

Advice No. 270 | February 12, 2026
Important Information for Approved Lenders

Clarifications Regarding Multi-Unit Mortgage Loan Insurance Select Affordability Commitments

La version française suit.

Purpose

To provide Approved Lenders with operational clarifications and guidance relating to the ongoing administration of loans approved under CMHC's multi-unit mortgage loan insurance (MU MLI) Select affordability criteria.

Background

In accordance with the Handbook for CMHC Approved Lenders: Part 2 Insurance Initiation which sets out the specific policies applicable to MLI Select, CMHC expects Approved Lenders to provide sound oversight and monitoring of social outcome commitments. The following guidance is being provided to assist Approved Lenders in conducting their responsibilities regarding compliance with loan level affordability criteria and to promote consistency across Approved Lender due diligence practices. This will help ensure that borrower commitments are upheld throughout the entire duration of the affordability period in alignment with the MLI Select product objectives and CMHC's expectations.

Clarifications

Base affordable rents

The base affordable rents are initially established at the time of underwriting using the designated affordable units included in the rent roll submitted to CMHC, which must satisfy the product parameters (i.e. the applicable % of units). For each approved application, a schedule included in the Certificate of Insurance contains the affordable housing rent roll that identifies the designated affordable units along with the base affordable rents.

For the entire duration of the affordability period, the base affordable rents for the designated affordable units must not increase by an amount greater than the annual increase permitted under applicable legislation/regulations or, in the absence of such legislation/regulations, the rent increases are limited to the applicable consumer price index (CPI).

Annual rent increases subject to applicable legislation/regulations

The use of applicable legislation/regulations in determining annual rent increases for the designated affordable units depends on the province or territory in which the subject property is located and on whether such legislation/regulations governing rent control apply to the designated affordable units.

To request an alternate format, please contact us at:

1-800-668-2642 700 Montreal Road,
contactcentre@cmhc.ca Ottawa, Ontario K1A 0P7

CMHC.ca

Canada



Each province and territory have its own framework governing rent increases; therefore, it is the responsibility of the Approved Lender to determine whether there are any legislation/regulations that limit the annual increase applicable to the designated affordable units. For further insights and information regarding rent control adoption across Canada, refer to CMHC's [website](#).

Any binding rulings, directives, or decisions rendered by the applicable provincial or territorial rent regulation authority specific to the designated affordable units are also considered legislation/regulations for the purposes of the MLI Select affordability criteria. This can include, for example, decisions issued in the province of Québec from the Tribunal administratif du logement (TAL). Any rent increases applied to the designated affordable units derived from a rent regulation authority must be supported by a documented decision rendered following a hearing; without such decision, rent increases are subject to the applicable CPI.

In all cases, it is the responsibility of the Approved Lender to ensure that annual rent increases applied to the designated affordable units comply with the requirements of the authority having jurisdiction.

Annual rent increases subject to applicable CPI

An absence of the above noted legislation/regulations applicable to the designated affordable units requires that the annual rent increase be limited to the applicable CPI. In alignment with the affordability objectives of the MLI Select product and to improve overall consistency in the use of the CPI, future years' annual rent increases should be applied and verified against the lowest applicable CPI percentage published by Statistics Canada across the prior years' 12-month period (CPI, Shelter, by Province or Territory - Rented Accommodation).

To facilitate this, CMHC will publish the lowest applicable CPI percentages for each province and territory on its website. (This information will be made available as of February 13, 2026). CMHC is asking Approved Lenders to share this information with their borrower clients and use the information in rent increase notifications and in the verification of annual rent increases for the remainder of 2026. Recognizing that Approved Lenders may have already provided their borrower clients with an applicable CPI for 2026 rent increases, the use of the lowest CPI will become mandatory beginning in 2027. CMHC will update its website annually to reflect the permitted CPI percentages for properties subject to the permitted CPI.

Annual rent increases following tenant turnover or renovations

If a designated affordable unit's rent has already been increased for a given year and is in compliance with the affordability commitment, the borrower is not permitted to apply an additional increase due to tenant turnover. If the annual increase has not yet been applied for the year, the borrower may adjust the rent, but only within the limits set by the relevant legislation/regulations or the applicable CPI.

If a designated affordable unit has undergone renovations, the annual rent increase must still comply with the relevant legislation/regulations or the applicable CPI. Renovation costs do not justify rent increases beyond applicable limits.

Designated affordable unit switch criteria

At any time during the affordability period, the designated affordable units identified at insurance initiation may be switched with previously non-designated units within the subject property. A designated affordable unit identified at initiation can only be switched once with a non-designated unit, therefore, once an affordable unit has been switched during a given year, the new designated affordable unit cannot be switched again in a subsequent year.

Additionally, for a unit switch to occur, the following conditions must be met: the new affordable unit is of a similar type (i.e. same number of bedrooms) as the existing affordable unit; the total rent per square foot for the new affordable unit must not be greater than the total rent per square foot of comparable market units (i.e., unit type, square footage) within the subject property; the rent of the new affordable unit must not surpass the maximum rent allowable for the existing affordable unit, based on the base affordable rents and any permitted annual rent increases; and, notice must be provided in writing via an annual certificate of compliance (“annual attestation”). Refer to CMHC’s [website](#) for the most recent version of the annual attestation.

Unit switches should never be used as a reactive measure by borrowers to restore affordability after non-compliant rent increases have occurred. Instead, borrowers are expected to proactively manage their designated affordable units and initiate unit switches only as needed. It is the Approved Lender’s responsibility to ensure that any designated affordable unit switch complies with CMHC’s policies.

Annual Requirements

Throughout the affordability period, the borrower must provide to the Approved Lender, on an annual basis, the annual attestation, supported by a copy of the rent roll in a form acceptable to CMHC (which includes rent effective dates, unit numbers, unit type, square footage, details of any furnished units, and any items included in the rent such as utilities, cable, phone, parking, and amenities).

The Approved Lender’s responsibilities in conducting the annual review include obtaining the annual attestation, reviewing rent increases against the rent roll, including any identified unit switches, and documenting the affordability analysis within the Approved Lender’s loan file. In reviewing the rent roll, the Approved Lender is required to ensure that any components originally included in the rent at the time of approval remain included in the base rent without any additional charges.

The initial review must be completed within 12 months of the start of the affordability period, which begins on the date of first occupancy for new construction or major renovation, and on the Interest Adjustment Date for existing buildings. Approved Lenders may choose to conduct the initial review earlier, for example, four months after funding to account for the borrower’s year-end rather than the funding anniversary. All subsequent reviews must occur at 12-month intervals following the initial review. While the specific timing of the review each year is at the discretion of the Approved Lender, it should be consistent year over year; to ensure comparability, the rent roll provided by the borrower should also reflect the same time period each year.

For the entire duration of the affordability period, the annual affordability reviews are mandatory and cannot be omitted.

Non-compliance

Approved Lenders are expected to work collaboratively with their borrower clients to restore affordability commitments when issues arise. If the Approved Lender identifies non-compliance with the affordability commitments, they must immediately contact the borrower to initiate corrective action(s). If the borrower is unresponsive or fails to restore affordability in a timely manner, the Approved Lender must report the non-compliant file to CMHC.

CMHC is in the process of improving its non-compliance reporting tools and technical default resolution processes and will provide further updates on these items later in 2026. CMHC maintains a zero-tolerance policy for non-compliance with MLI Select affordability requirements; depending on the circumstances surrounding a situation of non-compliance, CMHC is also prepared to restrict borrower access to CMHC programs on a go-forward basis.

Implementation and Effective Date

Unless otherwise indicated, the clarifications and guidance provided are expected to be integrated as appropriate within Approved Lender due diligence practices with immediate effect and applied to the upcoming annual reviews of previously approved MLI Select applications with affordability commitments as well as reviews of any respective future applications. There are no required updates to the Handbook at this time.

Inquiries

Please contact your CMHC Key Account Manager.