How Build Canada Homes and CMHC work together to deliver affordable housing in Canada

August 19, 2026

Understanding Canada's evolving affordable housing framework

Following BLG's previous publication on this topic, "Build Canada Homes' first moves: 4,000 direct-build units and a controversial B.C. condo conversion push," this article examines how Build Canada Homes and the Canada Mortgage and Housing Corporation (CMHC) will work together to deliver affordable housing in Canada.

These two organizations may be coordinating the transition of federal affordable-housing programming, but they remain legally and operationally distinct. Build Canada Homes builds and finances affordable housing, develops pusblic lands and promotes modern construction methods. CMHC provides mortgage loan insurance and securitization, rental-construction financing, continuing federal housing programs, and housing-market research and data.

For developers, non-profit providers and lenders, these institutional distinctions have practical consequences: existing CMHC programs will not necessarily transfer to Build Canada Homes at the same time or on identical terms, and some funding envelopes are fully committed or scheduled to expire.

Key takeaways

- Build Canada Homes and CMHC share the objective of increasing Canada's affordable housing supply, but their functions differ.
- Build Canada Homes partners with governments, non-profit organizations, Indigenous groups and private developers to manage and oversee the construction and development of affordable housing.
- CMHC primarily supports Canada's housing system through mortgage loan insurance and securitization, housing-finance programs, the delivery of federal housing initiatives, and housing research and market intelligence.
- The introduction of Build Canada Homes, together with the 2025 federal budget's $2.4 billion reduction for CMHC housing programs, has created uncertainty regarding CMHC's future role.

Different mandates, but a shared objective

The introduction of Build Canada Homes in 2025 marks a significant shift in federal housing strategy and raises important questions regarding its relationship with CMHC.

Although both entities are concerned with affordable housing, they currently perform distinct functions. Build Canada Homes is intended to develop non-market and affordable housing, whereas CMHC's mandate is centred on regulation, mortgage insurance and the administration of existing funding programs.

CMHC currently acts as an insurer and project financier, while also producing detailed market research to support informed decision-making and improved housing-sector outcomes. CMHC also funds the construction and renovation of affordable housing through initiatives that include the Affordable Housing Fund and the Funding for Indigenous Housing programs. Build Canada Homes, by contrast, is an agency expressly mandated to *build*, in addition to financing affordable housing, developing housing on public lands and increasing the housing sector's use of modern construction methods.

Unlike CMHC, Build Canada Homes will not be limited to providing funding for affordable housing projects. It will partner with governments, non-profit organizations, Indigenous groups and private developers to manage and oversee the construction and development of affordable housing across Canada. Build Canada Homes can also leverage surplus and underused federal properties identified through the Canada Public Land Bank and the Canada Lands Company portfolio, reducing the need for project proponents to acquire private land at market prices.

In light of these differences, a project may engage Build Canada Homes for public-land access, contribution funding, tailored financing, portfolio-level structuring or modern construction methods, while relying on CMHC for mortgage loan insurance, securitization, low-cost rental-construction financing, continuing federal programs and housing-market data. Each available funding and financing stream should be assessed separately, including its affordability, ownership, partnership and construction-readiness requirements.

Where the Build Canada Homes and CHMC mandates intersect

Seeing how the two entities perform distinct roles, the introduction of Build Canada Homes raises questions about its interaction with affordable housing initiatives already administered by CMHC. The federal government has stated that CMHC will continue to provide market research and insight, deliver key programming that supports the Canadian housing market, and administer existing affordable housing programs until their current funding is exhausted.

Build Canada Homes will draw on CMHC's project pipeline and operational expertise, including CMHC's experience in underwriting, loan administration and disbursing funds. The organizations will also coordinate through formal governance and advisory arrangements. In particular, Build Canada Homes' Investment Advisory Committee includes senior representatives from CMHC and other federal organizations, and advises on whether proposed investments align with federal housing priorities and the prudent stewardship of public resources.

Against this backdrop, Evan Siddall's appointment as the inaugural Chair of Build Canada Homes' Board of Directors is unsurprising, given his previous role as President and Chief Executive Officer of CMHC.

One application, a coordinated review, and projects in Calgary and Toronto

The structure of the two programs indicates that the federal government intends Build Canada Homes and CMHC to perform complementary roles.

This is reflected in the joint consideration by Build Canada Homes and CMHC of proposals submitted under the Affordable Housing Fund, with viable projects directed to the most appropriate financing stream. The collaborative process is intended to avoid the administrative burden of duplicative applications, improve the allocation of available funding and expedite the delivery of affordable housing projects.

CMHC has received sufficient applications to commit the available Affordable Housing Fund budget, and the application portal is now closed. CMHC and Build Canada Homes are continuing to review submitted proposals to determine the most appropriate available funding path. Not every submitted proposal will receive funding.

Separately, on July 16, 2026, the federal government announced a contribution of more than $34 million under the Affordable Housing Fund to support the repair and construction of 485 homes in Calgary and southern Alberta. This project combines primary funding from CMHC's Affordable Housing Fund with supplementary funding through the Federal Lands Initiative, a CMHC-administered program supported by expanded investment from Build Canada Homes.

Build Canada Homes and CMHC are also currently working together to increase the supply of affordable rental homes in Toronto. On Aug. 5, 2026, the federal government and the City of Toronto announced up to $2.7 billion in federal funding and financing to support 5,600 purpose-built rental homes across 18 projects:

- Over $310 million through Build Canada Homes will advance more than 1,800 rental homes on nine city-owned sites, including affordable, rent-geared-to-income, rent-controlled and supportive homes.
- CMHC's Apartment Construction Loan Program will provide upwards of $1.8 billion in low-cost financing for nine additional projects expected to deliver more than 3,700 rental homes.
- The City of Toronto is also providing $703.7 million in funding and financial incentives.

The funding question: What Build Canada Homes means for CMHC

Although the federal government has indicated that CMHC will continue to deliver its existing programs and support the Canadian housing market, some observers remain concerned about the implications of Build Canada Homes for the future allocation of resources to CMHC.

Real estate professionals have emphasized the need to deliver below-market housing at scale. At the same time, some have expressed concern that the federal government's increased emphasis on Build Canada Homes may divert attention and resources from CMHC. For professionals who regard CMHC funding as essential to the successful delivery of complex projects, any material reallocation of resources away from CMHC is a significant concern.

These concerns arise principally from the 2025 federal budget. Budget 2025 provided Build Canada Homes with an initial $13 billion over five years on a cash basis. At the same time, it reduced planned funding for CMHC housing programs by a total of $2.4 billion from 2026-27 through 2029-30 and by $860 million annually thereafter. These reductions do not represent a simple dollar-for-dollar transfer to Build Canada Homes. They form part of a broader spending profile that also reflects the scheduled expiry of several existing housing programs.

The Parliamentary Budget Officer (PBO) has cautioned that total planned federal spending on housing programs is expected to decline notwithstanding the launch of Build Canada Homes. Its December 2025 analysis estimated a decline from $9.8 billion in 2025-26 to $4.3 billion in 2028-29, driven by both scheduled program expirations and Budget 2025 reductions. The PBO characterized Build Canada Homes' contribution to the overall housing supply as modest relative to the broader housing shortfall.

What comes next

Build Canada Homes represents a material shift in federal housing policy, resource allocation and Canada's approach to the development of affordable housing. The federal government's increased emphasis on directly building and overseeing affordable housing construction may create new opportunities for lenders and developers operating in Canada.

BLG's Commercial Real Estate Group will continue to monitor federal developments, and advise clients on opportunities to participate in and leverage Build Canada Homes programs. For further information, please contact one of our real estate lawyers.

The author would like to thank Olivia Butzelaar, summer student, for her contribution in writing this article.

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