

## 2024 Annual Public Meeting – Questions from the public

Final - May 6th

CMHC asked Canadians to have their say on issues affecting the housing industry in Canada.

During the month of April 2024, interested people had the opportunity to register to attend the annual meeting while asking questions of CMHC's executive committee.

Here is a sample of the questions selected:

### **HOUSING PROGRAMS**

Q: Are there any specific considerations being built into CMHC programs to ensure funding is accessible to rural communities?

The National Housing Strategy (NHS) recognizes that individuals and families living in rural areas face unique challenges to accessing affordable housing. That is why many program commitments have been made in rural areas under federally delivered supply initiatives such as the [Apartment Construction Loan Program](#), the [Affordable Housing Fund](#), the [Affordable Housing Innovation Fund](#) and the [Rapid Housing Initiative](#).

In addition, Budget 2022 provided \$4 billion over five years to launch a new Housing Accelerator Fund (HAF) with an additional \$400 million announced in Budget 2024. This Fund seeks to reform planning and reduce systemic barriers that slow or prevent new housing supply from reaching market. This initiative targets communities facing the strongest growth pressures, which exist in both metropolitan areas and in rural or smaller communities.

Through the HAF, cities and communities across Canada could apply for funding through either the Large/Urban Stream or the Small/Rural/North/Indigenous Stream. This ensured that when assessing applications, the Government balanced prioritizing the most ambitious proposals, while also reaching agreements with communities - including country's largest cities, mid-sized cities, suburban communities, rural and remote communities, and Indigenous communities - in every region of the country. To date, the federal government has signed 179 Housing Accelerator Fund agreements: 70 agreements through Large/Urban Stream, 108 through Small/Rural/North/Indigenous Stream, and an agreement with the Government of Quebec.

Q: Are there available grants for changing office/commercial spaces into multi-family residential?

Budget 2024 announced that through the Apartment Construction Loan Program (ACLP), \$100 million in low-cost loans will be provided to build homes above existing shops and businesses across the country. More information will be available later in 2024.

**Budget 2024 also proposes the launch of a Public Land for Homes Plan to unlock underused public land, which could potentially include government office buildings, to build more housing, accelerate the process of making public land available for housing, lease public land instead of selling it off, and create a new mapping tool to keep track of federal lands that can be used for housing. The plan also includes \$117 million for CMHC to top up the Federal Lands Initiative (FLI) to unlock more federal lands for affordable housing providers.**

Q: Can you provide more details on the Apartment Construction Loan Program changes that were included in Budget 2024?

**Budget 2024 announced a \$15 billion top-up for the Apartment Construction Loan Program (ACLP). This brings the total loan funding to \$55 billion to help boost the construction of new rental homes by providing low-cost financing to homebuilders.**

**To make it easier and faster to build homes ACLP will introduce in the coming months the following reforms:**

- **Extend the terms of the loans offered.**
- **Extend access to financing to include housing projects for students and seniors.**
- **Introduce a portfolio approach so builders can move forward on multiple projects at once.**
- **Provide additional flexibility on affordability, energy efficiency, and accessibility requirements.**
- **Launch a new Frequent Builders stream to fast-track the application process for proven home builders.**

Q: Curious about work related to use of ADUs (accessory dwelling units) in rural areas, and work related to increasing affordable housing communities in general.

**Budget 2024 announced a total of \$409.6 million over four years, starting in 2025-26 to launch a new Canada Secondary Suite Loan Program. This would enable homeowners to access up to \$40,000 in low-interest loans to add secondary suites to their existing homes. Details of this program will be announced in the coming months.**

Q: Explain how Canada will develop 3.87 million homes by 2031, based on the Prime Minister's communique on April 12, 2024

**CMHC has been a key contributor to the growing awareness of Canada's housing supply gap, as most discussions of housing supply have been informed by our research on the subject. The budget's plan to unlock millions of new homes by 2031 shows the importance of our data work and further highlights the scope and urgency of the housing supply shortage. All initiatives that make it easier to build housing supply faster are helpful, and we welcome the measures the federal government and all other levels of government are taking to address Canada's housing shortage.**

Q: Has there been any consideration to changing affordability measures with the AHF (Affordable Housing Fund), to better align with Canadians' affordability?

**CMHC continuously evaluates our programs to ensure they remain effective and identify opportunities for enhancement. Any changes made to programs will be announced in the coming months.**

Q: How is CMHC improving its direct lending programs? i.e. CMHC AHF & ACLP

**To support the federal government's direction in taking significant steps that will help build more homes and make housing more affordable across the country, we have implemented process improvements to help expedite applications for ACLP and AHF. These include speeding up the delivery of the Apartment Construction Loan Program (ACLP) and Affordable Housing Fund (AHF) by increasing the client readiness. We did this by streamlining the processing of applications which is resulting in faster turnaround times and better client experience.**

Q : Are there measures planned to support the creation of co-operative housing and homeowners' co-operatives?

**To support a new generation of co-operative housing development, the federal government has created a new Co-operative Housing Development Program (CHDP). The CHDP includes \$500 million in contribution funding and \$1 billion in loans to support the construction of new co-op housing projects. This \$1.5 billion program is the largest investment in building new co-op housing in the last 30 years and is estimated to create up to 3,200 new co-op units by 2028. More details will be available in the coming months.**

Q: What is the progress on the program related to student housing on campus?

**The federal government recently announced its intention to create more housing for students. The Apartment Construction Loan Program (ACLP) and the Affordable Housing Fund (AHF) are currently being evaluated to ensure they are best-positioned to support the development of rental supply, including much-needed housing for students.**

**In the coming months, funding opportunities will be expanded to respond to current economic conditions and support the creation of more rental supply for students. This will include supporting purpose-built student housing projects as an eligible building type, both on- and off-campus.**

**CMHC also supports student housing through its multi-unit mortgage loan insurance.**

Q: What programs are on the horizon to continue addressing housing shortages and home ownership?

**Canada has a longstanding housing shortage and building the homes needed to restore housing affordability will require a great national effort that the federal government is leading. In the months**

to come, the federal government will continue to take significant action to accelerate housing construction and lower prices for Canadian buyers and renters. It is also calling on provinces, territories, and municipalities to do everything they can to build more homes, faster.

In Budget 2024, the federal government is taking significant steps to reduce barriers to new construction for homebuilders, build affordable housing and provide shelter to those without homes and make it more affordable to rent and own a home. [Canada's Housing Plan](#) focuses on three areas: building more homes; making it easier to rent or own a home; and helping Canadians who can't afford a home.

Q: Why was co-investment rebranded to affordable housing fund?

The National Housing Co-Investment Fund was rebranded as the Affordable Housing Fund to better align with the recently announced [Canada's Housing Plan](#). In this plan, the federal government is delivering ambitious action and investments to build more homes, make it easier to rent or own a home, and help the most vulnerable with stable housing.

Q: We need a national Black community housing strategy to better coordinate investments. Are you open to support this?

We have a Black community carve-out through the Affordable Housing Fund, previously the National Housing Co-Investment Fund, and we are working to build capacity with organizations that support the housing needs of Black Canadians.

<https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund/affordable-housing-fund-black-led-organizations>

There has also been work done through the National Housing Strategy Solutions Lab to co-develop and deliver a more appropriate affordable housing solution for African Canadian communities.

<https://www.cmhc-schl.gc.ca/nhs/nhs-project-profiles/2021-nhs-projects/affordable-housing-african-canadians>

## **COMMERCIAL**

Q: Are there any plans to incentivize lenders to engage for CMHC MLI Select projects below \$10MM?

The MLI Select Multi-Unit insurance product is available to all approved lenders regardless of mortgage loan amount. Approved Lenders define their own business appetite for the size of the loans they want to accept and submit for insurance.

Q: Is CMHC looking to increase the size of its mortgage insurance portfolio in 2024 and beyond?  
**The composition of our insurance business is an important consideration as we look to fulfill our financial stability mandate. As such, we review our targets annually to ensure we have the right mix of business to fulfill this mandate.**

Q: Is there a targeted end date for the MLI select program?  
**MLI Select is part of our suite of products available for multi-unit mortgage loan insurance. While we continuously look at our products to ensure they remain effective, there is no targeted end date planned for this product at this time.**

Q: Is there a way for first-time homebuyers to make a 5% down payment on homes over \$500k given disconnect between prices & wages?

**The federal government recently announced additional measures in Budget 2024 to help first-time home buyers. This includes:**

- **30-year amortizations for first-time home buyers purchasing new builds, with insured mortgages, to make it easier for younger Canadians to enter the housing market by enabling lower mortgage payments and get those first keys to their first home, while they climb the income ladder.**
- **Increasing the Home Buyers' Plan from \$35,000 to \$60,000 to enable first-time home buyers to use the tax benefits of an RRSP to save up to \$25,000 more for their down payment faster, available to first-time buyers after April 16, 2024.**
- **Tax-Free First Home Savings Account, which is already helping over 750,000 Canadians save up to \$40,000 for their first down payment, faster, with the help of tax relief.**

Q : What is the number of loans that are likely to fall into arrears?

**Under current interest rate conditions, more mortgage holders find themselves in precarious financial situations; the financial buffer they were able to build up during the pandemic has been exhausted.**

**While overall mortgages in arrears are stabilizing at historically low levels, other indicators such as credit cards and auto loans show that an increasing number of Canadians are having some difficulty with their debt payments.**

Q: What is the impact of rising interest rates on default insurance payouts?

**Under current interest rate conditions, more mortgage holders find themselves in precarious financial situations; the financial buffer they were able to build up during the pandemic has been exhausted.**

**While overall mortgages in arrears are stabilizing at historically low levels, other indicators such as credit cards and auto loans show that an increasing number of Canadians are having some difficulty with their debt payments.**

Q: What are the reforms to the MLI Select program going to look like?

**CMHC continuously evaluates our products to ensure they remain effective and identify opportunities for enhancement. Any changes made to products would be announced to Approved Lenders at a later date.**

Q: MLI Select: Why are you basing affordability (30% of median renter income) on 2019 rates? It needs to be updated. It is old.

**Since MLI Select was launched in March 2022, the affordability criterion has been based on 2019 median renter household incomes.**

**As income data became available for 2020 and 2021, CMHC did review and consider updating the affordability rent criteria. However, we concluded that an update using 2020 or 2021 income data was not suitable due to unprecedented levels of temporary support intended to help mitigate the impacts of the COVID-19 pandemic.**

**We recently received 2022 income data from Statistics Canada and are planning to update the affordability criteria following our review.**

## **INNOVATION**

Q: Does CMHC have a budget, or position with regards to 3-D printing homes in Canada?

**[A collaboration between CMHC, Habitat for Humanity Windsor-Essex, the University of Windsor, the Town of Leamington and Nidus3D](#) construction printing has resulted in Canada's first 3D printed multi-unit residential structure.**

**The partners' dedication to exploring new ways to address the housing crisis in Windsor-Essex County has created a first for Canada and transformed the housing outcomes for 4 families.**

**Through the Housing Supply Challenge, CMHC has also supported projects with a focus on 3D printing to help increase supply, such as Kit-of-Parts' Platform System (KOPPS).**

Q: What are some ways innovators can get involved in solving the bottlenecks to creating a steady supply of housing?

**CMHC delivers programs on behalf of the Government of Canada that drive innovation and investment in the housing system, accelerating change at scale for more and better affordable housing, faster.**

This involves a collaborative effort with the housing sector to come up with creative and practical solutions to address the problems Canadians face in finding housing that meets their needs. Find out more about [Innovation and research](#) funding opportunities through the National Housing Strategy.

Q: With new 3D printing technology coming in, how will contractors be able to learn about the newest challenges that come along?

CMHC has a newsletter that provides a wide variety of housing information on our research, funding opportunities, success stories and much more. You [can subscribe](#) to receive the email newsletters.

Additionally, CMHC shares National Housing Strategy [project profiles](#) that spotlight the work and partners finding innovative and technology-driven solutions to create livable communities for Canadians.

## **HOUSING ECONOMICS AND INSIGHTS**

Q: How many rent-geared-to income suites currently exist by municipality, province/territory & nationally? How many are new?

On May 3, we released the latest results of our [Social and Affordable Housing Survey for Rental Structures](#). The survey covered slightly more than 595,000 units. Of this total, nearly half of the units covered were in Toronto (33%), Vancouver (6.1%), Montreal (4.7%), Edmonton (3%).

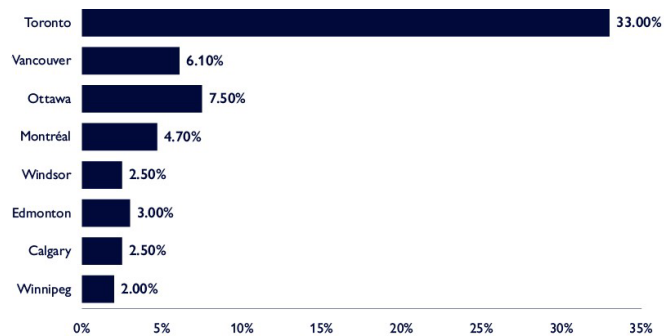
Meanwhile, Winnipeg, Calgary, Windsor, Kitchener-Cambridge-Waterloo and St. Catharines-Niagara each accounted for approximately a 2.1 to 2.4% share.

CMHC and Statistics Canada are working towards a data sharing agreement with the Province of Quebec which will allow us to include in a future cycle of our SAHS-RS those social housing structures managed by the Société d'habitation du Québec (SHQ).

We estimate that the SHQ-managed portfolio represents between 62,000-67,000 units.

Nationally, at 83%, household income was the most common mechanism used to set rents. In other words, rent is geared to the tenant's household income (often referred to as "rent geared to income" or RGI).

In British Columbia and in Québec, income was the main rent-setting mechanism for 59% and 68% of units respectively; however, this percentage is at least 78% in all other provinces and territories.



### **Age of Units:**

- **49%** of the units were constructed before 1980 (**more than 40 years old**).
- **38%** of the units were constructed between 1980 and 1995 (**between 30 and 45 years old**),
- **13%** of the units in the survey were constructed after 1995 (**less than 30 years old**).

Q: Will CMHC produce a report on how many homes are needed to meet demand, not just restore affordability, in provinces across Canada?

The patterns of housing demand are affected by changes in economic and demographic projections since last year.

- Economic projections are affected by the current economic slowdown as well as less optimism about economic growth after coming out of the pandemic.
- Demographic projections are affected by population movements set in motion by the pandemic as well as increased immigration.

In 2022 and in 2023, we released our Supply Gaps Estimate reports that concluded that in order to meet growing demand and affordability seen in 2004, we will need 3.5 million more housing units than what is currently slated to be built.

Approximately 60% of the 3.5 million housing unit gap is in Ontario and British Columbia where housing markets are least affordable.

This is a result of housing supply over the last 20 years that has not responded to demand in some of Canada's large urban areas, resulting in the loss of affordability.

We will be releasing another update to our Supply Gaps Estimate report later this summer.

## **BUDGET 2024**

Q: How will CHMC improve participation of non-profit housing in purchasing existing low rent buildings or units deemed affordable?



**Please refer to the Rental Protection Fund in Budget 2024**

<https://www.pm.gc.ca/en/news/news-releases/2024/04/04/protecting-and-expandingaffordablehousing>

Q: How will the government combat rising costs of construction materials? These have a direct impact on housing affordability for consumers.

**Please refer to the Housing Catalogue and Innovation in building technologies – Budget 2024**

<https://www.pm.gc.ca/en/news/news-releases/2024/04/05/changing-how-we-buildhomescanada>

Q: Where/how to know more rules on rent/lease agreements for affordable units in condominiums?

**This is a provincial/territorial jurisdiction. Please contact your provincial or territorial office.**