

CivicAction Submission to the 2026 Pre-Budget Consultations

CivicAction is a non-partisan civic organization that brings together leaders from across sectors to address the challenges facing the Greater Toronto and Hamilton Area (GTHA). Over the past two years, one of our central areas of work has been housing affordability, with a particular focus on the workers who keep our critical region running.

Our message for Budget 2026 is simple: Canada's housing response needs to better serve moderate- and middle-income workers who increasingly cannot afford to live where they work, especially in expensive metropolitan regions such as the GTHA. These are healthcare workers, teachers, early childhood educators, skilled tradespeople, transit workers, social-service workers, hospitality workers, and others who make our communities livable. They are essential to our regional and national economy.

CivicAction defines workforce housing as rental or ownership housing attainable to households earning approximately 60 to 120 per cent of local Area Median Income (AMI). In the GTHA, that is roughly \$40,000 to \$125,000 in annual household income. These households are caught between systems: they earn too much to qualify for many traditional affordable housing programs but too little to afford suitable market housing.

Our research estimates that housing unaffordability costs the GTHA economy between \$5.88 billion and \$7.98 billion each year through lost productivity and pressure on services. More than 500,000 people have left the region over the past decade for more affordable communities.

There is also a significant gap between the housing that is planned and housing that gets built. Our Workforce Housing Affordability Playbook identified more than 1.2 million approved housing units across the GTHA, while fewer than 100,000 were proceeding to construction. Approvals matter, but they are not enough. Financing, land, infrastructure, risk, employer participation, and coordination all affect whether a project moves from approval to occupancy.

Since CivicAction released its Playbook, governments have taken important steps. Build Canada Homes now has authority to provide loans, guarantees, equity, and other forms of financial assistance and to participate in partnerships and investment vehicles. CMHC already provides significant rental-construction financing and mortgage-insurance tools. Ontario's Building Ontario Fund is also using public capital to attract investment into housing, including housing intended for the GTA workforce.

The next step should be to make sure the tools Canada has created address the gap that remains: workforce housing in high-cost, high-impact employment regions. CivicAction recommends three actions for Budget 2026.

1. Give workforce housing a clear place in Canada's housing continuum.

The Government of Canada should formally recognize workforce housing within federal housing policy and investment programs. Build Canada Homes already uses income and affordability measures. CivicAction is not proposing another national definition of affordable housing. The gap to close is specific: there is no clear federal category for the moderate- and middle-income households often priced out of market housing but are generally not the intended recipients of deeply affordable housing programs.

We recommend building on existing federal affordability measures by identifying workforce housing as a distinct part of the housing continuum, focused primarily on households earning approximately 60 to 120 per cent of local AMI.

Income should be the starting point, rather than a fixed list of occupations. Local governments and project partners could then use workforce pressures, occupation, and local labour market needs to guide delivery.

Federal reporting should also measure more than the number of units created. For workforce housing investments, Canada should track who the housing is affordable to, how long affordability is maintained, proximity and access to jobs and transit, whether projects reach construction and occupancy, non-government capital leveraged, and, where appropriate, whether housing is helping major employers recruit and retain workers.

This would complement and not replace continued investment in deeply affordable, supportive, Indigenous-led, and community housing.

2. Use the financial tools Canada has already created to close the workforce housing gap.

Rather than establish another stand-alone financing program, the Government of Canada should use authorities already available through Build Canada Homes and CMHC to create a workforce-housing financing pathway. Build Canada Homes has the ability to make loans, provide guarantees, take equity positions, and participate in partnerships and investment vehicles.

The question is whether the tools we have will reach projects serving workers whose incomes fall between traditional affordable housing and market housing. A workforce housing pathway could allow Build Canada Homes to use its tools where projects can demonstrate:

- measurable affordability for moderate- and middle-income households;
- strong access to employment and transit;
- long-term affordability;
- credible public, private, non-profit, or employer partnerships; and
- a clear path to construction.

This should focus particularly on projects where existing CMHC products alone do not resolve the financing or risk gap. The objective is not for government to replace private or institutional capital but to use federal tools strategically to bring more capital into projects that would otherwise struggle to proceed.

3. Demonstrate how workforce-housing partnerships can work at scale.

Canada should use Build Canada Homes to work with Ontario, municipalities, employers, housing providers, and existing investment vehicles on a GTHA workforce-housing demonstration portfolio, grounded in strong partnerships. This aligns with what Canadians believe need to happen: recent Abacus Data polling commissioned by CivicAction finds that three-quarters of Canadians support government action to encourage effective workforce housing partnerships.

We do not recommend creating another investment fund where public investment vehicles already exist; federal participation should connect and build on what is already in place. A GTHA demonstration could test how several pieces work together across multiple projects:

- Federal and provincial capital
- Employer participation
- Municipal land and approvals
- Private and institutional investment
- Non-profit or community housing expertise
- Long-term affordability
- Access to jobs and transit

A portfolio approach would also make it possible to test different housing models and learn what can be replicated elsewhere in Canada.

One area deserves particular attention: the role of employers as demand anchors. Major employers often know where housing pressures affect recruitment, retention, and service delivery. Hospitals, educational institutions, public agencies, and other employers may be able to contribute demand data, land, worker referrals, occupancy commitments, or other resources. CivicAction recommends that Build Canada Homes and CMHC test how credible employer and union participation can strengthen workforce housing projects while maintaining fair access, tenant protections, and long-term affordability. This is an area where the federal government can help turn cross-sector collaboration into a practical delivery model.

Housing policy is workforce policy.

The case for workforce housing becomes even stronger when viewed alongside Canada's labour force challenges. Canada can invest in skills, apprenticeships, post-secondary education, and early-career employment, but those investments will have less impact if workers cannot afford to live in the regions where the opportunities are. This is especially important for young people.

CivicAction's work on youth futures looks at the challenge as more than simply finding a first job. Young people need a credible first opportunity, professional networks, a pathway to advancement, and the ability to build a stable life in the

region. High housing and transportation costs can undermine that pathway even when a young person succeeds in finding employment.

Regional retention depends on young people being able to find meaningful work, afford a stable life, access opportunity across the region, and see a future for themselves in the communities where they live.

The same problem affects established workers. A hospital cannot solve a regional housing shortage through recruitment incentives alone. A school board cannot retain workers indefinitely if suitable housing requires an unsustainable commute. And the construction sector cannot increase housing supply if the people needed to build it are themselves being priced out. Housing, employment, transportation, and infrastructure need to be considered together.

Delivery must also build public confidence.

Canada is making major investments in housing, infrastructure, and construction innovation. Residents need to be able to see whether those investments are providing results. That means reporting more than dollars announced or units approved. CivicAction's housing work recommends tracking four areas together: production, affordability, partnership effectiveness, and systemic impact.

For workforce housing, governments and partners should be transparent about what was promised, which organizations are responsible, how public dollars are being used, and whether projects ultimately deliver homes that the intended households can afford.

This is also part of strengthening civic trust. Trust is not built through engagement or communications alone. It grows when institutions make responsibilities clear, involve people meaningfully, explain decisions and demonstrate that commitments lead to results. Major housing investments offer an opportunity to put that principle into practice.

From new tools to delivery.

Canada needs housing across the entire continuum. The need for deeply affordable, supportive, Indigenous and community housing remains urgent. At the same time, a

growing number of working households are falling into a gap that existing systems were not designed to address.

The federal government has now created powerful new housing financing and investment tools. The priority for Budget 2026 should be to make those tools work together and ensure they reach the people and projects that remain underserved. CivicAction recommends that the Government of Canada:

1. Recognize workforce housing as a distinct part of the housing continuum, building on existing federal affordability measures and tracking outcomes related to income, employment access, and long-term affordability.
2. Establish a workforce-housing pathway within Build Canada Homes and existing CMHC programs, using the financial tools government has already created rather than establishing another stand-alone financing program.
3. Launch a GTHA workforce-housing demonstration portfolio with Ontario and cross-sector partners, testing how public investment, private and institutional capital, employer participation, and housing expertise can move viable projects into delivery.

The people Canada depends on should be able to afford to live in the communities they build, serve, and sustain, no matter if they choose ownership or rental options, and no matter if the housing has been delivered using modern or traditional methods. Getting there is not only a housing priority. It is a workforce, productivity, infrastructure, and regional competitiveness priority.

Sources

CivicAction, [Partnerships to House Our Workers: A Workforce Housing Action Brief](#), August 2026.

CivicAction, [Workforce Housing Affordability Playbook for Action](#), March 2026.