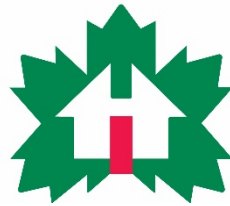


**Canadian  
Home Builders'  
Association**



## **Opening Remarks – Kevin Lee**

**HUMA – 2024-10-08**

Good afternoon and thank you very much for having me. I'm happy to bring my perspectives to you from the Canadian Home Builders Association on Advancements in Home Building technologies. There's no question that we have a lot of challenges ahead of us as we try to address a variety of crises from housing affordability; to a lack of housing supply; to climate change mitigation and resiliency. Plus, we have a shrinking workforce when actually need to build many more homes. And technology, innovation, and most importantly, creating an environment where those can be more readily adopted, need to be part of the solution.

I'm hoping that most of you here are familiar with CHBA's Sector Transition Strategy, and I know many of you are—if you are not, I have provided it to the clerk to distribute electronically to you. This is very much about how do transform the home building sector to make better use of factory-built home technology to improve productivity while also addressing many of the other issues. And it has a heavy, heavy emphasis on explaining what the barriers are to that and how to overcome them.

Now the short version of “how do we move to much more factory built construction in the sector” is that we need to create much more certainty and de-risk the types of investments that are required to move from low-overhead site-buit approaches to high-overhead factories. Whether you are talking about modular construction, panelized systems, or even 3-D printing, the investment requirements are high, and the risks in the boom-bust nature of the housing market are even higher. So things like volume-based low-interest loans, tax credits, grant-funding to support transition, modular construction-finance insurance and more are needed. Also, we need a more steady pipeline of housing, which can be fixed by changes like we are seeing to the mortgage rule system to drive more buyers and hence more construction (and I would include that the remaining need to address the stress test).

But one of the biggest barriers to getting more innovation (including factory-built) into the system isn't finance or technology, it is the barriers at the municipal level from all the differences from municipality to municipality in terms of zoning, by-laws, site-plan rules, and a ridiculously wide range of completely different interpretations of the exact same building code – all of which prevent scaling technology, house plans, and investments. We need the provinces, with support of the federal government, to step in and create harmonization at the municipal level, and we need a national code interpretation centre that is binding, so that code solutions that are proven in one town aren't rejected in the next town over. We also need a less expensive and more nimble Canadian Construction Materials Centre that can help new technologies become acceptable code solutions more quickly.

And we need to stop over-regulating. Regulation is the enemy of innovation. And it is what we are facing right now. There are way too many requirements going into building codes and standards these days, and the pace of change is more than the industry can handle, more than building officials can handle, and it is more than the code development system can handle—regulation is getting rushed through and ends up creating unintended consequences, like overheating in homes. It is driving up prices and slowing productivity. And instead of spending time innovating, industry is spending time in hundreds of codes and standards meetings trying to bring reality to a system that left to its druthers will create gold-plated houses that no one can afford, and may cause massive problems for its occupants. Meanwhile, voluntary standards and the innovation and cost-effective approaches to meeting new challenges are not nearly the focus for government or industry that they should be, because this is where smart innovations and solutions occur.

So are there new technologies emerging, yes, lots of them. But what we need to create is an environment where more adoption can happen faster. And that doesn't come from regulation. We need a huge emphasis on affordability. We need affordability as a core objective of the national building code and all the standards it calls up. We need a full-press on government research, in collaboration with industry, on driving DOWN the cost of construction through innovation. Lower cost innovations are always fast to be adopted by industry.

We are also a very resilient industry because we are an industry of small and micro-businesses. But this makes trial and error a very expensive and potentially devastating thing to deal with in business – we need technology adoption programming that helps our industry members try new technologies with full derisking, and lessons-learned feedback loops to support industry and manufacturers.

There are some super promising technologies, like AI for accelerating municipal planning and approval processes. And we keenly watching AI-driven robotics that could make investing in a modular or panelized factory a fraction of today's price to do so.

I'm happy to talk to you about all these emerging technologies and many more, but the one thing I'll end on is this as we look at emerging technologies: we need to acknowledge the actual realities of the industry, why it is structured the way it is, the importance of affordability as a key driver, and create a better policy environment for industry to be able to adopt emerging technologies. With that environment, we can accelerate change at a much faster pace to face the myriad of challenges ahead.

Thanks and I look forward to your questions.