Quebec imposes pro-landlord rent "reform" amid unprecedented housing crisis

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Quebec's Coalition Avenir Québec (CAQ) government has overhauled the legal framework that has governed landlord-tenant relations in Quebec for nearly half a century.

Adopted in the face of widespread popular opposition, the new framework, which came into force on January 1, 2026, radically shifts power in favour of landlords and real estate investors, allowing them to impose bigger rent hikes at the expense of tenants, who are overwhelmingly working-class.

Presented as a means of "simplifying" the calculation of rent hikes in dwellings subject to "rent control," the CAQ's "reform" will inevitably aggravate an unprecedented housing crisis—one that Premier François Legault and his CAQ government have systematically sought to blame on immigrants.

Under the previous system, established with the creation of the *Régie du logement* (now the Tribunal administratif du logement, or TAL) in 1979, rent increases were determined by a basket of more than a dozen economic indicators. Each year, the *Régie* issued a recommended percentage increase based on actual cost changes experienced by landlords. While not legally binding, this guideline served as a reference point in negotiations and disputes. Landlords seeking above-guideline increases had to provide detailed financial justification, which tenants could challenge before a *Régie*-administered tribunal.

The new method, which has been imposed via regulatory changes, abandons this framework. Henceforth, the base rent increase will be tied to the three-year moving average of Quebec's Consumer Price Index (CPI), as well as variations in taxes and insurance costs. This decouples rent from landlords' actual expenses, meaning that property owners whose costs rise more slowly than inflation can still apply the full CPI increase. Conversely, landlords with higher costs can request additional amounts *on top of* the CPI adjustment.

Perhaps even more significantly, the regulation introduces a fixed 5% threshold for capital expenditure recovery. Previously, major renovation costs were amortized over 40 years or more, limiting the annual impact on tenants. Now, landlords can recover these costs in as little as 20 years, passing a far larger burden onto renters each year. This offers further incentive to landlords to undertake expensive renovations so as to justify massive rent increases and force out lower income tenants—a practice known as "renoviction."

The CAQ's "reform" also makes it practically impossible for tenants to challenge a rent hike, as they'll no longer have access to the detailed breakdown of landlords' expenses that was required under the previous regulatory regime. While landlords must deduct any government subsidies they receive for renovations, the calculation is otherwise opaque, preventing tenants from verifying whether an increase is justified under TAL's guidelines or mounting an effective challenge.

Nearly 15,000 Quebecers signed a petition opposing the government's pro-landlord changes, with tenant advocacy groups warning they will lead to historically high rent increases and deepen the housing affordability crisis. However, this gives only a pale indication of the undoubtedly mass opposition to the status quo which goes unreported, under conditions where broad sections of the working population are facing a housing crisis without precedent.

This crisis was prepared by the systematic withdrawal of government funding for social housing—at the federal, provincial and municipal levels—over the past four decades, the correlated rise of rents, and the emergence of real estate as a lucrative and massive area of speculative investment.

In Quebec, the average price of a home skyrocketed from $48,715 in 1980 to $424,844 in 2021—an increase of over 770 percent.

In January 2025, Quebec's TAL recommended a 5.9 percent increase for unheated dwellings—the highest guideline in 30 years. Actual increases often exceed this, especially after renovations. Homelessness has exploded, with visible encampments appearing in cities across the province and shelters reporting record demand.

In the postwar period, federal and provincial governments played a leading role in constructing non-market housing. This came to a halt in 1993, when the last federal budget tabled by Mulroney's Progressive Conservative government ended all new federal funding for social housing construction, a policy maintained and deepened by the incoming Liberal Chrétien government, which froze funding and reduced social transfers to the provinces. Most provinces, including Quebec and Ontario, followed suit, downloading responsibility to cash-strapped municipalities.

As a result, Canada's social housing stock currently around—600,000 to 700,000 units—has barely grown in 30 years, even as the population has increased by millions, without any corresponding housing plan.

In many Quebec municipalities, vacancy rates have plummeted to near-zero: Granby and Marieville reported 0.1 percent vacancy rates in 2022, while Rimouski, Drummondville, Rouyn-Noranda, and Saint-Georges all had rates below 0.3 percent.

Montreal's vacancy rate in 2025 stood at 2.9 percent, however this is misleading. The statistic published by the Canada Mortgage and Housing Corporation (CMHC) masks a glut of luxury towers built for investors sitting partially empty, while working-class tenants face an acute shortage and escalating costs. As the (RCLALQ) and other tenant advocacy groups have pointed out, a closer examination reveals a 5.9 percent vacancy rate for luxury apartments, alongside a mere 1.5 percent vacancy rate for affordable units.

The situation is similar across Canada. The CMHC estimates that the country needs an additional 3.5 million housing units by 2030 to restore affordability. Yet housing starts have stagnated, and prices remain at historic highs relative to incomes. Toronto and Vancouver have become among the least affordable cities in the world, while Montreal stands in line to join them.

Quebec Housing Minister Caroline Proulx has defended the new regulatory framework as a “modernization” that would simplify the process of determining “fair” rent increases and reduce disputes. In reality, this reform and others like them reflect the interests of real estate investors across Canada, which have become a key constituency of the finance oligarchy. Similar regressive reforms are underway in Ontario, where Premier Doug Ford's Conservative government passed Bill 60 in November 2025. Like Quebec’s new reform, Bill 60 represents a systematic dismantling of tenant protections in Canada's most populous province.

While they represent a signficant escalation, these “reforms” are merely the latest in a series of attacks on the right to housing that have accelerated since the 1990s and more recently the pandemic. In 2023, the CAQ passed Bill 31, which gutted tenants’ rights by allowing landlords to refuse lease assignments without justification and by simplifying the process for evicting tenants for renovations or repossession. These measures empowered landlords to drive out long-term tenants and jack up rents during the COVID-19 pandemic, enabling them to exploit the housing shortage for greater financial gain. At the same time, the government has offered tax incentives and fast-tracked permits for developers.

A ruthless defender of Quebec’s big business and financial elite, the CAQ has systematically implemented policies designed to deepen exploitation and austerity. The agenda on the order of the day is an all-out assault on the social position of the working class. The CAQ has already cut approximately $1 billion from public health care and over $500 million from education. These austerity measures, combined with decades of underfunding, have left hospitals and schools in crisis. Meanwhile, the government has handed out billions in tax cuts to large corporations.

For these policies to be implemented unopposed, it is vital for the ruling class to keep workers divided on the basis of language, ethnicity, and nationality. At the same time as the CAQ’s Housing ministry implements policies which further aggravate the housing crisis, its immigration and culture ministries scapegoat immigrants and minorities for this crisis. The far-right Parti Québécois (PQ) and CAQ are experts at the promotion of ethnic chauvinism and xenophobia. However, all parties promote their own brand of nationalism or identity politics. This includes such nominally “left” parties like Québec solidaire (QS) who have repeatedly adapted and lent credence to the far right’s promotion of anti-immigrant measures as a way to address the housing crisis.

These policies must be understood in the context of the sharp rightward movement of the entire Canadian ruling class, which is echoing the fascistic turn of the Trump administration in the United States.

The federal Liberal government—first under Justin Trudeau and now under former central banker Mark Carney—has slashed immigration targets, cut refugee rights, and announced a 15 percent reduction in discretionary spending alongside a massive 17percent increase in military expenditures. These moves come as Trump has threatened to annex Canada and launched a brutal tariff war, which the Canadian establishment uses as an opportunity to intensify austerity and militarism.

The rapid rise in the cost of housing is a major factor in the global crisis of capitalism. This is not just because dwelling represents the biggest portion of the working class’ living expenses, but also because land and buildings have become speculative commodities to a historically unprecedented degree, reflecting the movement of capital away from production toward rent and interest bearing assets.

For decades, and accelerating after the 2008 financial crash, central banks pumped trillions of dollars of cheap credit into the financial system. This ocean of liquidity fueled a speculative mania in real estate, transforming homes into financial assets for hedge funds, REITs (Real Estate Investment Trusts), and wealthy investors. In Canada, federal and provincial governments of all stripes facilitated this process. They deregulated the mortgage market, offered tax incentives to speculators, and gutted social housing programs.

This is a worldwide phenomenon rooted in the international movements of capital, and resting on an international division of labor which produces the materials and machines necessary to build and maintain housing. Globally, housing crises are endemic in virtually every advanced capitalist country. From Sydney to London to New York, house prices have soared relative to wages, driven by the same fundamental process: the financialization of housing, in which homes are treated as financial assets rather than basic necessities.

If the working class is to defend its right to housing, it has to take as its non-negotiable starting points that the crisis cannot be resolved on a local or national basis, and that housing is a social need which, like all social needs, should not be subordinated to capitalist profit and speculation.