INVESTOR GUIDE · 2026 EDITION

Multiplex Investor Guide

Bill 23, lot qualification, the rental math framework, and hiring the right builder

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CONTENTS

In This Guide

The Wexford triplex. A Metrohomes multiplex build currently underway in Scarborough.

I

The reform

What a multiplex actually is, and the legislation that turned multiplex development from a discretionary slog into a predictable build.

What a multiplex actually is

A multiplex is a single residential building containing two, three, or four self-contained dwelling units, each with its own kitchen, bathroom, and entrance. Duplexes have two units, triplexes have three, fourplexes have four. Beyond four units the building crosses into low-rise apartment territory and falls under different regulations entirely.

Multiplexes are not the same as a principal home with a basement apartment. A home with a basement suite is still legally a single-family dwelling with one secondary unit. A multiplex is a purpose-built multi-unit residential building: different zoning category, different permit path, different financing, different insurance, and in most cases a significantly different return profile.

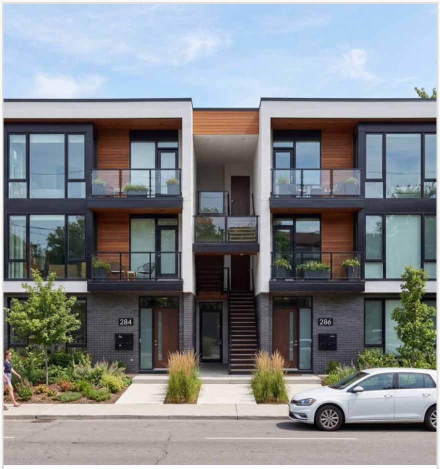
"A multiplex is a different zoning category, different permit path, different financing, and a different return profile from a home with a basement suite."

Duplex

2 UNITS

Triplex

3 UNITS



Fourplex

4 UNITS

Concept renderings. Every Metrohomes multiplex is custom-designed for its lot.

Bill 23 and EHON: what changed

Ontario's Bill 23 (the More Homes Built Faster Act) received Royal Assent in November 2022 and is the legislative backbone of the current multiplex opportunity. Its key provision for investors: as-of-right zoning for up to four residential units on most residential lots across Ontario. In May 2023, the City of Toronto followed with Expanding Housing Options in Neighbourhoods (EHON), which implemented Bill 23 locally and permitted multiplexes city-wide.

The phrase that matters here is "as-of-right." It means you do not need a rezoning application, minor variance, or public Committee of Adjustment hearing to build a multiplex. If your lot meets the setback, coverage, parking, and height rules in your zoning designation, you apply for a building permit and proceed. This removes the single largest source of risk and delay in traditional multi-unit development: the discretionary approval process, which could previously add 12 to 24 months and tens of thousands in planning fees to a project.

For investors, this changes the math fundamentally. Multiplex conversions that were uneconomical under the old discretionary regime, because the approval timeline killed the return, are now viable as predictable 18-to-24-month construction projects.

4	2022	2023
UNITS ALLOWED AS-OF-RIGHT ON MOST LOTS	BILL 23 ROYAL ASSENT	EHON ADOPTED CITY-WIDE

II

Does the deal work?

Lot qualification, then the math. Not every residential lot is a multiplex candidate, and not every multiplex pencils out.

Which lots actually qualify

Not every residential lot in Toronto is a good multiplex candidate. Three factors determine whether a given property is practical: lot dimensions, zoning designation, and the height/coverage overlay that applies to your specific parcel.

Lot dimensions matter because a fourplex needs enough frontage and depth to accommodate the building footprint, required setbacks, and any on-site parking the bylaw requires. Narrow downtown lots that work for a duplex may not work for a triplex or fourplex. Wider suburban lots often have more flexibility. The minimum lot size varies by zoning designation and ward.

Zoning designation matters because some residential zones (RD, RS, RT, RM) have different default allowances under the bylaw. Height overlays matter because even if your zoning permits multiplexes, a height overlay on your specific parcel may restrict you to two storeys instead of three.

Check your lot in sixty seconds

Run your address through our Property Assessment. It queries the City's ArcGIS data live and returns your zoning designation, height overlay, and recent multiplex permit activity on your street.

metrohomesdesignbuild.ca/assessment

Concept rendering. A duplex configuration on a typical Toronto lot.

The rental math framework

We do not publish specific numbers here because every lot, every build, and every rental market sub-segment is different. Any specific figure would mislead more than it clarifies. What we can share is the framework serious investors use to evaluate whether a given multiplex project makes sense.

$$\text{Net Operating Income} = \text{Gross Rent} - \text{Operating Expenses}$$

$$\text{Cap Rate} = \text{NOI} \div \text{Total Project Cost}$$

The core question is capitalization rate: net operating income divided by total project cost. Net operating income is your annual gross rental income minus operating expenses (property management, insurance, maintenance reserves, property taxes, vacancy allowance, utilities if you cover them). Total project cost includes the land, the construction budget, soft costs (permits, design, financing fees), and any carrying costs during construction.

The math works when your projected cap rate exceeds your financing cost by enough margin to justify the risk and the illiquidity. The math does not work when construction costs balloon, rental rates in your neighbourhood do not support the projection, or your financing costs consume too much of the income. Good projects have a margin of safety built in at every step; bad projects need every assumption to come true to break even.

Two other ratios matter in parallel: debt service coverage ratio (net operating income divided by annual debt service, which lenders typically want above 1.2), and cash-on-cash return (annual pre-tax cash flow divided by your equity investment). Different lenders and different investment goals weight these differently.

Concept rendering. A fourplex configuration designed for rental performance.

III

Financing & timelines

Multiplex construction financing is a different product from a home mortgage, and eighteen to twenty-four months is the honest timeline.

Financing is different from a home mortgage

A multiplex construction project does not use a standard residential mortgage. You need construction financing during the build, which typically converts to a conventional multi-unit residential mortgage once the building is occupied. Construction lenders underwrite based on the projected value of the completed building ("as-completed" valuation). To underwrite this, the lender wants an architect-stamped design, a fixed-price or guaranteed-maximum-price construction contract, a realistic schedule with milestones, and evidence the builder has completed similar projects.

Once occupied, the building is refinanced onto a multi-unit residential mortgage. The practical takeaway for a first-time multiplex investor: start the financing conversation with a broker or bank that actually does residential construction lending before you commit to a property or a builder. Many traditional retail mortgage brokers do not handle construction lending at all.

Realistic timelines

From signed design contract to occupancy, expect eighteen to twenty-four months for a typical fourplex conversion or new-build multiplex. Shorter projects (duplex conversions of existing homes) can land in fourteen to eighteen months. Design and engineering typically takes three to four months; building permit review runs four to six months under current Toronto queue depth; construction is twelve to sixteen months for a new-build fourplex. Rushing any phase produces quality problems that are expensive to fix retroactively in a building you intend to rent out for decades.

3–4	4–6	12–16	18–24
MONTHS DESIGN + ENGINEERING	MONTHS PERMIT REVIEW	MONTHS CONSTRUCTION	MONTHS TOTAL DESIGN TO OCCUPANCY

IV

Hiring a builder

Seven questions that separate a multiplex builder from a single-family builder treating your fourplex as a bigger house.

Seven questions every investor should ask

These are the questions that separate a builder who understands multiplex work from one who builds single-family homes and is treating your fourplex as just a bigger version:

01 How many multiplexes have you permitted and completed in the last 24 months, and can I speak to two of those investor clients as references?

02 Are you licensed under HCRA, and can you share your license number and any relevant certifications for multi-unit residential construction?

03 Do you provide a single fixed-price or guaranteed-maximum-price contract covering design, permit, and construction, or will I coordinate separate professionals?

04 How do you handle delays caused by City permit review? Do you absorb that risk, pass it to me, or share it contractually?

05 Can you walk me through one recent multiplex project where something went wrong during construction or permitting, and how you resolved it?

06 What's your process for handling change orders, and what percentage of your multiplex projects have come in at or under the original contract price?

07 Who is my dedicated point of contact during the project, how often do they update me, and what reporting will I receive at each phase?

A builder who can answer all seven clearly, with specific examples and references, is a builder who has actually done this work at scale. A builder who hedges on references, license status, or contract structure is telling you something important.

"Multiplex development is not a passive investment. It requires research, capital, patience, and a builder you genuinely trust."

Your next step

Multiplex development is not a passive investment. It requires research, capital, patience, and a builder you genuinely trust. But for investors willing to do the work, the post-Bill-23 regulatory environment has produced the most favourable multiplex opportunity in a generation.

Two concrete next steps: run your address through our Property Assessment to confirm your specific lot qualifies and see what has been permitted on your street, or book an intro call with our team to discuss the particular deal you are evaluating. Both are free, neither commits you to anything, and both will give you more clarity in thirty minutes than another month of independent research.

Check your lot

Zoning designation, height overlay, and multiplex permit activity on your street, with live City data.

metrohomesdesignbuild.ca/assessment

Book an intro call

Discuss the specific deal you're evaluating with our team.

metrohomesdesignbuild.ca/contact

Concept rendering. Every Metrohomes multiplex is custom-designed for its lot and neighbourhood.

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Evaluating a Multiplex Opportunity?

Run the Property Assessment at metrohomesdesignbuild.ca/assessment to see what your lot allows, or reach out directly.

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