



# UNLOCKING THE DOOR TO HOMEOWNERSHIP

## RECOMMENDATIONS ON THE FEDERAL ROLE 2025

Canadians want to own a home, but homeownership rates are falling due to significant affordability challenges.

We have solutions.



# THE CANADIAN HOME BUILDERS' ASSOCIATION (CHBA)

is the voice of Canada's residential construction industry

One association operating at three levels: locally, provincially, and nationally



**8,500**  
member firms



**building/developing**  
in large cities & small  
towns

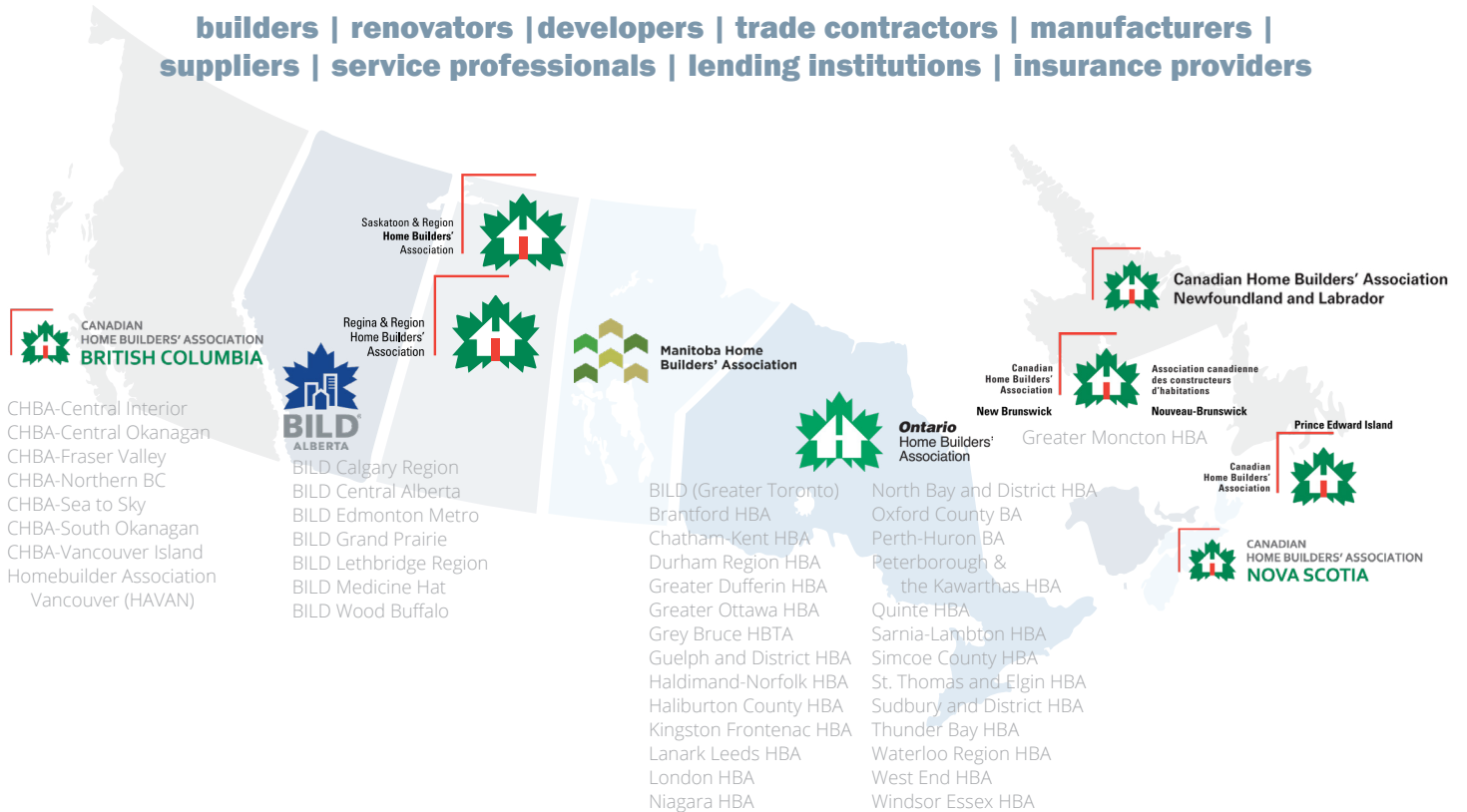


**low/mid/high-rise**  
homes of all types



**for ownership**  
and rental

**builders | renovators | developers | trade contractors | manufacturers |  
suppliers | service professionals | lending institutions | insurance providers**



The **residential construction and renovation sector** is a key economic driver in all communities.

In many regions, these jobs are at risk



**880.1 K**  
jobs across Canada



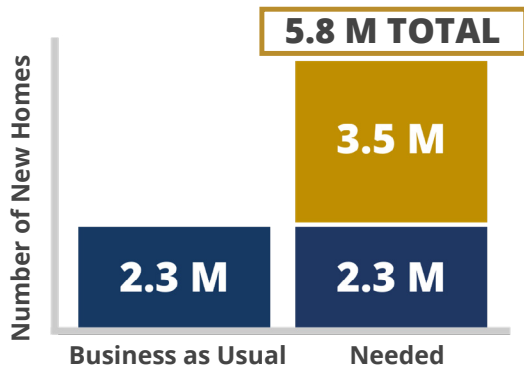
**\$62.0 B**  
in wages



**\$182.8 B**  
in economic activity

# Canada needs more homes to improve affordability, but current data shows the **housing supply crisis** will continue.

## HOUSING SUPPLY OVER THE NEXT DECADE



CMHC rightly identified that we need to build 5.8 million homes in the next 10 years to house Canadians and address affordability.

To achieve this, **Canada must more than double annual housing starts.**



Government needs to continue to focus on addressing the supply/starts gap, because...

## Instead of going up, **housing starts are predicted to continue falling.**

CMHC forecasts housing starts increasingly dropping for the next three years.

CHBA's **Housing Market Index (HMI)**, which is poor nationally and at record lows, also shows the trend will continue.

Single-Family HMI



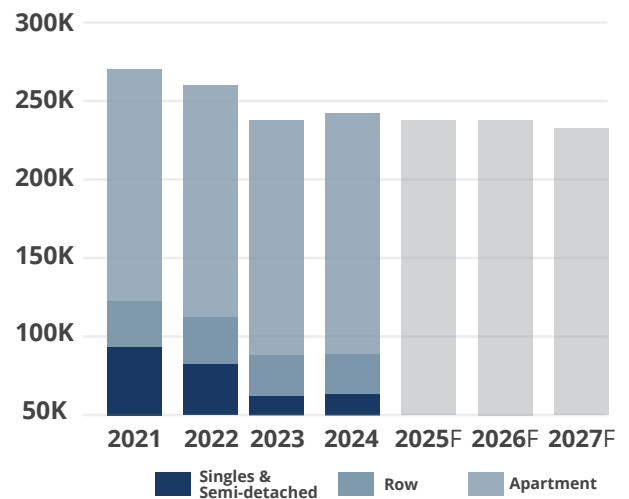
Multi-Family HMI



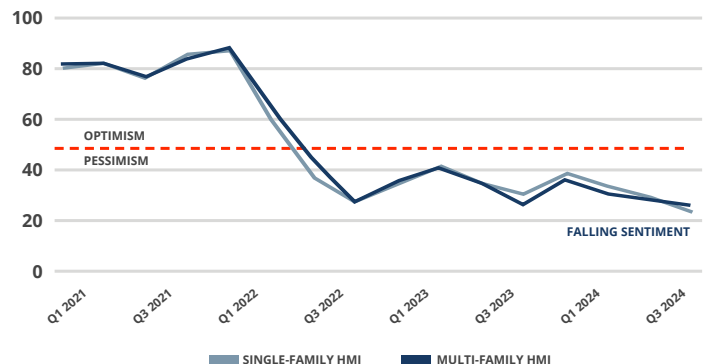
The impacts of high interest rates, high construction costs, high taxes, and other cost drivers make it hard for buyers to purchase a home, and **if buyers can't buy, builders can't build.** This has knock-on effects in the rental market, too.

Low HMI numbers mean fewer housing starts, at least for homeownership, can be expected in the months and, in the case of multi-family, years ahead. Cost to deliver purpose-built rental is also hampering starts.

## HOUSING STARTS BY DWELLING TYPE



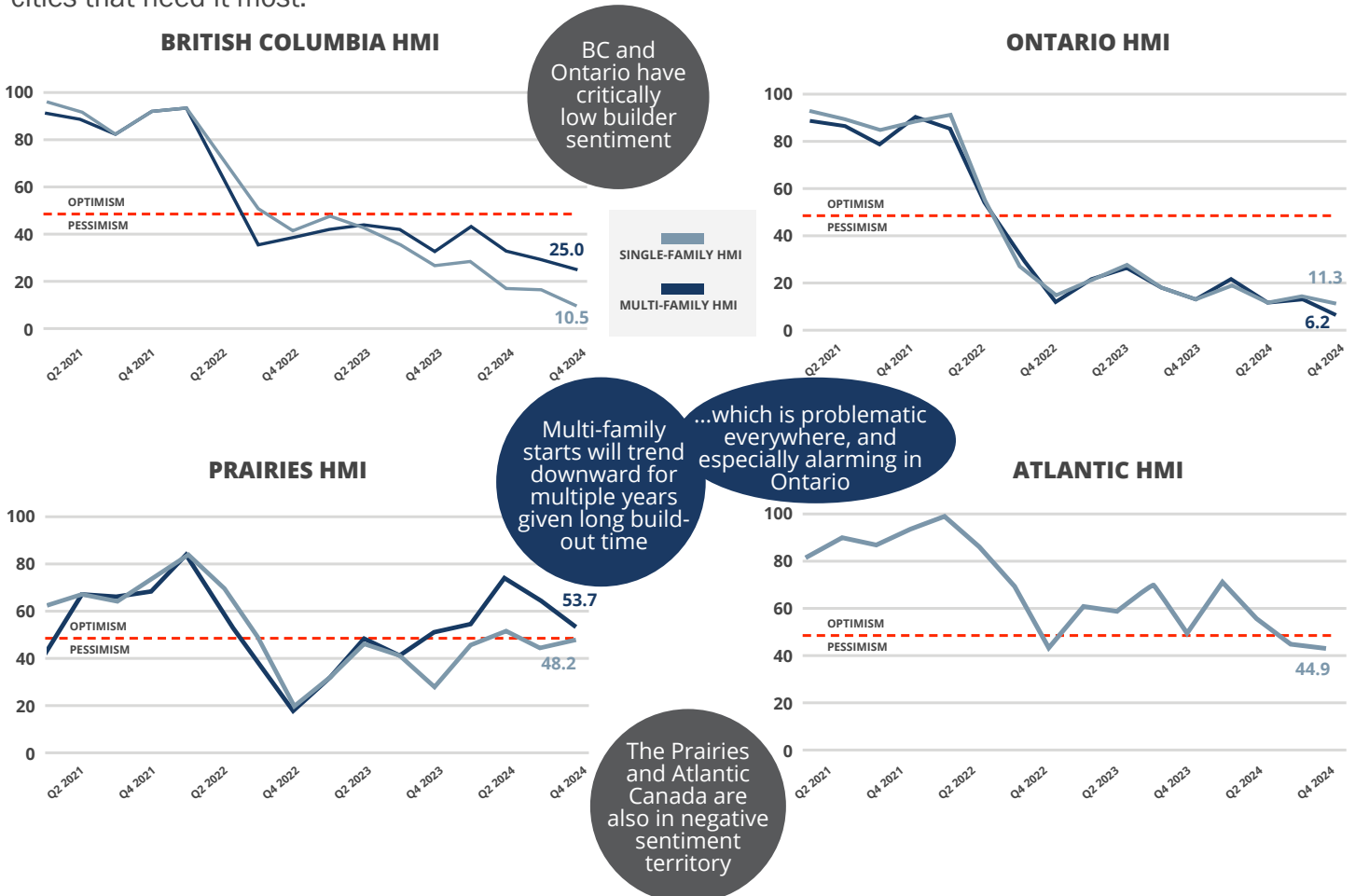
## HMI SHOWS SUSTAINED LOW BUILDER SENTIMENT



# Poor industry sentiment overall nationally indicates fewer housing starts in the months and years ahead.

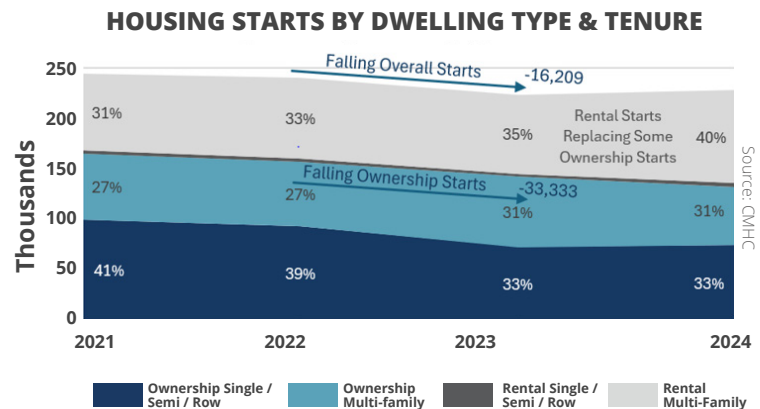
The most densely populated and expensive regions in Canada with the largest housing shortages are in crisis.

More affordable regions (Atlantic Canada and the Prairies, especially Alberta) are recovering. But Ontario and British Columbia, where affordability is the worst and where the most new housing is needed, are in crisis. Slightly lower interest rates are not enough to turn the market around to produce more supply in the cities that need it most.



While the vast majority of Canadians still want to own their own home, eroding affordability is locking them out.

As a result, more purpose-built rental is being built. Which is good, but *not* at the cost of ownership. We need much more of *both* types of housing.

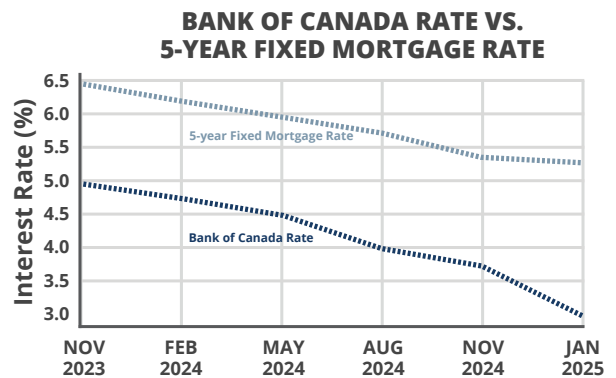


# There are **many factors** negatively impacting **housing affordability and supply**.

Without affordability, Canadians can't buy homes, which is severely hampering the production of more supply.

## 1 HIGHER INTEREST RATES & RESTRICTIVE MORTGAGE RULES

While the Bank of Canada has been lowering rates (a very good thing), mortgage rates have been much slower to come down and remain high. Meanwhile, the stress test continues to unnecessarily lock out thousands of well-qualified buyers. *Note: insured mortgage rule changes have been a very positive step.*



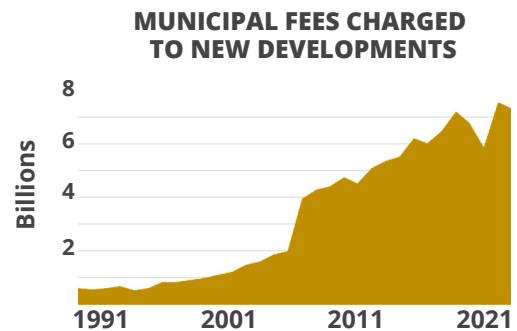
Source: Bank of Canada

## 2 CONTINUED LACK OF SUPPLY AND INFRASTRUCTURE SHORTFALL

The ongoing lack of housing supply continues to cause prices to be higher than they should be, and this will worsen as other factors improve but supply lags. Access to serviced land remains a barrier, as does lack of infrastructure, and the problem will grow as the market turns around.

## 3 DEVELOPMENT TAXES

Development taxes (development charges, lot levies, amenity fees, etc.) have risen dramatically in recent years. Total government-imposed taxes on houses now can be as high as 31% of the sale price.



Statistics Canada, Table 36-10-0450-01

## 4 RED TAPE DELAYS & NIMBYism

The large number of government processes and regulations, as well as inefficiencies or lack of capacity, habitually delay projects, slow down development, and significantly increase costs. Often, development that aligns with municipal plans is delayed or derailed by local resident opposition (NIMBYism), driving up housing prices. Federal red tape continues to be added, causing more burden.

## 6 EXPENSIVE CHANGES TO CODES AND STANDARDS

Code changes, for a variety of broad policy goals—sometimes good, sometimes excessive—continually add to the cost of construction. This is reflected in higher prices for new home buyers. This includes regulatory “code by other means” at the municipal level, which drives up costs, reduces productivity, and causes unintended consequences. Municipal regulatory differences are a form of domestic trade barrier.

## 5 LABOUR SUPPLY AND COSTS, MATERIAL COSTS

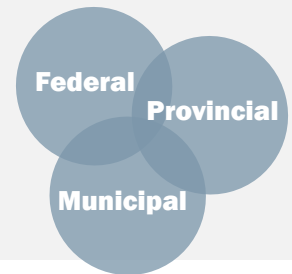
Labour shortages due to an aging/retiring workforce slow construction and drive up labour costs. Construction costs have increased substantially in recent years. Threat of tariffs from the U.S. can drive up costs further.

**SO WHAT CAN BE DONE?**

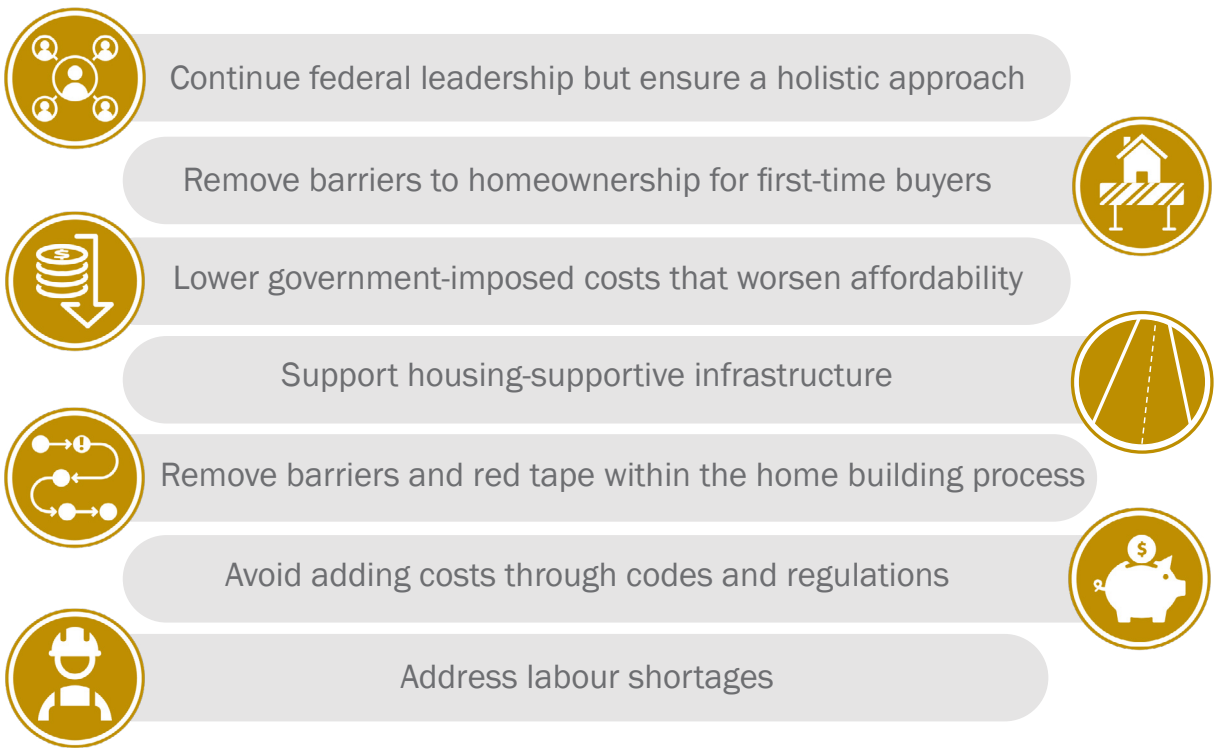
# SYSTEMIC CHANGE IS NEEDED TO BUILD MORE HOUSING SUPPLY AND IMPROVE HOUSING AFFORDABILITY

Comprehensive, systemic change – at **all three levels of government** – is required. To successfully build enough homes, we need the following:

- **Financial System Change**
- **Labour System Change**
- **Policy Change**
- **Productivity Change**



## THE PATHWAY TO SUCCESSFULLY BUILDING 5.8 MILLION HOMES



## Continue federal leadership, but with a holistic approach



### RECOMMENDATIONS:

- Continue to pursue the **doubling of housing starts** to make up the 3.5 million unit housing deficit.
- Continue to **lead collaboration with provincial and municipal levels of government** to use all levers to improve housing affordability and increase housing supply.
- Continue and **increase capacity to put out objective information and data about housing** affordability and housing supply through CMHC and Statistics Canada.

# Remove barriers to homeownership for first-time buyers

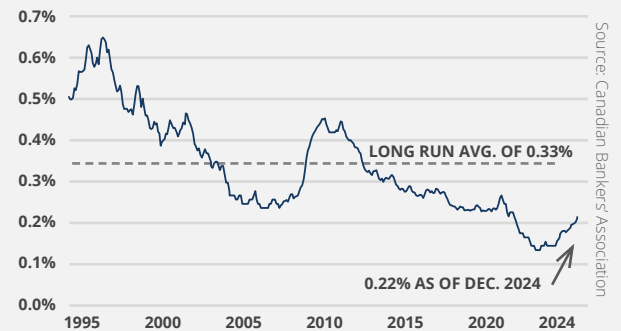


Mortgage rules have been so overtightened that homeownership rates have been falling severely since 2011, especially for people under 30 (Statistics Canada). This has been done in the name of financial sector stability, yet mortgage arrears of 0.22% are near historic lows, well below their long-term average of 0.33%, and 5 times less than the current US rates of 1.19%!

The cost of over-tightening mortgage rules has been a **severe drop in homeownership rates**, with a 2.5% drop since 2011 (likely more by now), equating to 1 million more Canadians now renting instead of owning.

With the bond market still elevated, 5-year mortgage rates are dropping much less than the Bank of Canada rate, making more mortgage reform as important as ever.

## RATE OF 3-MONTH ARREARS ARE STILL AT HISTORIC LOWS



## FALLING HOMEOWNERSHIP RATES

2011	69%	-2.5%
2021	66.5%	

## RECOMMENDATIONS:

- **Continue lowering interest rates**, with an eye to getting new construction ramped up.
- **Make the stress test dynamic** for both insured mortgages (Dept. of Finance) and uninsured mortgages (OSFI) so it is lower at higher mortgage rates. *Note: The current government has committed to review the stress test.*
- Direct OSFI to **avoid further changes to OSFI B-20** guidelines that make it even harder to qualify for a mortgage.
- **Adjust the Interest Act to facilitate 7- and 10-year mortgages** and remove the stress test on them.
- **Maintain the 30-year amortization period** now available on insured mortgages for new construction and first-time buyers, and index the \$1.5 million price cap with inflation **annually**.
- **Increase Limits on First Home Savings Accounts** to \$75,000 total and \$10,000 annually.

**In tandem, improvements should be made to construction financing so that builders can build more homes, creating housing stock that is attainably priced for first-time buyers.**

## RECOMMENDATIONS:

- **Require OSFI to step back from implementing Basel IV** – the accelerated timeline will further restrict lending capacity, which means less financing of new homes (for construction, productivity investment, and mortgages).
- **Implement CMHC Construction Financing**, including low-interest financing for market-rate housing for ownership from the government, plus a new construction loan insurance program.
- **Revisit regulations that inhibit needed foreign investment in development**, especially in Canada's largest centres which critically need supply.

# Lower government-imposed costs that add to affordability challenges



## RECOMMENDATIONS:

- **Continue to work with municipalities and provinces, and use all federal levers, to reduce development taxes.** (See “Support Housing Supportive Infrastructure” below.)
- **Lower GST on New Homes:**
  - Eliminate the GST on homes less than \$1M, and have a declining rebate for homes up to \$1.5M.
  - Increase limits to \$1.5M and \$2.0M in expensive markets.
  - Index GST limits with inflation annually moving forward.
  - Include all Accessory Dwelling Units and Secondary Suites as eligible for these new construction GST waivers, given they are new housing units.
  - Maintain removal of GST on Purpose-Built Rental
  - Make Net Zero Energy and Net Zero Energy Ready retrofits eligible as “substantial renovations” to qualify for the GST/HST New Housing Rebate.



When the GST was introduced in 1991, the federal government committed to adjusting the GST New Housing Rebate thresholds every two years to reflect changes in housing prices and protect housing affordability over time. (See *Technical Paper on the GST, 1989, pg. 19*).

Since then, house prices have increased substantially, but the thresholds have never changed. The New Housing Price Index, which measures the change in newly constructed house prices over time, was 56 in 1991. It’s now 125—more than double.

# Support housing-supportive infrastructure

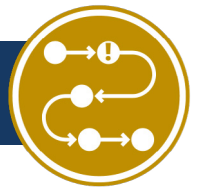


## RECOMMENDATIONS:

- **Maintain and increase housing-supportive infrastructure and transit investments** (to lower municipal development taxes which get passed on to homebuyers) **and tie them to housing affordability and supply outcomes** (e.g. requirements to freeze or lower development taxes, increase density, reduce parking requirements).
- Work with provinces and municipalities to **mandate that alternatives to development taxes be found and implemented** so that development taxes are lowered. Alternative solutions include:
  - Municipal debt financing, including shifting some charges to property taxes, particularly for services that benefit the wider community (beyond the new development) such as libraries, roads, and new fire stations.
  - Implementing user charges for certain services (e.g. water and wastewater).
  - Adopting land value capture techniques for transit improvements.
  - Community development districts.
  - Updating provincial development tax legislation.



## Remove barriers & red tape within the home building process



### RECOMMENDATIONS:

- Continue to work with municipalities to **support and/or require municipal process improvements tied to housing supply outcomes** (e.g. zoning, bylaws, approval/permitting delays, NIMBYism).
- Put all federal legislation through a **housing supply and affordability lens**, including the **small business lens** of the home building industry and adjust accordingly.
  - Ensure all federal departments and agencies (CMHC, the Bank of Canada, OSFI, NRC) work in close consultation to ensure more federal red tape is not heaped on the residential construction industry.
- **Eliminate and avoid inappropriate federal red tape on residential construction**
  - Examples of inappropriate red tape the federal government has implemented that required major changes to avoid encumbering the residential construction industry: Underused Housing Tax; Forced Labour in Supply Chains Reporting Requirements; Trust Reporting Requirements.
  - Examples of ongoing inappropriate red tape include: Duplicative or excessive environmental legislation preventing, slowing, or increasing costs of development.

## Avoid adding costs through codes and regulations



Many new policy directions that put pressures for more stringent codes and regulations (e.g. climate change mitigation, resiliency, accessibility and others) are very important, but expensive. Unfortunately, almost all short-term actions to address these policy priorities through regulation increase costs to housing. It is critical to innovate and find solutions to these challenges *without* driving up housing costs.

### RECOMMENDATIONS:

- **Adopt affordability as a core objective of the National Building Code and all related standards** to ensure that we are building better, more efficient houses for the same price or less moving forward.
- Establish a **National Building Code Interpretation Centre** with interpretations that are binding for all municipal building officials.
- Work with provinces to **harmonize all municipal building and development-related regulations** to eliminate and prevent barriers to rapid deployment of housing.
- **Reconstitute the Standing Committee on Housing and Small Buildings** to more efficiently focus on *housing* (not commercial and institutional construction, and not across the new 13(!) committees).
- **Invest in innovation and R&D for lower or neutral-cost solutions** that promote energy efficiency, climate adaptation and resilience, accessibility, and health and safety.
- **Do not regulate until cost-neutral innovations are available.**
- **Provide incentives for Net Zero Ready Homes**, to reduce costs and accelerate technology development and adoption.

### IMPROVING THE EXISTING HOUSING STOCK IS KEY TO ADDRESSING CLIMATE CHANGE

Today's new houses are already very efficient. But to address climate change in the sector, it is critical to address existing housing.

- **Support EnerGuide labelling at the time of resale on homes.**
- **Provide incentives for home retrofits.**

# Address labour shortages



Canada does not have enough workers to meet the status-quo, let alone double housing starts.



Labour shortages in the residential construction sector are expected to worsen, with an estimated **22% of workers expected to retire by 2033.**

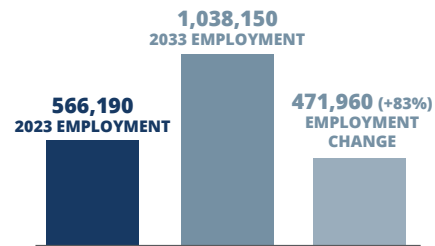


To build the 5.8M homes needed, **the residential construction workforce would need to grow by 83% above 2023 levels – to just under 1.04 million workers.**

Current government funding and programming does not adequately address residential construction's workforce challenges. It is important to remember that the home building sector is:

- Different from the industrial, commercial, and institutional construction (ICI) sector and has entirely separate needs.
- Largely made up of SMEs – many are micro-businesses with less than 5 employees.
- Largely not unionized (outside of the GTA and Quebec).
- Not adequately supported by the apprenticeship system.

## INCREASED RESIDENTIAL WORKFORCE REQUIRED TO ADDRESS HOUSING AFFORDABILITY



Source: Statistics Canada



## 3 Pillars to Address the Labour Shortage

### Grow the domestic workforce

#### RECOMMENDATIONS:

- **Invest in CHBA's proposed "Talent Pipeline Concierge Service for Employers"** to significantly ramp up workforce capacity, better match qualified workers with jobs in the sector, and respond to labour market needs.
- Through **additional programming specific to the home building sector, encourage more Canadians to choose a career in residential construction**, particularly youth, women, Indigenous populations, and other equity-deserving groups. As a country, we need leadership to demonstrate these are good and valued careers and support the people who choose them.

#### CHBA's Talent Pipeline Concierge Service for Employers

The goal of this initiative is to develop robust talent pipelines and sustained pathways that will attract workers into the residential construction sector to help employers hire and effectively on-board, as well as retain and promote, workers through the creation of local concierge services in locations across the country.



#### PROMOTING CAREERS

CHBA is doing our part to promote the skilled trades. Check out our careers in residential construction info.

## II Update the immigration system

CHBA fully appreciates that immigration puts pressure on Canada’s housing affordability challenges. But robust immigration pathways are imperative to address residential construction workforce shortages and build the homes needed to restore affordability.

### RECOMMENDATIONS:

- **Enhance category-based selection for Express Entry to support the specifics of the residential construction sector**, including bringing in TEERs 3, 4, and 5 workers, such as installers, framers, and general labourers and helpers.
- **Update the National Occupation Classification System** to properly reflect occupations in residential construction (and reflect the differences between residential construction and institutional/commercial/industrial construction)
- **Work with employers to facilitate labour market integration for newcomers** and set them, businesses, and the sector up for long-term success. (See CHBA’s proposed “Talent Pipeline Concierge Service for Employers”).

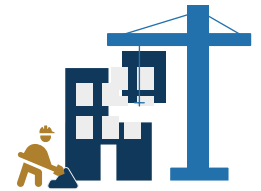
### Immigration System Change Required to Provide Necessary Workforce

CHBA understands that these recommendations represent a significant shift for Canada’s immigration eligibility, but are critical to meet Canada’s housing supply needs. Canada needs to target entrants with the right competencies, transferable experience, and desire to build a career in the sector.

## III Support increased productivity

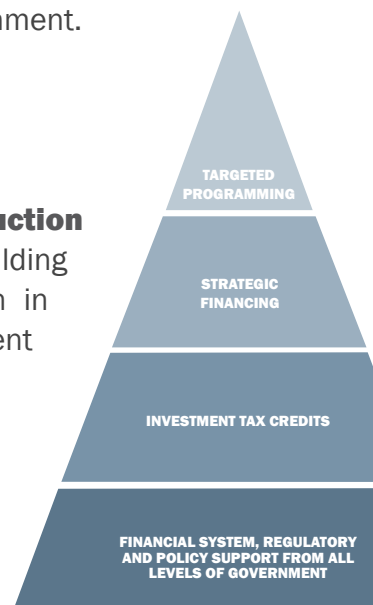


Factory-built construction offers many opportunities to increase productivity, though it’s not a magic bullet answer. There are many opportunities, but also plenty of barriers to overcome in order to industrialize the sector.



### RECOMMENDATIONS:

- **Implement recommendations from CHBA’s Sector Transition Strategy**, including:
  1. Financial system, regulatory and policy support from all levels of government to create a conducive business environment.
  2. Targeted programming for the transition.
  3. Strategic financing to de-risk investments.
  4. Investment tax credits to accelerate investment.
- **Invest in CHBA’s proposed Factory-Built Construction Hub** for: information and training for builders and building officials; addressing regulatory barriers; innovation in factory-built systems; a concierge service for government transition funding.
- **Work with employers to facilitate labour market integration to attract, train, and retain workers** in factory-built construction. (See CHBA’s proposed “Talent Pipeline Concierge Service for Employers”).



See CHBA’s full Sector Transition Strategy.





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### INDUSTRY STATUS:

- High mortgage rates, overly-tight mortgage rules, and economic uncertainty are severely affecting sales
- As a result, housing starts are predicted to continue falling when we need more homes

### AFFORDABILITY IS WORSENING THANKS TO:

- Restrictive mortgage and lending rules
- Increasing lack of housing supply
- GST and development taxes
- Red tape delays and NIMBYism
- Expensive changes to codes and standards
- Labour challenges and material costs

## **PATHWAY TO SUCCESSFULLY BUILDING 5.8 MILLION HOMES (AND ADDRESS HOUSING AFFORDABILITY):**

1. Continue federal leadership, but ensure a holistic approach
2. Remove barriers to homeownership for first-time buyers – *Continue lowering interest rates; fix stress test; facilitate longer mortgages; avoid more mortgage rule tightening; keep 30-year ams*
3. Lower government-imposed costs that add to affordability challenges – *Fix GST Rebate thresholds and include accessory dwellings, secondary suites, and Net Zero retrofits as eligible*
4. Support housing-supportive infrastructure and transit investments & tie to housing outcomes – *Keep working with municipalities/provinces to reduce development taxes; find alternative funding models*
5. Remove barriers and red tape within the home building process – *Remove federal red tape; keep working with municipalities/provinces to fix zoning and accelerate approvals*
6. Avoid adding costs through codes and regulations – *Ensure affordability is a core code objective*
7. Address labour shortages – *Grow the domestic workforce; update the immigration system; support increased productivity by actioning CHBA's Sector Transition Strategy*