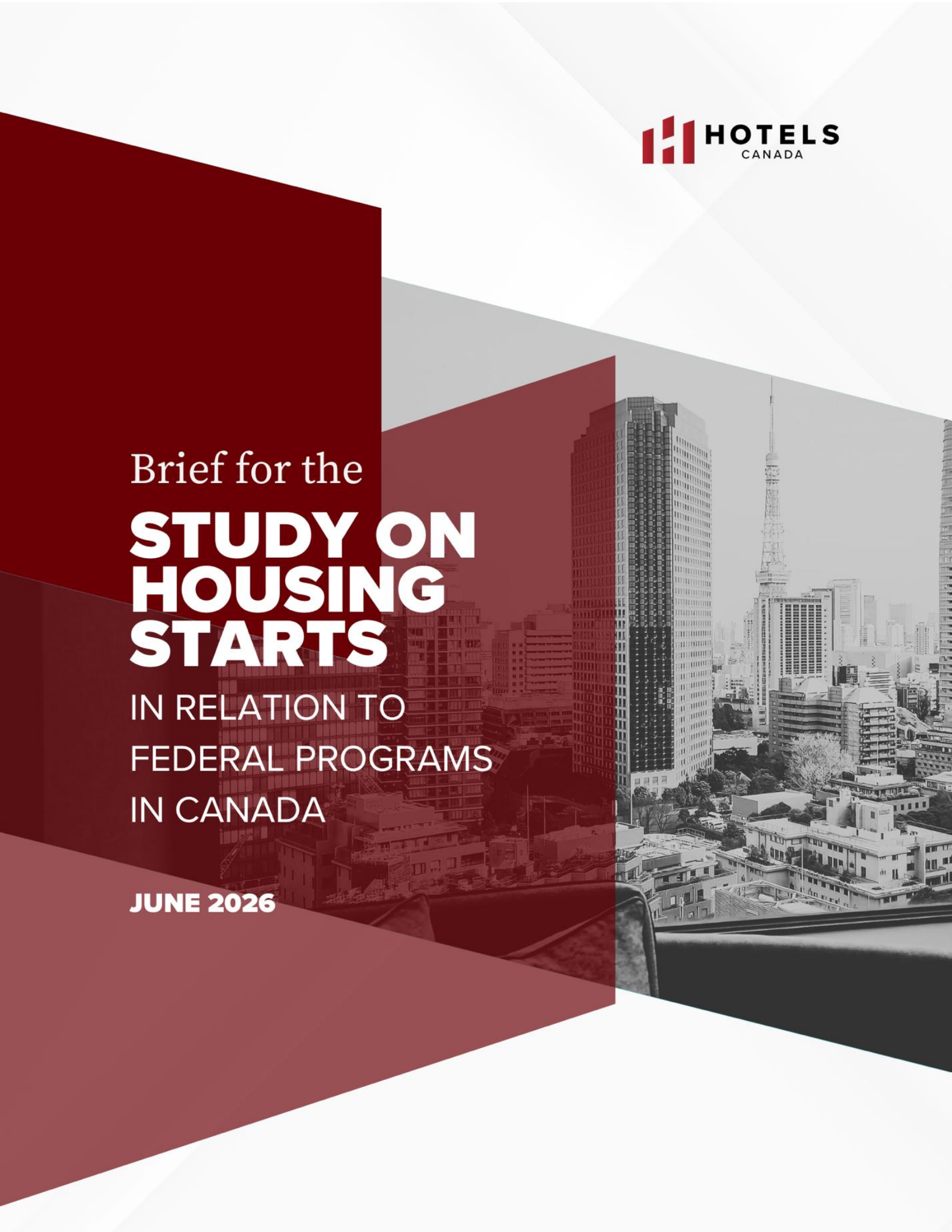


Brief for the

STUDY ON HOUSING STARTS

IN RELATION TO
FEDERAL PROGRAMS
IN CANADA

JUNE 2026



INTRODUCTION

Hotels Canada is proud to submit this brief to the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) for its study on Housing Starts in Relation to Federal Programs in Canada. Hotels Canada is the leading voice of the hotel and lodging sector, representing over 8,300 hotels, motels, and resorts across the country.

This brief seeks to highlight how CMHC programs can be better adapted to support the construction of mixed-use hotel/rental projects and staff housing, potentially adding thousands of units to the market.¹

LEVERAGING PRIVATE PARTNERSHIPS – MIXED-USE HOTEL/RESIDENTIAL PROJECTS

In alignment with the government’s mandate to “unleash the power of public-private cooperation,”² hotel investors—who are experienced developers—can play a meaningful role in addressing Canada’s housing shortage through mixed-use hotel/rental developments. Hotel developers are highly experienced real estate developers with demonstrated capacity to deliver large-scale, capital-intensive developments. As an industry that represents \$74 billion in capital assets across Canada, leveraging this investment potential and development expertise presents a significant opportunity to accelerate housing delivery.

Mixed-use projects (hotel/rental residential) are attractive to investors, offering diversified revenue streams and reduced project risk. Member consultations demonstrate strong interest in investing in mixed-use projects; however, existing policy and financing tools are not structured to support these models. With the proper tools, the sector can play a meaningful role in accelerating the delivery of new housing, including affordable units.

Barriers

CMHC programs currently limit mixed-use developments to 30% commercial space. The cap may unintentionally exclude projects that deliver substantial

¹ Hotels Canada projections for mixed-use hotel development

² Government of Canada. (2025, May 21). Mandate letter. <https://www.pm.gc.ca/en/mandate-letters/2025/05/21/mandate-letter>

housing, as hotel/rental developments often have a 50/50 or 60/40 split. As a result, developers often proceed with hotel-only projects rather than mixed-use developments, as the residential component becomes unviable without access to CMHC mortgage insurance. Under current conditions, mixed-use hotel/rental projects represent a fraction of overall hotel supply growth, resulting in a limited impact on housing supply.

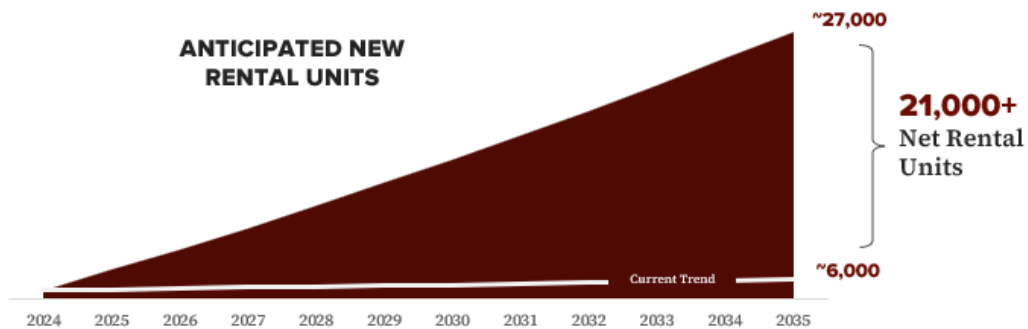
Opportunity

The federal government has an opportunity to expand housing supply by better aligning its CMHC’s program eligibility with the realities of mixed-use hotel/rental projects.

Enabling hotel/rental mixed-use development would help deliver market rental housing at scale. Owner consultations demonstrated that access to CMHC mortgage insurance for mixed-use projects with up to 50% hotel capacity would enable projects to be green lit.

Hotels Canada modelled the impact of the proposed policy change using a 10-year projection based on current hotel room supply, comparing today’s growth trends with a higher growth scenario where access to CMHC mortgage insurance increases total hotel development and the share of mixed-use projects.

Figure 1: Unlocking Rental Housing Growth Through CMHC Mortgage Insurance³



³ Methodology: Projections model a 10-year outlook based on Canada’s 2024 hotel room supply. A baseline assumes hotel supply continues to grow at the current rate of 1.3 percent annually, with mixed-use hotel/residential projects accounting for approximately 2% of new supply. A higher-growth scenario assumes that access to CMHC mortgage insurance increases overall hotel supply growth to 3% annually, with mixed-use developments accounting for 20% of new hotel supply. Rental unit growth is modelled as a proportion of overall hotel supply growth, resulting in a more conservative estimate. Mixed-use projects are assumed to be 60% rental units and 40% hotel rooms. Current Trend line (solid white line): 1.3% annual hotel supply growth, 2% mixed-use Growth scenario, 20% mixed-use (solid red area): 3% annual hotel supply growth, 20% mixed-use

Over 10 years, this policy could create:

- 21,000 new rental units
- 14,000 additional hotel rooms
- \$566 million in government revenue
- 9,400 new hotel jobs

Overall, this policy could advance Canada's housing commitments by leveraging private investment without direct government spending.

Recommendation

- Provide full access to Canada Mortgage and Housing Corporation mortgage insurance for mixed-use hotel/rental projects with 50%+ residential capacity and proportional access for projects with less than 50% rental capacity.

STAFF HOUSING

Staff housing is largely ineligible for CMHC programs, despite providing low-cost housing that reduces pressure on local housing supply. This is a significant gap in regions where housing affordability is a binding constraint on labour supply, such as resort communities, where 64% hoteliers identify lack of affordable housing as a key recruitment barrier.⁴ Eligibility for CMHC staff housing programs is limited by requirements that units must be self-contained (excluding dorm-style housing), intended for long-term occupancy of at least one year (excluding seasonal accommodation), structured as standalone rental assets rather than integrated into hotel properties, and not linked to employment. At the same time, expanding staff housing in high-need regions is increasingly constrained by high interest rates, development fees, construction costs, and inflation, reinforcing the need for programs to better accommodate this housing model.

Expanding access to financing and insurance tools for dedicated staff housing would help address these constraints by enabling supply in the communities where it is most needed, improving recruitment outcomes.

⁴ Hotels Canada 2025 Fall Workforce Survey

Recommendation

- Provide access to Canada Mortgage and Housing Corporation mortgage insurance and preferential lending rates for staff housing

Hotels Canada would be pleased to provide the committee case studies demonstrating the impact of current CMHC eligibility criteria on mixed-use hotel/rental developments.

ABOUT HOTELS CANADA

Hotels Canada is a national association dedicated to identifying and understanding the most critical challenges faced by our industry. We bring together hospitality leaders and key stakeholders to collaboratively problem-solve and mobilize for action.

We translate complex industry data into actionable insights. Through strategic advocacy efforts, we advocate for legislative solutions that create policy impact, while elevating our membership base through innovative and sustainable programming to ensure our industry's continued growth and success.