

Intelligence MEMOS



From: Tasnim Fariha
To: Housing Watchers
Date: July 30, 2025
Re: **WE'RE STILL LOSING THE AFFORDABLE HOUSING WAR**

Canada's housing supply gap is widening, not narrowing. The Canada Mortgage and Housing Corporation (CMHC), which first sounded the alarm in 2022, has now quietly moved away from its 2030 target for restoring housing affordability. The agency has shifted to a rolling 10-year basis in its most recent [update](#), a sign progress has fallen short of expectations. And housing starts, rather than completions, are the focus, which captures the impact of bottlenecks.

The CMHC's 2022 target was about 500,000 housing units annually through 2030 to return affordability back to early-2000s levels. Last year, housing starts were less than half that, just 245,000 units. Effectively acknowledging that early-2000s affordability is no longer realistic, CMHC has scaled down the target to 430,000 to 480,000 annual starts over the next decade and now aims to restore affordability only to 2019, not early-2000, levels. But even this more modest target means, housing starts will need to double.

Where do these ambitious supply targets come from, given cooling rents and a softening housing market, which are clear signs excess demand is easing, at least for now. In its forecasts, CMHC looks beyond population growth and estimates how many units are required each year to gradually restore affordability – defined as the higher of 2019 prices or the price at which households spend 30 percent of their income on housing.

How realistic is this goal? Unfortunately, not very.

The Canadian Renters Report [shows](#) that 40 percent of tenants are delaying home ownership because they expect further price declines. Meanwhile US tariffs, rising unemployment and overall geopolitical instability are deepening uncertainty in the housing market.

And new construction remains expensive. Developers face high costs for materials, labour, land, and fees, including steep development charges. When the price of new builds rises, buyers retreat to existing housing stock, further depressing the pace of new construction. The Toronto and Vancouver condo markets illustrate this clearly: Starts in major metro areas fell 44 percent in the first quarter compared with the same period last year while national housing starts were down 10 percent.

A depressed market discourages investors. Buyers face hefty mortgage payments and maintenance expenses and rising property taxes and home insurance premiums. Investing in new construction often means paying a premium price with no certainty that prices or rental revenue will rise fast enough to offset costs.

The private market responds to demand, not need, and as expected returns shrink, builders pause or cancel projects. In contrast, public and non-market housing, where need is greatest, is a small share of total supply and closely tied to government incentives.

Canada also lags in that: 245,900 households were on waitlists for social and affordable housing last year, according to Statscan. Innovations such as prefabrication could help speed building, but scaling new approaches requires a consistent backlog of orders – something the currently depressed market lacks.

CMHC presents its projections as policy-relevant reference points, not government commitments. And the new government appears focused on the right things: Reducing costs, slashing development charges and accelerating approvals. But implementation has been slow.

Development charges remain a major cost driver. Municipalities rely on them to fund infrastructure and reducing them requires replacing the money. User fees, property taxes and targeted transfers are being discussed, but priorities differ so intergovernmental progress is slow.

Permitting delays remain Canada's most persistent supply-side obstacle. It takes about 250 days to obtain a building permit in Canada, nearly three times longer than in the United States. Canada [ranks](#) second-last among OECD countries on this metric. In Toronto and Hamilton, delays can stretch to [25 and 31 months](#), respectively, according to the Canadian Home Builders' Association. Unless delays are reduced, efforts to double housing starts will struggle to gain traction.

Governments' consistent failure to meet housing targets erodes public trust. The growing disconnect between ambition and reality is not just a federal problem; provinces are struggling with it, too. CMHC's latest supply gap report suggests that without a course correction grounded in execution rather than aspiration, Canada risks losing all credibility on one of its most urgent policy fronts.

The stakes are high. CMHC estimates that if current trends persist, homebuyers could face a 33-percent increase in ownership costs by 2035. Unless we move from talk to action, the targets will remain out of reach and Canada's housing affordability crisis will only deepen.

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