Social, family, and affordable housing: Montréal's new real estate development rules

April 30, 2026

Since April 1, 2021, residential projects of at least 450 m² (about 5 units or more) in Montréal have been subject to the *By-law for a Diverse Metropolis* (the BDM). The purpose of the BDM was to increase the number of social, family, and affordable housing units in Montréal by requiring developers to either incorporate these types of units into new projects or make a financial contribution.

Now, five years after the BDM was implemented, the City of Montréal has substantially amended the by-law with the *Règlement modifiant le Règlement visant à améliorer l'offre en matière de logement social, abordable et familial (20-041-16)* (French only) (By-law 20-041-16), which took effect on April 1, 2026.

These amendments significantly simplify the rules and introduce more flexibility to strike a better balance between social diversity objectives and the economic realities of real estate development. But what does that concretely mean for real estate projects?

Changes to the BDM: Smaller scope, fewer financial obligations

By-law 20-041-16 significantly raises the threshold for when the BDM applies. While it previously applied to residential projects larger than 450 m², it now applies only to projects larger than 18,000 m². In other words, as of April 1, 2026, most residential projects are now exempt from the BDM.

By-law 20-041-16 sets out a complex transitional regime for ongoing residential projects based on their stage of completion:

- Agreements entered into under the BDM since Jan. 1, 2026, can be amended to adjust financial contributions and guarantees, and any excess amounts paid will be reimbursed.
- Residential projects of 18,000 m² or less for which the City of Montréal issued a building permit before Feb. 16, 2026 are still governed by existing agreements, and certain pre-amendment provisions of the BDM still apply. However, provided that the residential floor area remains 18,000 m² or less, no additional

requirements may be imposed if the residential floor area, number of units, or project location are changed. In addition, affordable housing commitments cannot be withdrawn, nor can guarantees be released. Financial contributions must also be paid.

- If an agreement has been entered into for a project of 18,000 m² or less but no permit was issued before Feb. 16, 2026, the owner of the residential project site can, **until May 31, 2026**, notify the City in writing that the agreement remains valid and enforceable. If such notice is not issued, or if the owner wishes to terminate the agreement and notifies the City thereof in writing, the agreement will be terminated. The City will then take the necessary next steps (for instance, reimbursing any financial contributions or reconveying the property).
- If no building permit was issued before Feb. 16, 2026, for a residential project that is subject to an agreement and larger than 18,000 m², the City will reimburse any financial contributions already made and, where applicable, reconvey the units intended as affordable housing. However, if a permit has been issued, no refund will be provided, and the financial contribution must be paid for that permit.

Once an agreement sets the financial contributions payable instead of building social, family, or affordable housing, those amounts are no longer indexed annually. This means, for instance, that the financial contribution specified in an agreement entered into since Jan. 1, 2025, can be reduced, but not increased. If a developer has already paid an amount higher than specified, the surplus will be refunded.

Finally, By-law 20-041-16 eliminates the separate category of affordable housing, which now falls into the category of off-market housing. Affordable housing commitments may therefore be withdrawn from existing agreements, and any financial contributions already paid may be claimed under certain conditions.

The requirements for affordable housing and social housing have now been consolidated. Twenty per cent of the residential floor plan for private-sector residential projects subject to the amended BDM must be set aside for off-market housing. This new rule came into effect on April 1, 2026, and should not affect existing agreements, except where transitional provisions allow for amendments.

How Montréal’s new amendments to the BDM affect developers

Overall, these recent amendments to the BDM aim to encourage residential development and facilitate partnerships between private companies and non-profit organizations. By reducing the financial burden on developers, the City of Montréal aims to make residential projects more affordable.

Repealing the section on affordable housing offers greater flexibility for future real estate projects, encouraging developers to build off-market housing units rather than simply taking the financial hit.

The 2026 amendments to the BDM also help developers meet the BDM’s social diversity objectives by loosening funding requirements and giving developers more flexibility in financing their projects to encourage the construction of off-market housing.

Finally, by capping and fixing financial contribution requirements, the new BDM seeks to reinvigorate Montréal's real estate market, especially for smaller projects which are no longer subject to the BDM.

BLG can help

If you have any questions about how these regulatory changes will be implemented or how they might affect your projects, the Municipal Law Group at our Montréal office can help you make the most of this new framework.

The authors would like to thank Blanche Proulx for her contributions to this article.

By

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