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NEWS RELEASE

Ontario Helping to Build More Rental Housing

Province removing the full provincial portion of HST on qualifying new purpose-built rental housing

November 01, 2023
[Ministry of Finance](#)

TORONTO — The Ontario government is taking steps to remove the full eight per cent provincial portion of the Harmonized Sales Tax (HST) on qualifying new purpose-built rental housing in order to get more rental homes built across the province.

“There has never been a greater need to get rental housing built across the province. This is why our government is taking steps to tackle the housing crisis so that all Ontarians can have an affordable place to live,” said Peter Bethlenfalvy, Minister of Finance. “Tomorrow, I will provide an update on our plan that will continue with our government’s targeted, responsible approach so we have the flexibility needed to build Ontario and address the uncertainty of today while laying a strong fiscal foundation for future generations.”

The removal of the provincial portion of the HST would apply to new purpose-built rental housing such as apartment buildings, student housing and senior residences built specifically for long-term rental accommodation, that meet the criteria. The enhanced rebate would apply to qualifying projects that begin construction between September 14, 2023 and December 31, 2030, and complete construction by December 31, 2035.

Since fall 2022, Ontario has called on the federal government to remove the HST for certain purpose-built rental housing. Ontario welcomes the federal



government's decision to listen to Ontario. Together, the provincial and federal actions would remove the full 13 per cent HST on qualifying new purpose-built rental housing in Ontario, helping to get more housing built. Ontario will continue working closely with the federal government to implement this new measure.

“Our government will continue to take action and work together with our partners at all levels of government to help increase the supply of affordable homes across this province,” said Paul Calandra, Minister of Municipal Affairs and Housing. “This is a significant step that builds on the comprehensive measures in our government’s Housing Supply Action Plans to get shovels in the ground faster and help more Ontarians find a home that meets their needs and budget.”

As part of its ongoing work to build at least 1.5 million homes by 2031, the government is also working on the development of a comprehensive modular home strategy. This strategy includes exploring the use of a Request for Qualification process that will transparently identify and pre-qualify companies that contribute to modular housing construction on the scale Ontario needs. The government is also working to leverage surplus provincial lands and partnering with municipalities to leverage surplus municipal lands in order to help reduce the cost of building attainable homes, including modular homes.

Quick Facts

- Currently, the Ontario HST New Residential Rental Property Rebate is equal to 75 per cent of the provincial portion of the HST paid, up to a maximum rebate of \$24,000. The enhanced rebate would be equal to 100 per cent of the provincial portion of the HST, with no maximum rebate amount.
- In the example of a two-bedroom rental unit valued at \$500,000, the enhanced Ontario HST New Residential Rental Property Rebate would deliver \$40,000 in provincial tax relief. When combined with the enhanced federal GST New Residential Rental Property Rebate, this would amount to \$65,000 in tax relief.
- To qualify for the enhanced HST New Residential Rental Property Rebate, new residential units must be in buildings with at least four private apartment units or 10 private rooms or suites, and have at least 90 per cent of residential units designated for long-term rental.



- Eliminating or reducing tax disincentives to housing growth is a recommendation in the [Housing Affordability Task Force report](#).

Quotes

"In a province as prosperous and dynamic as Ontario, owning a home should not be beyond the reach of hard-working families. Our government is committed to exploring innovative solutions that can fast-track the construction of attainable housing. Innovative options like modular housing will propel Ontario's housing sector into a new era of affordability."

- Rob Flack
Associate Minister of Housing

"Every city and town in the province, including Ottawa, is looking for ways to increase the supply of new homes — especially new rental homes. Today's announcement of removing the provincial portion of the HST on purpose-built rental will make many rental construction projects, which have always been expensive and face tough economic circumstances, viable. That means more opportunity, choice and affordability in homes for residents across the province."

- Jason Burggraaf
Executive Director, Greater Ottawa Home Builders' Association

"Ontario needs more purpose-built rental housing. Too often, high project costs mean that rental projects just don't work financially. Today's announcement will help put more shovels in the ground so we can build more rental homes, faster. Our members are thrilled with this announcement."

- Tony Irwin
President & CEO, Federation of Rental-housing Providers of Ontario,
Interim-President, Canadian Federation of Apartment Associations

"The OHBA, and our 4,000 members across Ontario, applaud the Ontario government for taking this leadership and eliminating the HST on purpose-built rentals. This measure will change the cost equation for a lot of projects and make even more student, seniors and long-term, purpose-built rental projects economically feasible. In short, this will get more desperately needed housing built."



- Dave Depencier
President, Ontario Home Builders' Association

Additional Resources

[Housing supply action plans](#)

[Housing Affordability Task Force report](#)

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