Making Housing Affordability a Federal Fiscal Priority

Advocacy Centre for Tenants Ontario | Submission for Federal Budget 2026

Introduction

The Advocacy Centre for Tenants Ontario (ACTO) welcomes the opportunity to provide this submission to the House of Commons Standing Committee on Finance. ACTO is a specialty legal clinic that advances and protects the housing rights of low-income renters in Ontario. For 25 years, through legal advocacy, policy work and the Tenant Duty Counsel Program, ACTO has seen how unaffordable, inaccessible and insecure housing pushes renters into unsafe conditions, eviction, homelessness and institutionalization.

Budget 2026 is an opportunity to make housing affordability a central fiscal priority and to turn Parliament's recognition of adequate housing as a fundamental human right into meaningful action. This is not only a legal and social obligation; it is sound economic policy. Housing unaffordability transfers costs to healthcare, shelters, emergency services and the justice system; suppresses household consumption; restricts labour mobility; and weakens productivity. Public spending that prevents homelessness, preserves affordable homes and expands permanently non-market housing is an investment in productive social infrastructure.

The federal government has made housing construction, infrastructure and productivity central to its economic agenda. Budget 2025 launched Build Canada Homes with a primary focus on non-market housing, incorporated Canada Rental Protection Fund and linked housing delivery to public land, Canadian materials, factory-built construction and skilled jobs. These measures are significant, but they do not resolve the ongoing housing affordability crisis in the country.

Canada's current housing affordability crisis cannot be solved by increasing aggregate housing supply alone. Between 2011 and 2021, Canada lost more than 550,000 units renting below $750 per month, and lower-rent homes have been disappearing far faster than new affordable homes are added. In 2021, Ontario had approximately 1.7 million renter households, and 38.4% of renter households with a calculated shelter-cost-to-income ratio spent 30% and more of their income on shelter. Ontario's post-2018 exemption from rent control also means most newly occupied rental buildings have no limit on annual rent increases between tenancies. In 2022, ACTO reported that, 15% of households spent at least half their income on housing and 60% of surveyed renters cut back on food to pay rent. These realities show why construction must be combined with preservation, permanent affordability and renter protection.

The *National Housing Strategy Act* declares adequate housing a fundamental human right and requires federal housing policy to further its progressive realization. That commitment should govern federal spending, taxation, lending, mortgage insurance, land and intergovernmental agreements. Success must be measured by whether people in greatest need can obtain and remain in safe, accessible and genuinely affordable homes, not solely by dollars committed, loans approved or units announced.

Summary of Recommendations

- Renew the National Housing Strategy to 2037 as a binding, rights-based fiscal framework with income-based affordability standards, funded targets and transparent outcome reporting.
- Adopt a Renter Protection and Anti-Displacement Standard for every major federal housing, financing, land and infrastructure program.
- Make the Canada Housing Benefit permanent and establish a national eviction-prevention and rent-arrears fund.
- Expand acquisition funding so non-market providers can preserve existing affordable rental homes before they are lost.
- Direct at least half of Build Canada Homes' annual capital investment to public, non-profit, co-operative and Indigenous-led housing, and fund accessible, climate-resilient repairs that do not displace tenants.
- Strictly regulate housing financialization by denying federal tax, financing and insurance benefits to displacement-based business models and expanding permanently non-market ownership.
- Align housing-related tax expenditures, financing and mortgage insurance with permanent affordability, responsible landlord conduct and public transparency.
- Protect long-term rental supply from commercial short-term rentals through permanent enforcement funding and platform accountability.

The Policy and Economic Case to Support Affordable Housing

The Central Policy Contradiction: Housing as a Right and an Asset

Canada's housing system contains a fundamental policy contradiction. Parliament has recognized housing as a human right, yet federal policy still relies heavily on financing production in a market where housing is treated as a commodity and an appreciating financial asset. Supply is necessary, but financing by itself neither directs homes to households in the greatest need nor protects low-rent housing already in the system. Auditor General audits have repeatedly found weaknesses in demonstrating who benefited from major federal housing investments and whether program affordability matched the incomes of households in the greatest need. The Financial Accountability Office of Ontario similarly projects that unmet or inadequately met need for subsidized housing will continue to grow despite significant public investment.

Affordability Strengthens Productivity and Economic Performance

The fiscal consequences of current policies are substantial. Modelling prepared by the Canadian Centre for Economic Analysis (CANCEA) for Canada Mortgage and Housing Corporation (CMHC) estimates that improved housing affordability could increase household disposable income by $24.4 billion and annual GDP by approximately $22 billion, support 189,000 jobs and generate about $5 billion in additional tax revenue. CMHC has also found that high housing costs impede labour mobility by preventing workers from moving to places where employment opportunities are greatest. These estimates are modelled outcomes, not guaranteed returns, but they identify the channels through which affordability contributes to economic performance.

Affordable Housing Reduces Pressure on Public Systems

Investment in permanent affordable housing can also reduce other public costs. A 2026 CANCEA study of renewing and expanding public housing in the Greater Toronto and Hamilton Area (GTHA) estimated $49.6 billion in cumulative GDP, approximately 354,500 job-years and $12.7 billion in tax revenue over 25 years, alongside reductions in healthcare and justice costs. Canadian evidence associates access to subsidized housing with improved mental health, while Housing First interventions have reduced hospital and emergency-service use among people with the highest support needs. Unaffordable and poor-quality housing is therefore both a public-health problem and a drag on economic capacity.

Budget 2026 need not frame affordability and fiscal responsibility as competing priorities. The stronger fiscal choice is to prioritize investments and policy measures that deliver lasting public value. Short-lived affordability measures, preventable displacement and subsidies that ultimately inflate land and asset values provide limited social and economic return. By contrast, preserving affordable housing, creating permanent affordability, improving accessibility, strengthening security of tenure and measuring outcomes transparently deliver lasting value for renters, communities and governments.

ACTO's Budget Recommendations

1. Establish a Binding, Rights-based Fiscal Framework

The National Housing Strategy has been a hallmark of Canada's housing policy, despite having serious shortcomings. The Strategy's most significant achievement is the *National Housing Strategy Act* that establishes important rights-based accountability mechanism. For the first time, federal law recognizes adequate housing as a fundamental human right and requires a national housing strategy supported by the Federal Housing Advocate, National Housing Council and public review panels. Independent analysis by the Parliamentary Budget Officer finds that federal housing-program spending under the Strategy has 50% more real purchasing power than in the preceding decade and that, without renewed federal spending, approximately 78,000 additional households would be in core housing need by 2027.

Renew the National Housing Strategy

Budget 2026 should renew the National Housing Strategy to 2037 and conclude successor federal–provincial–territorial agreements before current agreements expire in 2027–28. The renewed Strategy should make the *National Housing Strategy Act* the governing framework for CMHC programs and insurance, Build Canada Homes, federal land initiatives, infrastructure funding and housing-related tax measures.

Set Funded Targets for Renter Need, Homelessness and Affordability

The Strategy should establish (1) funded, time-bound targets to reduce renter core housing need and homelessness; (2) eliminate the net loss of affordable rental homes; (3) expand permanently affordable and rent-geared-to-income housing; and (4) reduce unequal outcomes experienced by Indigenous, Black and racialized renters, newcomers, women and gender-diverse people, seniors, persons with disabilities and other groups facing systemic barriers. (5) Accessibility should be a funded requirement of federal housing investments, with dedicated resources to support its implementation.

Require Housing-Rights Impact Assessment and Outcome Reporting

Every major housing expenditure, tax measure and intergovernmental agreement should undergo a housing-rights impact assessment. The assessment should (a) identify the population served; (b) define affordability in relation to household income; (c) disclose rents, tenant incomes and the duration of affordability; (d) evaluate displacement risks; and (e) specify remedies where federal action undermines housing security. CMHC and Build Canada Homes should report on completed and occupied homes and actual renter outcomes, not only commitments and approvals. The Office of the Federal Housing Advocate has similarly called for successor agreements with enforceable human-rights obligations, income-based affordability and measurable outcomes.

Budget Recommendation

Renew the National Housing Strategy to 2037 with funded and measurable targets; require income based and permanent affordability standards, accessibility requirements and meaningful renter participation; publish outcome data; and require an Auditor General performance audit within three years of implementation.

2. Make Every Federal Housing Dollar Protect Renters

The federal government does not directly legislate provincial tenancy law, but it controls the terms on which it spends, lends, insures mortgages, releases land and funds infrastructure. Federal investment should never finance eviction, renter displacement, loss of accessibility or the conversion of affordable homes to higher rents.

Adopt a Renter Protection and Anti-Displacement Standard

Budget 2026 should adopt a Renter Protection and Anti-Displacement Standard for all major federal housing, financing and infrastructure programs. As a condition of federal support, (1) recipients should maintain rent control or rent stabilization during and between tenancies for the full affordability periods, and (2) federally funded construction, acquisition, repair or retrofit work should not trigger rent increases. Agreements should also maintain existing tenancies during redevelopment and major retrofits; preserve affordability and accessibility; provide relocation assistance, compensation and a genuine right of return where temporary relocation is unavoidable; prevent renovictions, demovictions and utility-cost downloading; and engage affected renters early and meaningfully. Where jurisdiction limits direct federal rules, Ottawa should require participating governments to demonstrate equivalent protections as a condition of funding.

Make Renter Protection Enforceable

These obligations must be enforceable. Agreements should include public reporting, complaint and remedy processes, repayment or suspension provisions for material non-compliance, and outcome indicators covering rents, displacement, accessibility and security of tenure. Rent protections should govern both initial rents and subsequent increases so that public investment creates durable affordability rather than short-live subsidy.

Budget Recommendation

Apply an enforceable Renter Protection and Anti-Displacement Standard to every major federal housing, financing, land and infrastructure program, with transparent reporting and consequences for non-compliance.

3. Provide Permanent Rent Relief and Prevent Avoidable Evictions

A long-term construction strategy cannot address an immediate affordability emergency. New homes take years to deliver. Renters facing arrears, eviction or homelessness need assistance before the loss of their housing triggers far greater personal and public costs.

Make Canada Housing Benefit Permanent and Portable

Budget 2026 should permanently renew and substantially expand the Canada Housing Benefit through stable federal–provincial–territorial agreements. The benefit should meaningfully reduce the gap between household income and actual housing costs; be portable across communities and housing types; respond to local rents; include people without a fixed address; and use simple, accessible applications and automatic enrolment wherever possible. Existing disability-income and other trusted government determinations should be accepted instead of requiring duplicative assessments, and receiving the benefit should not reduce eligibility for other income supports.

Pair Rent Relief with Rent Regulation and Renter Protection

Rent relief is necessary but cannot substitute for rent regulation, renter protection or permanent affordable housing. Without appropriate safeguards, benefits can sustain unaffordable market rents and transfer public funds to landlords without durable affordability. Agreements should therefore require effective rent-stabilization and renter-protection measures and include public reporting on rent burdens and housing stability.

Create a National Eviction Prevention and Rent Arrears Fund

Budget 2026 should also establish a permanent National Eviction Prevention and Rent Arrears Fund. Delivered through municipalities and, Indigenous governments, the fund should provide rapid, non-repayable relief for arrears, housing stabilization, disability-related accommodation and legal support. Priority should go to low-income renters, seniors, persons with disabilities, survivors of violence and households experiencing sudden income loss. Preventing the loss of viable tenancy can help avoid the significantly greater disruption and costs associated with eviction and subsequent rehousing.

Budget Recommendation

Make the Canada Housing Benefit permanent and adequately funded and establish a permanent National Eviction Prevention and Rent Arrears Fund designed to prevent avoidable evictions and homelessness.

4. Preserve Affordable Homes Before They are Lost

Between 2011 and 2021, more than 550,000 units renting for less than $750 per month disappeared from Canada's rental stock. Many were not demolished; they became unaffordable through renter turnover, acquisition, reinvestment and rent increases. A supply strategy that counts new units while overlooking losses from the existing affordable stock can increase housing supply without improving access to affordable housing for low-income renters.

Scale Up Non-Market Acquisition and Preservation

Acquisition by non-profit, co-operative, public and Indigenous housing providers can preserve existing affordable homes more quickly and, in many cases, at lower cost than replacement construction. It protects existing renters, avoids demolition-related displacement and secures the value of public investment through permanent non-market ownership. The Canada Rental Protection Fund is an important foundation, but its scale and delivery must match the speed of affordable housing loss. The Fund should provide flexible grants and long-term, low-cost financing for purchase, due diligence, repairs, accessibility upgrades and early operating costs, with rapid access to capital, permanent affordability, continued security of tenure and transparent reporting on rents and household outcomes.

Budget Recommendation

Significantly expand the Canada Rental Protection Fund and provide dedicated grants and rapid financing for non-profit, co-operative, community-land-trust, public and Indigenous providers to acquire existing rental housing and preserve it permanently under non-market ownership.

5. Build and Repair a Large, Permanently Non-Market Sector

Preservation must be matched by construction at a scale that changes the structure of the housing system. Market development cannot reliably produce homes affordable for households receiving social assistance, earning low wages or living on fixed incomes. Canada needs sustained growth in public, non-profit, co-operative and Indigenous-led housing, including a substantial share of rent-geared-to-income homes.

Direct Build Canada Homes Capital to Permanent Non-Market Housing

Build Canada Homes can restore a stronger federal role, but low-cost financing alone is not enough. Budget 2026 should reserve at least 50% of its annual capital investment for non-market housing, with the share increasing overtime. Capital funding must be paired with operating support where necessary to achieve deep affordability. Affordability should be tied to household income and remain permanent. Suitable federal land should remain publicly owned and be leased for permanently affordable housing rather than sold in ways that surrender future public value.

Fund Accessible, Climate-Resilient Retrofits without Displacement

Existing affordable housing is also infrastructure. Much of Canada's lower-rent, family-sized housing stock dates from the 1960s to the 1980s and requires major repairs, accessibility improvements and climate adaptation. Budget 2026 should create an Accessible Rental Retrofit and Preservation Fund for non-market housing and older purpose-built rentals. Grants should prioritize homes serving people with low incomes and require compliance with the Renter Protection and Anti-Displacement Standard. Public retrofit funds must not enable renovictions, utility-cost downloading or rent increases that undermine the investment's public purpose.

Budget Recommendations

Reserve at least 50% of the Build Canada Home's annual capital investment for public, non-profit, co-operative and Indigenous-led housing, with permanent income-based affordability and operating support where required; retain suitable federal land in public ownership; and establish and Accessible Rental Retrofit and Preservation Fund.

6. Align Federal Tax and Financing Policy with the Right to Housing

Housing policy operates through the tax system as well as direct spending. Tax preferences and financing rules shape ownership, investment returns and asset values, while also representing substantial forgone revenue. Yet their effects on renters and housing affordability are rarely assessed with the same scrutiny applied to program spending. Statistics Canada has documented the significant role of individual and institutional investors in Ontario's rental market. Federal policy should reward the creation and preservation of affordable housing, not business models that depend primarily on acquiring existing homes, raising rents and increasing property values.

Review Housing-related Tax Expenditure for Public Value

Budget 2026 should launch a public review of housing-related tax expenditures and publish their distributional and housing-market impacts alongside direct housing spending. The review should distinguish measures that create additional long-term rental supply from those that mainly increase after-tax returns from holding or trading existing residential assets. It should assess who receives the benefit, what public outcome is purchased and whether a less costly instrument could achieve that outcome more directly.

Tie Federal Tax and Financing Benefits with Renter Outcomes and Introduce Public Beneficial Ownership Registry

Tax preferences, CMHC financing and mortgage insurance for large residential landlords and real estate investment trusts should be conditional on measurable public benefits: permanent affordability where public subsidy is significant, responsible rent practices, adequate maintenance, beneficial-ownership transparency and protection against displacement. The government should complete a publicly accessible beneficial-ownership registry for residential property and improve CMHC data on ownership concentration, rent changes and federal assistance received.

Budget Recommendation

Review housing-related tax expenditures through fiscal-efficiency and right-to-housing lenses; publish their costs and distributional effects; and condition major tax preferences, financing and mortgage insurance on measurable affordability, maintenance, transparency and renter-protection outcomes.

7. Regulate Corporate Landlords and Financialization of Housing

The increasing growth of corporate landlords and the subsequent financialization of housing stands against Canada's *National Housing Strategy Act*. Rather than treating housing as a home, financialization treats housing primarily as a financial asset and a vehicle for maximizing investor returns. In rental housing market, acquisition and consolidation by Real Estate Investment Trusts (REITs), private-equity firms and other investors can lead to rent increases, reduced services, renovictions and displacement. Statistics Canada found that institutional investors held 23.6% of the assessed value of Ontario rental properties in 2022, rising to 46.5% in London.

Deny Federal Benefits to Displacement-based Business Models

Budget 2026 should stop subsidizing financialized ownership and strictly regulate large corporate landlords. Federal tax benefits, CMHC financing and mortgage insurance should be denied where a business model depends on displacement, excessive rent increases or reduced maintenance. The federal government should review REIT tax preferences, require beneficial-ownership and standardized ownership and rent data, strengthen competition oversight, and prioritize non-market acquisition and effective renter remedies, consistent with the National Housing Council review panel recommendations.

Budget Recommendation

Adopt a federal strategy to stop or strictly regulate housing financialization, deny federal benefits to displacement-based business models, and expand permanently non-market ownership.

8. Return Commercial Short-term Rentals to Residential Use

Federal policy should prevent existing homes from being withdrawn from long-term rental markets. The concern is not occasional home-sharing by residents, but the commercial operation of entire homes, particularly by investors and multi-listing operators, as long-term tourist accommodation. In housing-stressed cities and touristic rural communities this activity can reduce the supply of homes available for long-term rental while operating in a regulatory grey zone between housing and tourism.

Focus Regulation on Commercial Whole-home Operators

Statistics Canada identified more than 107,000 short-term rentals in 2023 that could potentially serve as long-term housing. Research from McGill University estimated that short-term rental activity was associated with approximately 12,860 homes being removed from Ontario's long-term rental market by the end of 2023. More recent research indicates that principal-residence rules can reduce short-term rental activity and, over time, rents in affected markets. There is an urgent need to regulate commercial whole-home operators.

Make Enforcement Funding and Platform Accountability Permanent

The federal government has already denied tax deductions for non-compliant short-term rentals and created the temporary Short-Term Rental Enforcement Fund. Budget 2026 should make enforcement funding permanent and require platforms to verify registration, remove non-compliant listings and share standardized data with authorized regulators. Federal policy should support provinces, municipalities and Indigenous governments that protect long-term housing while preserving legitimate home-sharing by residents.

Budget Recommendation

Make the Short-Term Rental Enforcement Fund permanent and require platform verification, removal of non-compliant listings and standardized data sharing, with the objective of returning commercial whole-home short-term rentals to the long-term residential market.

9. Fund Remedies, Representation and Independent Accountability

A right without an effective remedy is difficult to enforce and cannot provide meaningful accountability. Many renters who face eviction or housing insecurity must navigate complex legal processes without representation. At the same time, the institutions established under the *National Housing Strategy Act* can identify systemic failures but have limited authority to secure corrective action from federal institutions. Budget 2026 should expand the Tenant Protection Fund to provide stable support for independent renter organizations, public legal education, renter organizing, eviction prevention and systemic advocacy.

Strengthen Independent Oversight and Corrective Action

The Federal Housing Advocate, National Housing Council and review panels require permanent, stable funding for research, monitoring, public participation and follow-up. Federal institutions should be required to respond to findings with funded corrective-action plans, measurable deadlines and regular reports to Parliament. The Federal Housing Advocate should have authority to review federal housing programs, financing, taxation and agreements for consistency with the *National Housing Strategy Act*.

Meaningful participation is also essential. Funding should enable rights claimants and affected communities (including Indigenous peoples, Black and racialized renters, persons with disabilities, seniors, newcomers, women and gender-diverse people and low-income households) to participate in reviews and policy design. Programs are more likely to address barriers and use public resources effectively, when the people directly affected by these programs are involved in their development.

Budget Recommendation

Expand the Tenant Protection Fund; establish permanent, stable funding for the Federal Housing Advocate and National Housing Council; fund meaningful participation by rights claimants; and require federal institutions to respond to findings of the Federal Housing Advocate and review panels with funded corrective-action plans and measurable deadlines.

International Lessons

International experience confirms that governments can shape housing markets through sustained public investment, public land stewardship, non-market ownership and enforceable affordability.

Build at Scale through Public Investment and Non-Market Ownership

Vienna and the Netherlands demonstrate the stabilizing role of large social and non-market rental sectors.; Hong Kong shows how public rental housing can operate at system-wide scale. Finland's Housing First model treats permanent housing, with appropriate supports, as the foundation of homelessness policy.; Puerto Rico's Caño Martín Peña Community Land Trust shows how community land stewardship and infrastructure renewal can limit displacement pressures.

Ensure Housing is Permanent and Integrated into the Infrastructure

International experience also cautions against measuring success by unit counts alone. Research on earlier phases of Brazil's Minha Casa, Minha Vida found that peripheral locations left many residents with poor access to employment and urban opportunities. The redesigned program now emphasizes proximity to services, commerce and public transportation. For Canada, the lesson is straightforward: affordable housing must be permanent, adequate, accessible, well located and connected to the infrastructure and services renters need.

Conclusion

For 25 years, ACTO has seen how rising rents, displacement, weak commitments towards creating deeply affordable housing, and the loss of affordable and accessible homes affect renters across Ontario. That experience supports a clear economic and rights-based conclusion: Canada cannot build its way out of the current housing crisis while affordable homes continue to disappear, renters continue to be displaced, and public investment fails to reach households in greatest need.

Budget 2026 should align spending, taxation, financing, land and accountability around durable housing outcomes. Immediate action on rent relief and eviction prevention should stabilize renters now. Acquisition should prevent the loss of affordable homes. Build Canada Homes, public land and retrofit funding should expand permanent non-market and accessible housing. Tax and financing policy should reward measurable public benefit rather than asset appreciation, and federal institutions should be accountable for results.

Canada already has many of the necessary fiscal and policy tools needed to make significant progress. The test is how they are used. Public loans, land, tax preferences and infrastructure should secure permanent affordability, accessibility and security of tenure, not simply increase appreciating private assets. Federal housing policy should be judged by the housing security it creates and the avoidable public costs it prevents, not merely by dollars committed or units announced.

Regards,

Douglas Kwan
Director of Advocacy and Legal Services
Advocacy Center for Tenants Ontario (ACTO)