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**SUBJECT**

**FINANCIALIZATION OF HOUSING AND REAL ESTATE INCOME TRUSTS**

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**ISSUE**

Is CMHC allowing the financialization of housing through its commercial activities?

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**RESPONSE**

- **Canada Mortgage and Housing Corporation (CMHC) plays a critical role in both supporting measures that ensure financial stability and managing the long-term risks associated with the housing market.**
- **While private capital will continue to be the primary source of funding for housing in Canada, CMHC and the government support and augment the housing market through programs such as multi-unit mortgage insurance and various programs under the National Housing Strategy that promote amongst other objectives a more affordable and climate compatible system.**
- **CMHC’s multi-unit insurance is available at the same cost with the same terms and conditions (e.g., loan to value limits, debt coverage ratios) for all borrowers, including non-profits, corporations, trusts and pension funds. There is no special treatment given to real estate investment trusts.**
- **CMHC has done some work in its rental market survey to measure the extent to which REITs and other types of investors are present in the market. Their best estimate is that REITs account for about 10 to 15% of landlords in the rental market.**
- **REITs are a player amongst other private investors, which make up 95% of the rental market.**
- **Our government also announced it is reviewing the role of large corporations and Real Estate Income Trusts (REITs) in the housing market and the impact on both renters and homeowners. CMHC will provide advice to the government as part of this review.**

- **Mr. Chair, rest assured that CMCH actively monitors market conditions and works with federal partners to ensure appropriate macro-prudential policies are in place.**

**Does CMHC fund REITs through the NHS?**

- **In total, there is four RCFi agreements in place where a REIT may have benefitted through inter-related companies (out of a total of 190 RCFi projects). Note that all RCFi funding is through repayable financing/loans (not grants).**