
SUBJECT

HOUSING AFFORDABILITY AND HOUSING SUPPLY

ISSUE

How can the Government make housing more affordable?

RESPONSE

- **Housing affordability and housing supply challenges make it difficult to find a good place to live for many Canadians and our government will continue to take concrete actions to help them.**
- **Demand for all types of homes has surged across Canada and we maintain that the underlying problem is that supply is not keeping pace with demand. It hasn't been for years.**
- **Solving the supply-gap will go a long way to address affordability challenges. Increasing housing supply over the long term is key to restoring affordability.**
- **That is why we are committed to doubling our housing construction over the next decade and investing in the rental housing that so many counts on.**
- **The *Canada's Housing Supply Shortages* report released by CMHC provides insights into the current supply gap as well as information on the housing system's overall affordability. CMHC is best positioned to answer questions on the reports' findings.**
- **Our Government, through CMHC, is focused on the areas where it can have the most impact. We're doing our part to ensure the stability of our housing finance system and we're delivering programs designed to meet the needs of our most vulnerable.**
- **We are putting forward innovative solution like converting existing structures into residential units – particularly existing commercial structures. This method has proved successful through the conversions of hotels, motels, and office space through the Rapid Housing Initiative.**

- **Several other programs under the National Housing Strategy aim at bolstering housing supply across Canada, including the Rental Construction Financing Initiative, National Housing Co-investment Fund, Federal Lands Initiative and Affordable Housing Innovation Fund.**
- **Similarly, we have programs that support the supply of below market rental housing. For example, units under the Rapid Housing Initiative are targeted to vulnerable populations and must provide a minimum depth of affordability (tenants pay no more than 30% of their before-tax income on housing costs).**
- **CMHC also launched, last year, MLI Select, a mortgage insurance with a focus on deeper affordability, accessibility, and climate compatibility. It is designed to preserve existing rental units as well increase overall supply, which helps to offer more options for renters, including those in Core Housing Need.**

Background

If asked about speculation:

- CMHC is concerned about speculative investing in residential real estate. It is contributing to froth in the market and pushing home prices higher.
- When investors become involved in the bidding process, it increases competition and can lead to households bidding aggressively and borrowing beyond what they can afford, for fear of missing out.
- This adds extra froth to the market, pushes home prices higher and can create a harder landing if and when the market turns and prices correct.
- Investors can play a positive role in the housing market. Turning condominium units into rental properties has been an important source of rental supply, especially in larger cities like Toronto and Vancouver.