



BUILDING THE RIGHT HOMES, RIGHT NOW

Submission to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities — Study on Housing Starts

There is no question that Canada is building housing — 71,000 starts in the first four months of 2026 alone, up 6% year over year. The problem is Canada is not building right kind of housing. Canada's housing starts challenge is fundamentally a question of typology, and until federal policy is explicitly designed to deliver missing middle supply broadly, starts will continue to climb on paper, while the rate of homeownership continues to decline, leaving the homes Canadians actually need out of reach.

Any honest account of Canada's housing starts problem must begin with demand — not because demand is driving the crisis, but because it is being systematically misread by the solutions. For years, federal policy has treated affordability as a math equation, looking to add more units (any units), without sufficient regard for whether those units reflect how Canadians actually live, at what stage of life, what services and supports they need nearby, and at what price point.

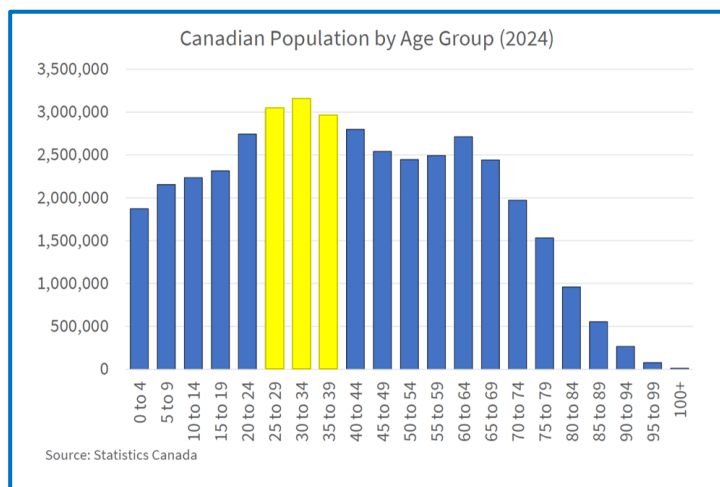
But the data tells a different story across the country: **the demand is there, but the supply is not.**

EIGHT IN TEN YOUNG CANADIANS WANT TO OWN A HOME

In late 2025, Abacus Data conducted a survey on behalf of CREA that found 81% of Canadians aged 18 to 44 want to own a home— yet Canada's homeownership rate has been falling steadily since 2011, sitting at just 66.5% in 2021.¹ The steepest declines are concentrated precisely in the 25 to 39 year-old demographic that should be entering ownership right now, but are remaining sidelined.

A recent Statistics Canada report confirms what researchers have been warning for years: the rate of homeownership among Canadians aged 25–39 has fallen to just 49.9%, a relative decline of nearly 11% since baby boomers were the same age.²

Researcher Mike Moffatt, Founding Director of the Missing Middle Initiative, has warned that the 2026 Census is likely to show ownership rates for young Canadians have “absolutely cratered.”³ Looking further beyond Canada, international comparisons offer a sobering benchmark.



¹ Abacus Data, [Housing the Goal: How Canadians Are Resizing Expectations and Redefining What Homeownership Means](#), October 2025.

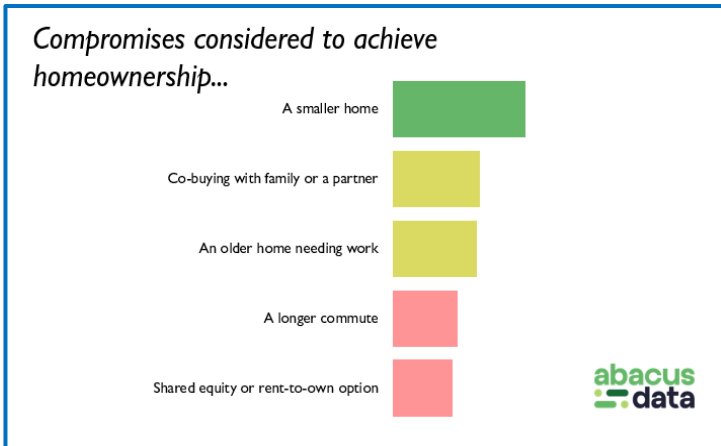
² Statistics Canada, [Millennials in the Canadian Housing Market: An Intergenerational Comparison](#), May 6, 2026.

³ Missing Middle Initiative, [Classonomics Podcast: These Changes Can Help Make Homes Affordable for Young People](#), January 28, 2026.



A 2024 Deloitte report found that New Zealand’s homeownership rate had fallen from 75% in the early 1990s to under 60% today and is on track to fall below 50% by 2048.⁴ Canada is walking down a comparably broken pathway — and the window to course-correct is narrowing.

What makes this particularly urgent is that **these young Canadians are also Canada’s largest demographic cohort**. This is not a fringe group being left behind, but instead is the majority generation – and they are systemically being priced and planned out of homeownership in ways that have generational consequences for wealth accumulation, community stability, and social mobility if not addressed.

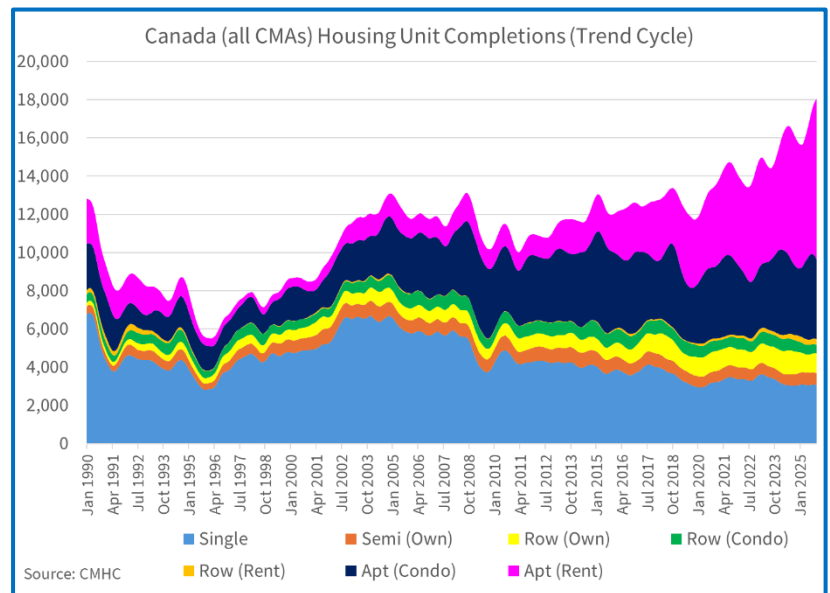


Canadians are not giving up on homeownership – but they cannot find homes that fit their lives and meet their evolving needs, at a price point they can afford. **61% of Canadians say there are not enough homes being built that meet their size and layout needs; 51% say the homes being built today do not reflect the way they live.** Half of first-time buyers saying they are prepared to purchase a smaller home just to enter the market⁵. What they need is a market with attainable options that can meet them there.

THE STORY IS IN THE STARTS DATA

Canada’s housing starts data reveals a systemic, structural problem hiding in plain sight: for the past decade, virtually all growth in housing starts has been concentrated at the extremes of the market: micro-condominiums and purpose-built rental towers on one end; sprawling low-density, single-family subdivisions on the other. The middle has been abandoned – and revitalization can be an integral part of Canada’s solution.

CMHC’s own completions data makes the gap visible: semi-detached and row house completions have flatlined as a share of total starts since 2010, even as overall volume of starts have climbed. Canada's Q4 2025 housing stock confirmed what the trend predicts: **approximately 750,000 semi-detached and**

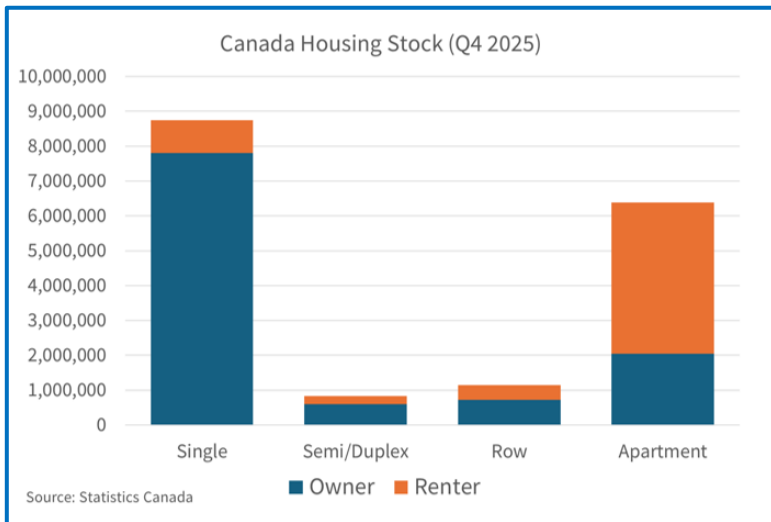


⁴ Deloitte / Westpac NZ, [Next Step Forward: Westpac NZ Shared Home Ownership Report](#), July 2024.

⁵ Abacus Data, [Housing the Goal](#).



duplex units and 1 million row house starts, compared against 8.7 million singles and 6.4 million apartments.⁶



This typology gap is not accidental. Decades of policy decisions across all three levels of government made small multi-unit housing difficult to finance, approve, and build. Zoning excluded it. Financing tools ignored it. And even as both have started to shift, municipal fee structures have not caught up.

In Canada, the missing middle is missing at scale – and will continue to be absent without action.

Development charges are a case in point. As Daniel Winer of [Small Housing](#) recently

observed: in most municipalities, a small multi-unit home pays nearly as much per unit in development charges as a single-detached house. In some cities, a duplex pays exactly the same. And in many fee schedules, there is no category for a triplex or fourplex at all – on paper, these homes are nearly invisible.⁷ If they don't exist from a policy or planning perspective on paper, Canadians cannot expect to find them at an attainable price in the rental or ownership market.

For small projects, the math is typically unforgiving. Construction costs have risen sharply, financing is harder to secure, and interest rates remain elevated.⁸ A 40-unit tower can absorb an unexpected \$200,000 in development charges. A six-unit infill townhouse cannot. The missing middle is not just undersupplied – it is the typology the current cost structure is least equipped to deliver.

The federal government has taken meaningful steps in the right direction. The Spring Economic Update (SEU) proposed amendments MLI Select to increase flexibility for insurers to offer products for three-and-four-unit projects, and to permit private mortgage insurers to offer multi-unit mortgage loan insurance on five-to-eight-unit residential properties for the first time: improvements REALTORS® have advocated for. The SEU also accelerated \$7 billion in low-cost loans through the Apartment Construction Loan Program, committed to an upcoming consultation on additional financing measures to support owner-occupied homes, and included a skilled trades strategy to build the workforce Canada's housing ambitions require. CREA is cautiously optimistic in the wake of these new initiatives. **But expanded insurer flexibility only tells the market what it can finance, not what it ought to build.** Converting that opening into outcome-driven action requires a mandate that incentivizes middle housing to meet the moment.

⁶ CMHC, [Quarterly Starts, Completions and Under Construction](#), Q4 2025.

⁷ Daniel Winer (Executive Lead, Industry Activation, [Small Housing](#)), LinkedIn, June 2026.

⁸ CMHC, [Spring 2026 Housing Supply Report](#), March 2026.



THE MANDATE GAP: WHY THE MIDDLE STAYS MISSING

Canada's housing continuum has a missing piece. Middle housing is undersupplied across tenure types: supply is scarce in the rental market, not being built or financed in the ownership market, and invisible in many municipal fee schedules. The homes Canadians most want to live in, at the stage of life when they most need them, simply do not exist at scale. This leaves young Canadians and seniors competing for the same type of home – yet no federal program, and no federal Crown corporation, is currently designed, resourced, or evaluated against the goal of building more of them.

The establishment of Build Canada Homes (BCH) is a welcome step, positioned to accelerate deeply affordable and non-market housing supply: a critical and long-underfunded need that CREA supports. The federal investment in rental supply and deeply affordable housing over the past several years has been real, necessary, and consequential.

But the missing middle gap remains. BCH is not designed to close it, and CMHC, Canada's primary housing institution since 1946, has drifted from its founding mandate. When CMHC introduced mortgage insurance in the 1950s, it helped spur a sustained rise in homeownership that climbed from 60.3% in 1971 to a peak of 69% in 2011. That mandate – making homeownership attainable for working Canadians through market tools – was progressively diluted as CMHC expanded into rental finance, securitization, and social housing roles.

The result is a federal housing architecture designed with a goal of creating longevity in deeply affordable rental supply through BCH and CMHC's rental programs, large-scale purpose-built rental through MLI Select's existing categories, and social and supportive housing through NHS programs. What it does not address is the missing middle: attainable, family-sized housing in the 3-to-8-unit range with two-to-three-bedroom units to accommodate growing and changing families, across both rental and ownership tenure. That gap is not an oversight – it is the predictable consequence of decades of mandates that never named it. And it is why, even as starts climb, ownership does the opposite: the homes Canadians actually want to buy or rent are nowhere to be found.

There have been signals that homeownership is slipping off the federal agenda, and have not been subtle:

- ◆ The First-Time Home Buyer Incentive – the only federal program that directly reduced the cost of purchasing a home – was cancelled in 2024.
- ◆ Under Budget 2025, the Parliamentary Budget Officer has confirmed that overall federal housing funding is declining 56%, from \$9.8 billion in 2025–26 to \$4.3 billion in 2028–29.⁹
- ◆ No existing Crown corporation or federal program directly supports the financing or creation of middle housing—on both the ownership and the small rental supply side.

⁹ Parliamentary Budget Officer, [Outlook for Housing](#), December 2025.



This is not a criticism of the progress made on rental and deeply affordable supply – that progress is critical, real, and necessary. It is an observation that a strategy which funds some parts of the housing continuum and ignores others will always leave Canadians behind.

Industry leaders across the continuum see the same gap. Michael Collins-Williams, CEO of the West End Home Builders' Association, put it plainly in reflecting on the 2026 Spring Economic Update: the mortgage insurance expansion for three-and-four-unit properties are a significant opportunity to unlock gentle density – but the missing middle items “land amongst several other important policy areas that continue to deserve attention and momentum,” including scaling up low-cost rental construction financing, streamlining building codes, and improving housing data and transparency.

The concern is shared at the other end of the continuum. Habitat for Humanity has urged the federal government to make non-market homeownership an explicit priority within Build Canada Homes,¹⁰ while the Canadian Alliance to End Homelessness (CAEH) acknowledges the critical middle supply challenges the continuum is facing. CAEH is aligned with CREA and many others in calling for a renewed federal-provincial framework ahead of the National Housing Strategy's 2027 sunset.¹¹ From homelessness advocates to home builders, the message converges: the continuum cannot function with its middle missing.

Eligibility expansion tells the market what it can *finance*, it does not tell the market what it should *build*.

Opening the door is not the same as building what's behind it.

A BRIDGE, NOT A LADDER

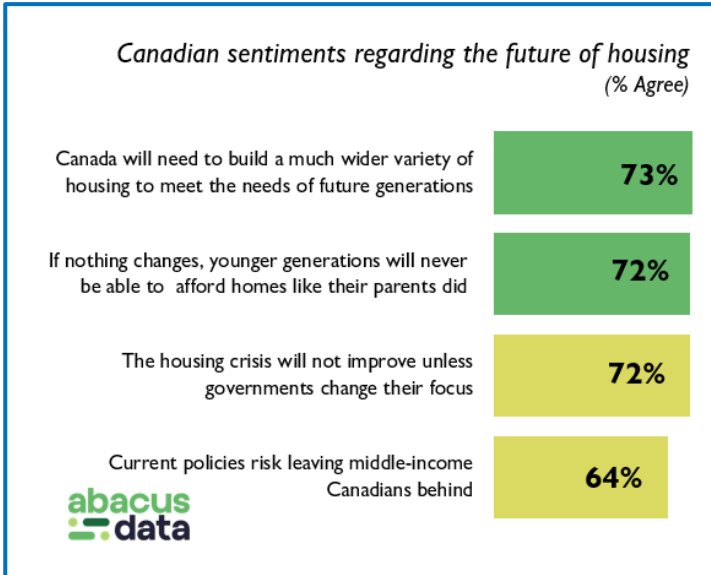
Studying housing starts in isolation carries a risk – starts can look healthy in the aggregate while concealing serious dysfunction at the typology level. Canada has been building housing, but it has not been building the right housing – and understanding why requires a systems view of the housing continuum.

CREA views the housing continuum not as a ladder with fixed rungs, but as a bridge that Canadians move back and forth across at every stage and phase of life. People are having children at twenty-two and at forty-two. A job is lost, a relationship ends, an illness changes everything – and at any point on the bridge, someone may need to turn around, take a different path, or start again. The goal of a national housing strategy is not to push everyone in one direction. It is to ensure the bridge holds, at every point, for every Canadian.

When middle housing is absent, that bridge develops gaps: young families competing over townhomes that barely exist, downsizing seniors with no option between their four-bedroom house and a one-bedroom condo, and first-generation homebuyers priced out of ownership entirely – competing instead with renters for apartments and investor-owned condos that were never designed for long-term, family living. A chronically undersupplied segment of the market does not just harm the people who need it; it creates pressure that radiates out in both directions.

¹⁰ Habitat for Humanity Canada, [Response to Federal Budget 2025 with Calls for Clear Commitment to Affordable Homeownership](#), November 4, 2025.

¹¹ Canadian Alliance to End Homelessness, [A Canada Housing Accord: Bringing Governments Together to Fix Housing and Homelessness](#), January 2026.



The goal must shift from simply “more starts” to “more starts of the right types of housing in the right places”, so the full continuum is served end-to-end, with a focus of that missing middle. 73% of Canadians agree that Canada will need to build a much wider variety of housing to meet future needs¹² – this is not a fringe position, it is a majority view that federal starts policy has not yet caught up to.

CREA's analysis identifies three interconnected barriers that must be addressed before middle housing starts can meaningfully increase: the financing gap, the typology mismatch, and the data gap. Each requires a distinct federal response.

1. THE FINANCING GAP

No federal program is currently designed to finance middle housing supply at the 3-to-8-unit scale. MLI Select's three existing scoring categories are optimized for large-scale purpose-built rental, and while the SEU's proposed insurance flexibilities are a meaningful opening, they do not signal that financing middle supply is a federal priority – nor do they create the necessary incentives for the small builders and individual property owners this typology depends on to act on newly available zoning.

CREA recommends establishing a fourth MLI Select scoring category for middle supply: one that awards points for family-sized unit composition and Housing Accelerator Fund (HAF) aligned site context in 3-to-8-unit buildings. It must also revisit borrower eligibility thresholds to reach the small builders this typology depends on, not just institutional developers. No new legislation is required – just a program update that converts expanded eligibility into outcome-driven, nationwide action.

CREA also recommends expanding CMHC's role as a housing driver by offering a preferential insurance tier (higher loan-to-value, lower premiums, longer terms) for municipalities that meet upzoning and density requirements, with priority weighting for middle supply. Where the HAF created the zoning conditions for gentle density, a preferential municipal insurance tier would create the financing conditions to act on them – together, the supply-side combination that could finally make middle housing viable at the speed and scale Canada needs.

For entry-level and lower-income households, **CREA recommends piloting a Canadian Progressive Homeownership (PHO) program: a new pathway to ownership through rent-to-own and shared equity arrangements, modelled on programs in New Zealand and the United Kingdom, and incentivized through MLI Select points for projects committing at least 20% of units to progressive ownership tenure.**

¹² Abacus Data, Housing the Goal.



Backstopped by CMHC under new NHS 2.0 bilateral agreements, a PHO pilot would create genuine ownership pathways for households who want to own but cannot yet access conventional mortgage financing.

2. The Typology Mismatch

Zoning reform has happened in communities across Canada, thanks in significant part to the HAF. But the financing incentives to build what the zoning now allows do not yet exist at scale – and as noted above, municipal fee structures actively discourage, and in some cases even penalize, this typology.

Federal policy can help close this gap. Beyond the preferential insurance tier, **CREA recommends the federal government embed typology targets – not just unit counts – into a renewed NHS 2.0.** An agreement that measures success purely by total starts gives provinces no reason to prioritize middle housing over the rental towers that are easier to finance and faster to process.

CMHC has already shown it can move when given clear direction: its recent May launch of “Prefab Plus” brought factory-built and modular homes into the insured financing fold for the first time. The institutional capacity is there. What's needed is a mandate that points it at the missing middle.

3. The Data Gap

Policymakers are currently navigating the missing middle without a reliable baseline. The 2021 Census housing data – the most recent comprehensive picture of Canada's housing stock, tenure patterns, and household formation – arrived nearly 18 months after Census Day, as the fifth of seven planned releases.

CREA recommends prioritizing Census 2026 housing data in the first wave of 2027 releases. The policy decisions of the next three to five years – on NHS 2.0, on CMHC's mandate, on MLI Select program design – will be made in an information vacuum without current evidence on who owns, who rents, and where the gaps are greatest. Moffatt's warning that the 2026 Census will confirm an even bigger collapse in young Canadians' ownership rates is not a reason to delay this data: it is a reason to prioritize it. Canada cannot course-correct in real time on evidence that is months-to-years stale.

A NATIONAL CRISIS NEEDS A NATIONAL STRATEGY

Each of the recommendations in this submission – the fourth MLI Select category, the preferential municipal insurance tier, the Progressive Homeownership pilot, typology targets in bilateral agreements, and the prioritized Census release – can be advanced within the existing federal architecture. None require new legislation. But without a coherent strategic framework that names attainable homeownership as a national outcome, these measures risk remaining isolated program updates rather than a systemic response to a generational problem.

With the existing National Housing Strategy set to sunset in 2027, CREA urges the government to commit to a National Housing Strategy 2.0, developed in partnership with provinces, territories, and Indigenous



governments, that prioritizes housing choice across the full continuum: from ending homelessness, to addressing the persistent inequities facing Indigenous communities, to rebuilding the pathway to attainable homeownership for generations of Canadians.

NHS 2.0 should be built on several principles that distinguish it from the current strategy:

- ◆ **Typology as an explicit outcome.** Not just unit counts, but the right units – with bilateral agreements embedding targets for middle housing completions as a share of total starts, tracked annually and reported publicly.
- ◆ **Mandate clarity for Crown corporations.** Clearly defined, outcome-driven, and non-overlapping mandates: BCH at the deeply affordable and non-market end; CMHC returned to its historical role as the primary vehicle for attainable market homeownership, modernized and executed through middle housing supply and mortgage insurance modernization.
- ◆ **Federal-provincial partnership, not prescription.** National goals set federally; delivery determined provincially by working with regional and local governments. Bilateral agreements should set targets and timelines while leaving room for regional and Indigenous approaches to flourish.
- ◆ **Accountability through measurement.** What gets measured gets built – including annual public reporting on the homeownership rate trajectory among Canadians aged 25 to 44 and middle housing completions as a share of total starts.

CREA acknowledges the progress reflected in the SEU and the growing recognition across the housing sector that supply-type reform is essential. Through our Provincial Associations, CREA is actively encouraging provinces to pursue ambitious partnership proposals with the federal government, building on the momentum of Ontario's HST/GST relief measures.

As small business owners, REALTORS® understand that the current economic environment – marked by global uncertainty and household financial pressure – constrains the scope for broad demand-side stimulus. That is precisely why CREA's recommendations focus on supply-type reform and financing structure innovation. These are the right levers, right now.