

**Pre-Budget Consultation Submission for the  
2026 Federal Budget for the Standing Committee on  
Finance**



## Introduction

The Canadian Home Builders' Association (CHBA) has continuously called for a comprehensive approach to addressing Canada's housing supply and affordability crisis and was encouraged to see a broad range of measures for residential construction in the Spring Economic Update (SEU). It is important to continue that momentum as the housing outlook remains very challenging and Canadians are still struggling to afford a home. Measures are needed not only for support during these challenging times, but will need to be permanent to support getting to Canada's housing supply targets.

## Housing Outlook

The [CHBA Q1 2026 Housing Market Index \(HMI\)](#) shows near record-low builder confidence in the single-family market and a new record-low in the multi-family market—signaling fewer housing starts for homeownership ahead, which is consistent with CMHC projections as well. While Ontario and BC are in the worst condition, other regions of the country are also starting to slip: the prairies continued their recent decline, and the Atlantic provinces posted their first pessimistic HMI since the survey began in 2021. At the same time, the industry continues to see job losses, with 47% of HMI respondents reporting layoffs. It is estimated that over 18,000 jobs were lost in Ontario alone in 2025.

## More Formalized Policy Action Needed

While the market-rate housing announcements contained in the SEU were a step in the right direction, there needs to be a more comprehensive suite of measures, especially for homeownership, with starts dropping consistently for homes for purchase. **With the current 10-year National Housing Strategy winding down, CHBA calls for the next iteration of the strategy to include a full suite of formalized policies and programs to address homeownership, so that it is a strategy that covers the full continuum, versus the old version that is really just a national social housing strategy.**

Over the last several years, housing starts intended for ownership have declined sharply as a share of total construction. In 2021, 69 per cent of housing starts were intended for ownership. By 2025, that share had fallen to 49 per cent, with purpose-built rental housing now accounting for the majority of new starts. That's a drop of 50,000 units for ownership per year. The SEU rightly acknowledged that while housing starts were decent, that was driven by record levels of purpose-built rental construction, while ownership is sliding. Rental supply is needed, and CHBA strongly supports it, along with federal action that has helped projects pencil out in recent years. However, **rental housing should not be**

**replacing homes for ownership; we need both, and much more on the ownership side.** CMHC states that to make up the housing gap, 75% of the homes to be built must be for ownership.

## **Recent Government Announcements Need to be Finalized and Expanded**

The government's commitment to provide \$1.7 billion to provinces and territories through Bill C-26 the *Improving Housing Supply Act* is positive, but **the Ontario HST rebate needs to be implemented immediately, and agreements must be signed with the provinces beyond Ontario urgently.** CHBA supports any action that will bring down costs, cut red tape, and build more homes quickly—it is important that these funds actually get used for their intended purpose.

And while the \$1.7 billion is welcome, there needs to be a long-term commitment to GST relief for buyers of new homes. When first introduced, the GST rebate applied to all homes under \$350,000. It was to be indexed, but never was. As a result, very few Canadians get any rebate now. Given the affordability crisis, the rebate of the full GST currently applying only to first-time buyers should be expanded to apply to all buyers. This, combined with other measures, can have significant impact on creating more housing supply. We need owners of entry-level homes to be able to move to their next new home and free up those entry-level homes. And we need downsizers to be able to move into new housing that meets their needs while freeing up family-oriented homes. All of this will be made more possible with proper GST treatment.

Announcements for infrastructure and to offset development charges through the Build Communities Strong fund will be very helpful too, but again, outside of Ontario, no other provincial deals have yet been signed. Announcing **similar agreements with all the other provinces** is critical to support housing-enabling infrastructure and enable more housing to be built in timely fashion. **It will also be critical that there be plans for municipalities to find [alternative funding models](#) for infrastructure to permanently lower DCs once federal funding winds down.**

## **Fix the Stress Test**

A major remaining barrier to homeownership is the stress test. It has been excessively locking out many well-qualified buyers for the past 15 years, which has resulted in declining homeownership rates since 2011. **The stress test should be eliminated for uninsured mortgages and made dynamic for insured mortgages** (which can support system stability in low-interest environments while avoiding unnecessary burden in high-rate times; the same could be achieved with a lower fixed-rate minimum qualifying rate).

Mortgage rules have been so overtightened that homeownership rates have been falling severely since 2011. Meanwhile, Canada's mortgage arrears rate of 0.25% continues to be near record historic lows and well below its long term-average of 0.33%. **CHBA has also long called for adjusting the Interest Act to facilitate 7- and 10-year mortgages and remove the stress test on them.**

## **Skilled Trades**

While the SEU placed a big emphasis on supporting skilled trades, the emphasis on Red Seal trades and unions will limit its applicability to residential construction. 90% of the industry outside of Quebec operates in a non-unionized environment and most roles in residential construction do not require apprenticeship qualifications to perform the job—it is estimated that only about 25 percent of residential skilled workers are in the apprenticeship system, and many of those will not complete their apprenticeship as it is not required to have successful careers in the industry. Therefore, while CHBA is supportive of the roles of apprenticeship and unionized workers within the industry where appropriate, **CHBA stresses that to build the homes Canada needs, the government must look beyond union models and the Red Seal trades to the other 75 to 90 percent of workers that actually build Canada's homes and need more support and recognition.**

As such, CHBA recommends the following:

- **Update the National Occupation Classification (NOC) System to properly reflect occupations in 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 recognition system for skilled workers in residential construction to properly reflect the realities of this part of the sector.**
- 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 (none of these can currently enter Canada due to immigration policy). Please also note that the home construction sector does not tend to make use of the Temporary Foreign Worker program, other than factory-built companies. The industry needs immigrants who wish to come to Canada to work in an in-demand, well-paying industry that will grow their skills and allow them to put down roots.

## Support Increased Productivity

Factory-built construction offers many opportunities to increase productivity. However, it is not the magic bullet answer. Some of these approaches are substantially more expensive (e.g. 3D printing), and others face other barriers to adoption (e.g. risks of investment in factories that stand idle during housing downturns). And while CHBA is very supportive of more modular construction, the factories in CHBA's Modular Construction Council will be the first to advise that modular construction is not less expensive. It has many other great attributes, like speed and ability to produce more homes with less workers, but modular homes are not less expensive than site-built homes. Home builders across the country already know the costs and challenges of adopting such systems, which is why these methods have not yet been adopted at scale. Many are interested in adopting more factory-built approaches, but this is more due to the key issue of shortage of trades than cost savings.

[CHBA's Sector Transition Strategy](#) was developed in response to the challenges and opportunities to move to more factory-built approaches within the sector. It is a blueprint for how to overcome the barriers to scaling up and de-risking this type of housing.

Therefore, **CHBA recommends that the government fulfil recommendations from The Strategy (see the document for full details) by implementing:**

- Financial system, regulatory and policy support from all levels of government to create a conducive business environment for all types of homes.
- Targeted programming for the transition for factories and builders.
- Strategic financing to de-risk investments and support modular construction financing.
- Investment tax credits to accelerate investment.

## Support Housing Affordability and Supply Through Renovation Measures

Renovation is a critical part of our sector. It can lead to more housing affordability and supply. However, it is an area which often gets overlooked by federal policy makers. **CHBA continues to push for the following recommendations to introduce renovation tax credits for:**

- First-Time Home Buyers to support their entry to homeownership and upgrading to today's standards;
- The labour component of all renovations to fight the underground economy;

- Energy Efficiency Retrofits (including applying the New Housing GST Rebate to Net Zero renovations), because to reach the government’s climate change goals, 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 (including income tax) for the government.

## More Action on Building Codes

CHBA has been pleased to see the government announce it will take action on the building code to address affordability and complexity, in line with CHBA recommendations, but it is time to turn announcements into action. It is vital that the government understand that pausing the 2025 codes adoption – something CHBA has called for – can help solve the housing and affordability crisis while also properly address problems with the new code development system. CHBA estimates that the new [2025 National Model Code will add over \\$100,000](#) to the cost of a typical new home. **CHBA continues to recommend:**

- Pause the adoption and implementation process of the 2025 National Construction Codes, and assess them, with a plan to only put forth for adopting cost-neutral changes for housing in the 2025 national codes;
- Pause all 2030 code development until critical reforms are made to the development approach, such as
  - Restoring transparency, accountability, and meaningful stakeholder engagement within the codes system;
  - Reducing the priorities for the 2030 code cycles, focusing only on essential, cost neutral requirements;
- Make housing affordability a core principle in code development along with a robust structured process to assess and limit individual-change and cumulative costs for each future code edition.
- Do not allow code changes that are more expensive unless that expense is removed somewhere else in the code
- Establish a National Building Code Interpretation Centre to achieve consistent local application of harmonized national construction codes, and work with the provinces to make published solutions binding.
- Invest in new R&D to *reduce* the cost of construction for housing – there are many R&D programs funded by the government and they all increase the cost of housing. Focused R&D on reducing costs is essential.

## Conclusion

CHBA CEO Kevin Lee would be pleased to provide further information through testimony at committee; please contact Nicole Streshaw, Director, Government Relations at [nicole.streshaw@chba.ca](mailto:nicole.streshaw@chba.ca).