\\_and\\_rental\\_tenure\\_in\\_Canada.pdf](ftp://ftp.cmhc-schl.gc.ca/chic-ccd/Research_Reports-Rapports_de_recherche/2018/Review_of_policies_for_homeownership_and_rental_tenure_in_Canada.pdf))

Related Reading – *Examination of international housing policies and initiatives that support movement along the housing continuum*  
([ftp://ftp.cmhc-schl.gc.ca/chic-ccd/Research\\_Reports-Rapports\\_de\\_recherche/2017/RR\\_International\\_Housing\\_Policies%20\(002\).pdf](ftp://ftp.cmhc-schl.gc.ca/chic-ccd/Research_Reports-Rapports_de_recherche/2017/RR_International_Housing_Policies%20(002).pdf))

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## ALTERNATIVE TEXT AND DATA FOR FIGURES

Figure 1: Rental and Homeownership Rates, Ontario, Quebec and Rest of Canada (2016)

	Owner	Rent
Quebec	61.4%	38.6%
Ontario	69.8%	30.2%
Rest of Canada	70.9%	29.1%