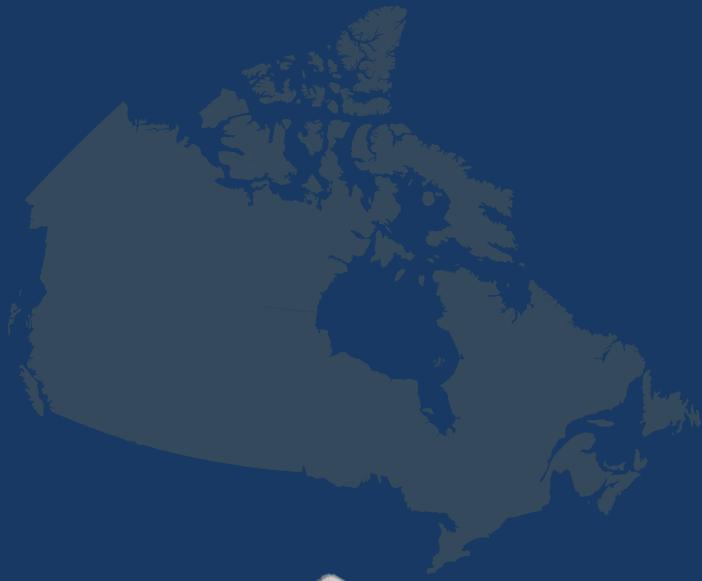




Canadian
Home Builders'
Association



UNLOCKING THE DOOR TO HOME OWNERSHIP

RECOMMENDATIONS ON THE FEDERAL ROLE **2026**

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

Canadians say the federal government isn't doing enough.

We have solutions.

The voice of Canada's residential construction industry for over 80 years.
www.chba.ca | chba@chba.ca | [@CHBANational](https://twitter.com/CHBANational)

THE CANADIAN HOME BUILDERS' ASSOCIATION (CHBA)



8,500
member firms



building/developing
in large cities &
small towns



for ownership
and rental



low/mid/high-rise
homes of all types

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

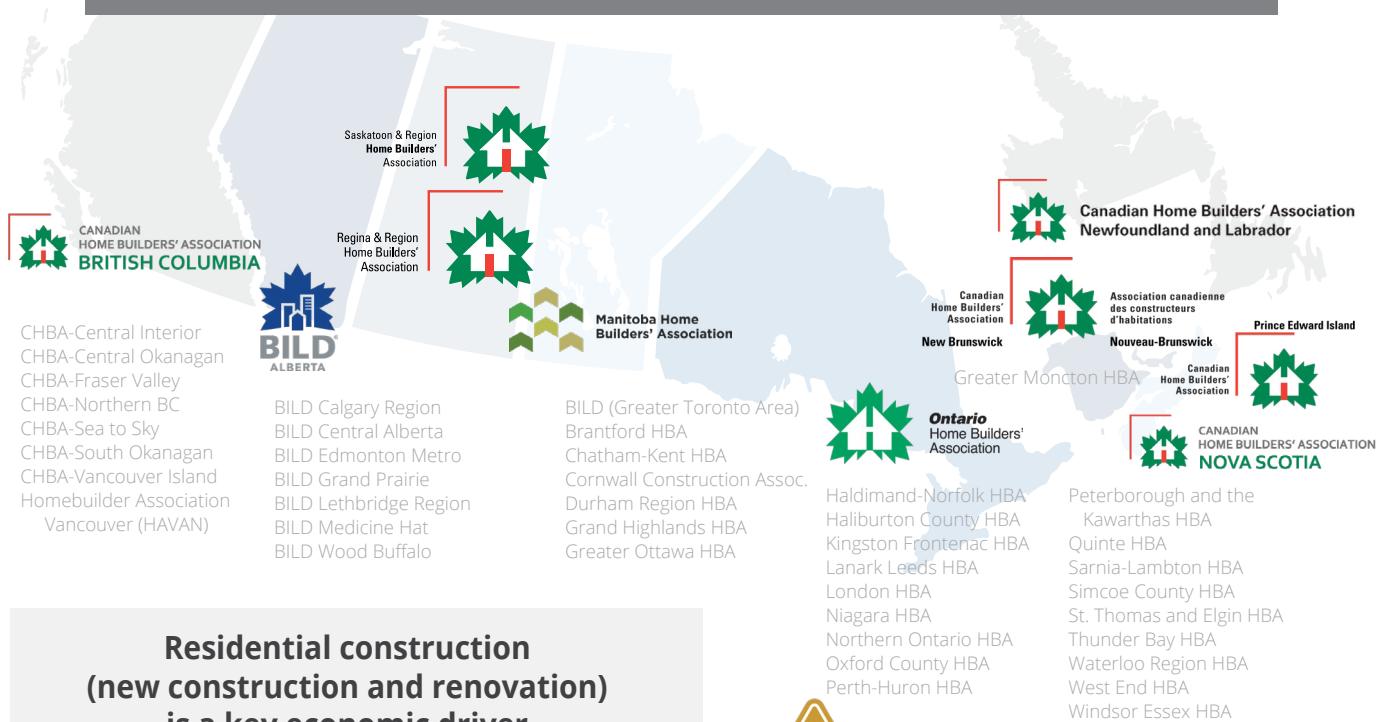


Kevin Lee, CHBA CEO



Curtis Mercer, CHBA President

One association with three levels: local, provincial, and national



Residential construction
(new construction and renovation)
is a key economic driver
in every community in Canada

973K jobs

\$71.2B in wages

\$191.2B economic activity



In many regions,
layoffs are
underway, which
is leading to
permanent industry
capacity loss.

38% of
respondents to CHBA's
Housing Market Index
(HMI) survey report
they and/or their sub-
contractors have laid
off workers with no
plans to rehire.

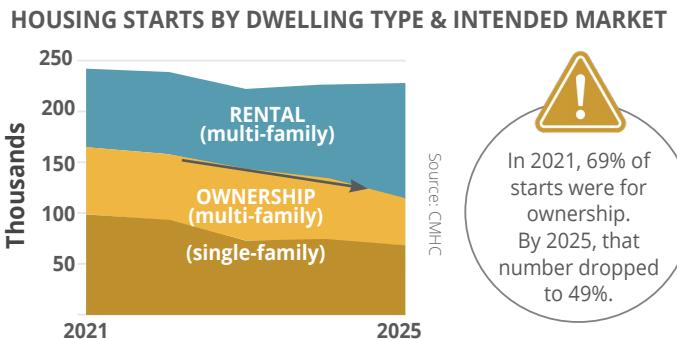
Sources all: Statistics Canada/CMHC

Canada is in a **market housing** affordability and supply crisis, and current government actions and plans are not nearly enough.

The federal government recognizes that Canada needs to double housing starts

CMHC estimates that 4.8 million homes are needed over the next decade, which would mean nearly doubling Canada's housing starts to between 430,000 to 480,000 per year.

But housing starts for ownership are falling...



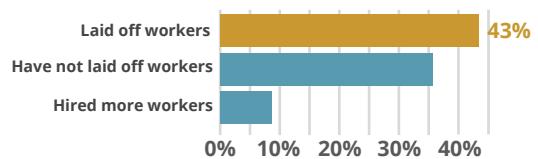
In 2021, 69% of starts were for ownership. By 2025, that number dropped to 49%.

... and industry is laying off thousands, creating permanent capacity damage for future starts.

EMPLOYMENT CHANGES 2025

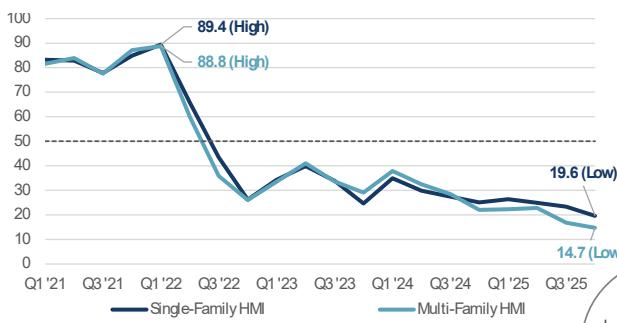


HOUSING INDUSTRY LAY-OFFS Q4 2025



Industry statistics and indicators show the worst is still to come.

CHBA'S HOUSING MARKET INDEX: BUILDER SENTIMENT ON NEW HOME SALES CONDITIONS



Low sentiment predicts fewer housing starts.



FEWER THAN 1 IN 5 ARE SATISFIED WITH FEDERAL ACTION TO ADDRESS HOMEOWNERSHIP AFFORDABILITY.

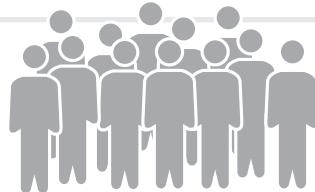
Source: Abacus Data for CHBA

This is a big problem for Canada, and for the government. There are solutions, but the government needs to act now...

Canadians weigh in: Public opinion on homeownership and their expectations of the federal government



NATIONAL OPINION POLL – DECEMBER 2025
3,000 Canadians polled from coast to coast



KEY INSIGHT: Canadians still have a strong desire for homeownership, but that dream is fading, and they are not happy about it.



88% of Canadians under 45 would like to own a home one day



But only **29%** of all non-homeowners are confident they'll ever be able to buy one



66% say the federal government is most responsible for solving the crisis



Only **17%** of Canadians think the federal government is doing enough to address affordability for homeownership



DAVID COLETO
Founder, Chair, and CEO
Abacus Data
One of Canada's best known and most respected public opinion analysts, pollsters, and social researchers.

“ Homeownership is not just financially important – the data proves that it is still very emotionally central to Canadians, who see the housing crisis as a systemic failure affecting the middle class as much as low-income households.

Canadians place most of the responsibility for both the problem and the solution squarely on governments, yet confidence in government performance is low.

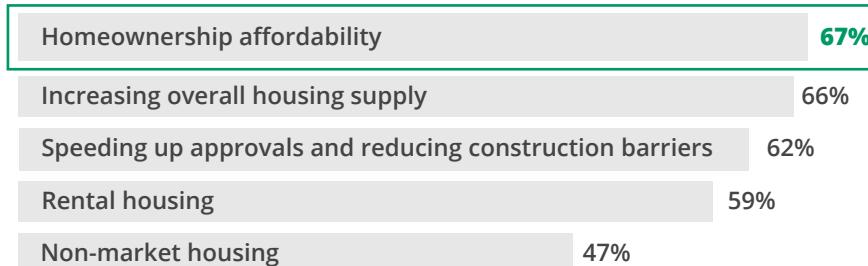
Non-market housing is seen as necessary but insufficient on its own.

To restore confidence, housing policy must realign with public priorities, focus on outcomes that matter to the middle class, and move decisively from aspiration to delivery.

KEY INSIGHT: The federal government's focus on non-market housing is seen as insufficient on its own. Canadians seek more actions on homeownership.

Canadians view non-market housing as important (which it is), but it isn't their #1 concern.

WHAT HOUSING ISSUES CANADIANS SAY THE FEDERAL GOVERNMENT SHOULD PUT MORE FOCUS ON



70% of Canadians say declining homeownership rates are negative for Canada



Only **21%** of Canadians believe the federal government has made at least *some* progress on homeownership affordability



62% believe current federal plans will have little to no impact

KEY INSIGHT: Build Canada Homes does not support market-rate housing, and Canadians need and expect more to be done.

The Build Canada Homes plan to build social housing principally on federal lands is good and important, but it will only create about 1% of the new construction needed, and it will not support market-rate housing – where the majority of Canadians need more housing.



56% of Canadians are not at all familiar with Build Canada Homes



Once informed, **78%** say government must do much more beyond Build Canada Homes to address market housing affordability

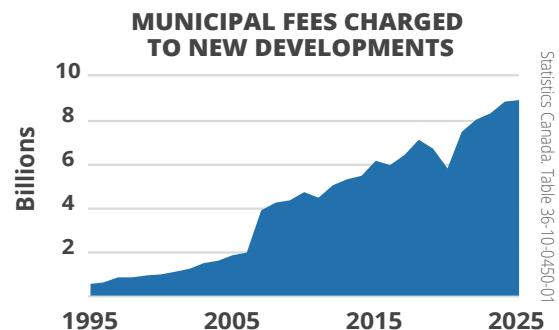
The bottom line: Canadians, and especially non-homeowners, are very dissatisfied with federal performance and plans (or lack thereof) for market-rate housing.

There are **many factors that have hampered affordability** that need to be addressed or countered.



GOVERNMENT IMPOSED TAXES AND CHARGES

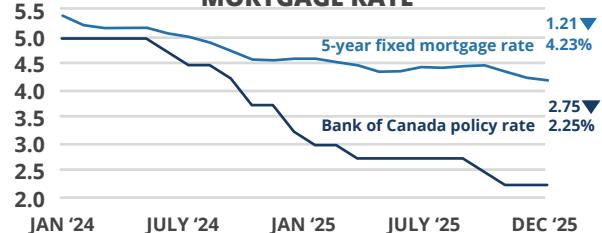
Taxation on homes is out of control; in the worst cases, it's more than 30% of the price of a home. Development taxes (development charges, lot levies, amenity fees, etc.) have risen over 700% over the past 25 years. The GST thresholds on new housing haven't changed in over 30 years, increasing the sales tax burden, which is compounded in most provinces with PST.



RESTRICTIVE MORTGAGE RULES & HIGHER INTEREST RATES

While the Bank of Canada has been lowering its interest rates, mortgage rates have been much slower to come down because of the bond market. Meanwhile, the excessive stress test continues locking out thousands of well-qualified buyers.

BANK OF CANADA RATE VS. 5-YEAR FIXED MORTGAGE RATE



MUNICIPAL PROCESSES & REGULATIONS

The large number of government processes and regulations, as well as inefficiencies and/or lack of capacity, habitually delay projects, slow down development and increase costs, as does development that aligns with municipal plans but is derailed by NIMBYism. Restrictive zoning prevents missing middle construction.

“...lengthy bureaucratic processes slow down construction and drive up costs for those who build homes and those who need them.”

– Canada’s Housing Plan - Government of Canada



EXPENSIVE CHANGES TO CODES AND STANDARDS

Code changes, for a variety of broad policy goals, continually add to the cost of construction without balancing affordability. This is compounded by building-related municipal regulations and varying code interpretations and inconsistencies, which cause delays, drive up costs, and reduce productivity. This is all reflected in higher prices for new home buyers.



“We can’t improve productivity when municipalities won’t let us build the same house twice the same way.”

– CHBA Members



LABOUR AND MATERIAL SUPPLY AND COSTS

Labour shortages due to an aging/retiring workforce slow construction and drive up labour costs. Meanwhile, today's slow market in some regions is causing layoffs, resulting in permanent loss of industry capacity. Construction costs have increased substantially in recent years and are not retreating.



Source: CHBA's HMI



LACK OF SUPPLY, FURTHER HAMPERED BY TRADE WAR

Lack of housing supply is now well understood to be a cause of Canada's elevated house prices. But consumer confidence hampered by the trade war and insufficient policy change is preventing home purchases and starts, as well as renovations that add housing units.

There is **no silver bullet** to fix affordability.

Focus needs to return to a comprehensive suite of measures for market-rate housing affordability, especially for homeownership.

CHBA RECOMMENDATIONS



Return to federal leadership and a comprehensive approach to affordability for market-rate housing **now**

Budget 2023 and 2024, and Canada's Housing Plan (2024), contained significant focus and measures to advance affordability for market-rate housing.

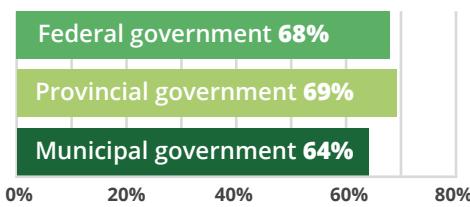
RECOMMENDATION: This government needs to return to that focus on market-rate affordability in a comprehensive fashion immediately, especially when it comes to homeownership.



Action now is critical given the trade war, which is hampering consumer confidence, resulting in fewer home purchases and hence fewer housing starts. Renovation, which also creates new supply, has slowed as well. Combining this with resultant permanent labour capacity loss due to layoffs, it is essential that the government move swiftly on actions to turn the tide.

The federal government is uniquely positioned to lead on market-rate housing affordability, even though all levels of government have an important role to play. Canadians expect this, and are currently not satisfied with any level of government on housing affordability.

PERCENTAGE OF CANADIANS WHO SAY GOVERNMENTS AREN'T DOING ENOUGH TO ADDRESS AFFORDABILITY FOR HOMEOWNERSHIP



Source: Abacus Data for CHBA

RECOMMENDATION: Continue to lead collaboration with provincial and municipal levels of government to use all levers to improve housing affordability and increase housing supply, especially for ownership.

What about Build Canada Homes?

Build Canada Homes will not address market-rate housing. It will build needed government-supported housing on principally on public lands, but will represent only 1% of the new supply of housing needed. The federal government must be realistic about this, and move on more actions to support affordability and the construction of more units for ownership – to meet the government's own targets, and to meet the expectations of Canadians.

According to CMHC's June 2025 report, *Canada's Housing Supply Shortages: Moving to a New Framework*, 75% of the needed increase in starts over the next 10 years needs to be for homes slated for the primary ownership market.



Lower taxes to address affordability and get the market moving

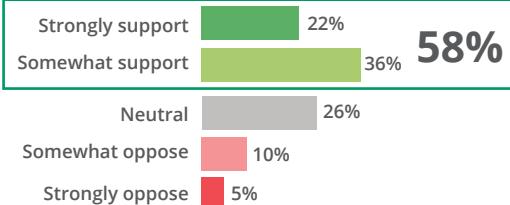
GST RELIEF

Supporting first-time buyers by removing GST on new homes is a start, but according to the Parliamentary Budget Officer, first-time buyers make up only 5.8% of buyers of new homes. The relief needs to be extended to all buyers.

Expanding the rebate would encourage more “move-up” housing – helping families move from starter homes into larger homes, which frees up starter homes for others. It would also help older adults downsize into newly-built homes, creating more supply and releasing family-sized homes back into the market.

GST relief should also be extended to the creation of accessory dwelling units (ADUs) and renovations that create secondary suites to create more infill housing supply. These housing types have the added benefit of supporting seniors looking to age in place, students, lower income workers, and more.

CANADIAN SUPPORT FOR EXPANDING THE GST RELIEF TO ALL BUYERS, ONCE RATIONAL EXPLAINED



Source: Abacus Data for CHBA

RECOMMENDATIONS:

- **Broaden the GST relief to all buyers of new construction homes.**
- **Make the GST relief applicable to renovations that add an additional unit of housing to existing homes, like Accessory Dwelling Units (ADUs) and secondary suites.**

ADDRESSING DEVELOPMENT TAXES

Development taxes have grown to an unsustainable level—to nearly \$200k on a typical home in the GTA and nearly \$100k in the GVA, deeply impacting housing affordability and supply. Many of the items these taxes fund should be spread across the entire tax base and funded across the longer life expectancy of the infrastructure at the lower rates that municipalities can get, rather than on 25-year mortgages at much higher rates.

RECOMMENDATION: Continue pressure through all means to have municipalities reduce development taxes

(e.g. through requirements in funding transfers for infrastructure and transit; and through the Housing Accelerator Fund).

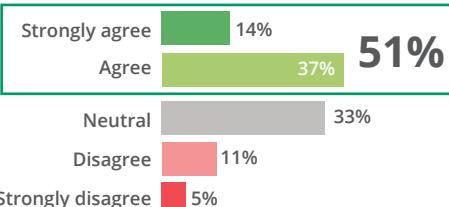
RECOMMENDATION: Follow through on commitment to offset development charges.

RECOMMENDATION: Given that many municipalities have come to rely on these funds, work with provinces and municipalities to mandate that alternatives to development taxes be found and used instead.

Examples of 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 / municipal service corporations.
- Updating provincial development tax legislation.

A majority of Canadians (51%) agree that development charges place too much of the infrastructure cost on new home buyers and that these costs should be shared across the broader tax base, while just 16% disagree.



Source: Abacus Data for CHBA



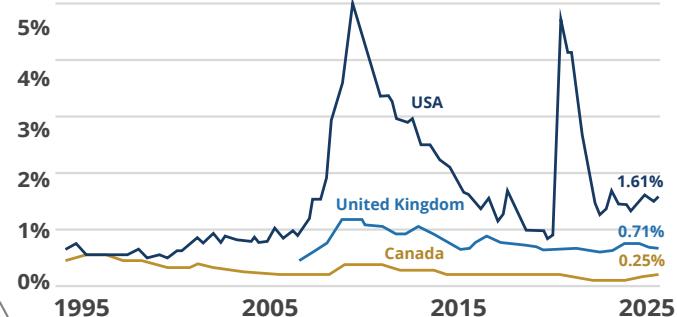
Fix the stress test

Mortgage rules have been so overtightened that homeownership rates have been falling severely since 2011. This has been done in the name of financial sector stability, yet mortgage arrears of 0.25% continue to be near historic lows, well below their long-term average of 0.33%, and 6 times less than the current US rates of 1.61%.

That means more than 99% of mortgage holders at a bank in Canada are not considered seriously delinquent, and Canada's arrears (90 days and over) rate remains one of the lowest among advanced economies.



MORTGAGES IN ARREARS (90 DAYS AND OVER)



Source: Canadian Bankers Association

FALLING HOMEOWNERSHIP RATES

2011	69%	-2.5%
2021	66.5%	-2.5%

RECOMMENDATIONS:

- **Eliminate the stress test on uninsured mortgages (OSFI). Make the stress test dynamic for insured mortgages** (including following through on the federal government commitment to review it).
- 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.

THE NEED TO ACT NOW – These priority actions are needed to get the market back on track immediately and show Canadians the government is serious about supporting homeownership.

Given the trade war, and lack of consumer confidence, sales and starts have slumped. As a result, Canada's housing supply shortage is getting worse, and workers are being laid off and leaving the industry permanently, which will further inhibit closing the supply gap going forward. Systemic change is needed, but will take time. These measures are top priorities, because they have immediate impact upon implementation – they can literally change the market with the stroke of a pen:

- **Broaden the GST exemption to all buyers and extend to renovations that create new units.**
- **Work with provinces/municipalities to lower development taxes.**
- **Fix the stress test.**

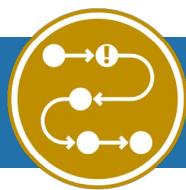


Fund housing-supportive infrastructure

More housing cannot be built without the infrastructure required to service it. When requiring municipalities to reduce development taxes, making up some of the difference with federal funds is appropriate and important (and providing infrastructure funding to municipalities that have avoided high development taxes is important too).



RECOMMENDATION: Maintain and increase housing-supportive infrastructure and transit investments (to lower municipal development taxes which get passed on to home buyers) **and tie them to housing affordability and supply outcomes** (e.g. requirements to lower development taxes, increase density, reduce parking requirements, etc.).



Remove municipal barriers & red tape within the home building process

While there is a good drive to reduce inter-provincial trade barriers, **the current system has created inter-municipal trade barriers for housing productivity** through overzealous and inconsistent regulation in different municipalities and even within the same municipality.

RECOMMENDATIONS:

- Continue to work with municipalities to **support and/or require (tied to funding) municipal process improvements** (e.g. zoning, bylaws, approval/permitting delays, NIMBYism).
- Work with provinces to **harmonize all municipal building and development-related regulations** to eliminate differences in building regulations and code interpretations that prevent the rapid deployment of housing.



Avoid adding costs through codes and regulations

Many new policy directions for codes and regulations (e.g. climate change mitigation, resiliency, accessibility and others) are important, but expensive. It is critical to innovate and find solutions to these challenges without driving up housing costs before regulating. So much has been added into the code, with more slated to come, that cost increases and complexity have become overwhelming.

RECOMMENDATIONS:

- **Pause all changes to the National Building Code (NBC), as Australia has done.**
- Review the code to **implement changes to reduce costs and complexity**, starting with the 2025 code, and delay adoption until adjusted.
- **Fix the NBC development system** to better reflect the needs of housing (i.e. to address affordability, construction complexity, transparency, evidence-based decision making, industry insights, and more).
- **Adopt affordability as a core objective of the NBC and all related standards.**
- Establish and work with provinces to enforce a binding **NBC Interpretation Centre**.
- **Invest in innovation and R&D for lower cost or cost-neutral solutions** and do not regulate until such solutions are proven.



Support housing affordability and supply through renovation measures

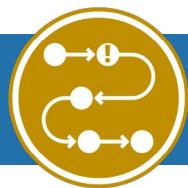
Almost all of the issues and recommendations in this document apply to both renovation and new construction, e.g. GST removal, labour support, addressing code, etc. However, to support more housing affordability and supply, a few renovation-specific measures are recommended:

RECOMMENDATIONS: Introduce renovation tax credits for:

- **First-Time Home Buyers** to support their entry to homeownership and upgrading to today's standards;
- **Energy Efficiency Retrofits** to meet the government's climate change goals, because given the efficiency of new housing, it is the existing stock that is most important to tackle.

Renovation tax credits are proven to fight the underground economy, creating a level playing field for honest businesses while increasing tax revenue for the government.

RECOMMENDATION: Include Net Zero and Net Zero Ready retrofits as "substantial renovations" under the New Housing GST Rebate.



Address labour shortages



With 22% of the industry set to retire over the next decade, Canada does not have enough workers to build and renovate housing on a business-as-usual basis, let alone to double housing starts. CHBA puts forth recommendations to address this under the following three pillars.



GROW THE DOMESTIC WORKFORCE



- **Update the National Occupation Classification System** to properly reflect occupations in residential construction (and reflect the differences between residential and non-residential construction) to enable government funding to properly flow to support residential trades and enable the immigration system to bring in the right workers to build and renovate Canada's homes.
- **Work with CHBA (and other stakeholders) to redevelop the education, training and certification system for skilled workers in residential construction to properly reflect the realities of this part of the sector.**



UPDATE THE IMMIGRATION SYSTEM



- With an updated NOC system, **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, and factory-built construction workers (which tend to be classified as "manufacturing" roles and are often overlooked).



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.



- **Continue to 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 for factories and builders.
 3. Strategic financing to de-risk investments and support modular construction financing.
 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 for industry.

Scan Me



See CHBA's full Sector Transition Strategy here.



PATHWAY TO HOUSING AFFORDABILITY & SUPPLY, ESPECIALLY FOR OWNERSHIP



Return to federal leadership and a comprehensive approach to affordability for market-rate housing now: Support homeownership (supporting affordable housing is important but insufficient to meet needs and expectations of middle-class Canadians); Lead collaboration with provinces and municipalities on affordability and supply



***Lower taxes to address affordability and get the market moving:** Broaden GST relief to all buyers and extend to renos adding new units like secondary suites and ADUs; Use all levers to have municipalities reduce development taxes and collaborate to find alternative funding models; follow through on DC relief for municipalities



***Fix the stress test:** Eliminate the stress test on uninsured mortgages and make it dynamic on insured mortgages



Fund housing-supportive infrastructure: Maintain and increase housing-supportive infrastructure and transit investments and tie them to housing affordability and supply outcomes



Remove municipal barriers & red tape within the home building process: Catalyze municipal process improvements by tying them to housing supply outcomes (e.g. zoning, bylaws, approval/ permitting delays, NIMBYism); Harmonize all municipal building- and development-related regulations



Avoid adding costs through codes and regulations: Pause all changes to the National Building Code, as Australia has done; Revisit the 2025 code to reduce costs and complexity before adopting; Adopt affordability as core code objective; Establish national code interpretation centre; invest in affordability R&D



Support housing affordability and supply through renovation measures: Introduce renovation tax credits for first-time home buyers and energy efficiency retrofits; Make Net Zero renovations eligible for GST rebate



Address labour shortages:



Grow domestic workforce: Update the National Occupation Classification system to support residential construction; Work with CHBA to redevelop education / training / certification system for unique needs of residential construction



Update the immigration system: Enhance the Express Entry System with new NOCs for residential construction and allow lower TEERs to qualify



Support increased productivity: Support industry transition to more factory-built through financial-system / regulatory / policy support (for all homes); Target transition support, de-risking & construction financing, and investment tax credits – all per www.chba.ca/SectorTransition

***Quickly-
Actionable Priority
Items**

that would have
immediate impact
on affordability and
supply