



Kevin Lee

Opening Remarks for

CIIT Study into Canada and the Forthcoming CUSMA Review

Thank you for having me today. The Canadian Home Builders' Association – or CHBA – represents over 8,500 member firms across the country, representing builders, developers, renovators, trade contractors and all the support services and suppliers that make up the residential construction industry. Our members build low-rise, mid-rise, and high-rise homes, both for ownership and rent.

Canada is in a housing supply and affordability crisis. CHBA's Housing Market Index, a leading industry sentiment indicator, shows for Q1 of 2026, 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. In studying the forthcoming CUSMA review, it is critical that the impact on housing be top of mind.

The sector continues to deal with many challenges including high taxes, overly restrictive mortgage rules, labour shortages, high material costs, municipal process delays, and other barriers that are resulting in not enough homes being built. These challenges are directly related to affordability issues impacting Canadians who wish to own a home. Added to these challenges is the very big issue of diminished consumer confidence – very much driven by the uncertainty over trade and tariffs with the United States.

CHBA's number one recommendation on the trade war has always been to avoid Canadian retaliatory tariffs on construction materials. Where counter tariffs are deemed necessary, CHBA has advised the government to look to product categories where there is ample supply within Canada or from other countries. During the CUSMA negotiations, CHBA advises that any final agreement not result in exacerbating the ongoing housing affordability crisis in Canada or result in long-term actions that will negatively affect businesses and consumers where housing and homeownership is concerned.

Home construction is deeply connected to North American trade, and supply chains vary significantly depending on the region. In many cases, the flow of trade north-south for some products has been more prevalent than east-west. For example, distributors in Alberta source their drywall from completely different manufacturers than those in Ontario. CUSMA is designed to reduce trade barriers effectively, allowing buy or make options, which has resulted in efficient and effective distribution chains, including specialization in plants north and south of the border. Any changes to trade rules – whether through tariffs, rules of origin, or administrative requirements – will have a direct and immediate impact on housing costs and timelines.

Trade tensions and tariffs are already contributing economic uncertainty to already higher input costs. CHBA's Q1 HMI survey found that material costs on a typical 2,500 square foot detached home have increased by \$110,000 since the start of 2020. Including labour, Statistics Canada reports that builder costs have risen 70% over this same period. Thanks to CUSMA thus far, these prices have not been driven up further.

When the government was considering phase 2 tariffs, CHBA's analysis found that those tariffs would have been far more comprehensive in increasing the cost of home construction. Canada's home building industry is particularly exposed in relying on imports of construction machinery, appliances, HVAC systems, electrical components, plastics like PVC, and windows and doors. Glass, as well as metal and wood windows and doors, were identified as large vulnerabilities across the country. CHBA supported a successful remission request on window and door imports relative to steel tariffs, given the exposure in these product categories.

Given the housing affordability and supply crisis, CHBA implores you to recommend to the government to maintain stability and predictability whenever possible. Securing an extension of CUSMA, with minimal disruption, should be the top priority for the government. Stability supports investment, protects jobs, and ensures that housing projects move forward without unnecessary risk.

CHBA also recommends avoiding tariffs on construction inputs. During the current trade war, CHBA has consulted with the government to avoid applying retaliatory tariffs on building materials. Where countermeasures are necessary, they should be carefully targeted to avoid products that are essential to residential construction and where alternative supply is limited.

Overall, trade decisions made in this review will directly affect the cost of housing in Canada (and the United States, for that matter). We encourage the government to explicitly consider housing affordability in its negotiations and to assess how any proposed changes would affect building costs and supply.

Thank you. I look forward to your questions.