



2025

Build Canada Homes

Market Sounding Guide

Aussi disponible en français sous le titre : Maisons Canada : Guide de sondage du marché.

Information contained in this publication or product may be reproduced, in part or in whole, and by any means, for personal or public non-commercial purposes without charge or further permission, unless otherwise specified. Commercial reproduction and distribution are prohibited except with written permission from Housing, Infrastructure and Communities Canada.

For more information, contact:

Housing, Infrastructure and Communities Canada
180 Kent Street, Suite 1100
Ottawa, Ontario K1P 0B6
info@infcc.gc.ca

© His Majesty the King in Right of Canada, as represented by the Minister of Housing, Infrastructure and Communities, 2025.

Cat. No. T94-95/2025E-PDF
ISBN 978-0-660-78532-5



1. Introduction

Build Canada Homes will be Canada's new federal entity responsible for building affordable homes, providing financing to affordable home builders, and catalyzing a more productive homebuilding industry. It will bring together key partners from across the housing ecosystem to get homes built by addressing barriers, reducing risk and helping to navigate the process of building non-market housing.

This market sounding guide sets out an initial vision for Build Canada Homes, including its objectives, functions, instruments, investment approach, and implementation.

The intent is to solicit feedback on the proposed approach outlined here to inform Build Canada Homes' final design. All content, including proposed design elements, is subject to change based on ongoing input and evolving discussions.

2. Objectives

Build affordable housing at scale. For a large segment of the working population, students, seniors living on fixed income, the private market alone cannot provide affordable housing options. We need to dramatically scale up affordable housing to create a mix of homes that respond to needs of a diverse range of households, including low-income, while building strong, resilient communities, following the clear example of those countries that have been successful. Build Canada Homes will partner with builders and housing providers that are focused on long-term affordability - including cooperatives, community housing developments or builders that promote attainable homeownership solutions. It will also accelerate timelines to bring federal lands to market, reducing projects costs and supporting the delivery of affordable housing.

Build faster, better and smarter. Canada can scale up its housing supply to meet the needs of the population by modernizing the way we build. We need to build housing using advanced materials with manufacturing and construction methods that improve productivity and scalability to reduce the cost, time, and environmental impacts of building. Build Canada Homes will support and accelerate the housing sector's adoption to modern methods of construction (e.g., standard designs, building information modelling (BIM), low carbon materials, offsite manufacturing, kit-of-parts approach, rapid assembly) by procuring from leading Canadian suppliers for its developments on public lands and filling market gaps in financial product offerings.

3. Build Canada Homes

Build Canada Homes could act as a single window for proponents at every phase of the development process, working in close partnership with developers, investors, manufacturers, other orders of government and Indigenous partners to get housing financed and built.

Build Canada Homes is envisioned as growing the stock of affordable housing, including supportive and transitional housing with wraparound services to assist individuals and families experiencing homelessness, through a small number of large deals, rather than a large number of small deals. Large deals may encompass either substantial individual projects (e.g., 300+ units) or a collection of smaller projects grouped within a broader portfolio.

- **Financing** – Build Canada Homes could use a flexible approach to structuring deals, adapting terms to the specifics of projects and investment objectives.
 - Predictable long-term financial support to affordable housing providers to grow their portfolios. A focus on larger deals will allow Build Canada Homes to actively tailor financial tools and partnerships to best leverage each opportunity.



-
- An investment strategy that supports the scaling of modern methods of construction which drive productivity and get homes built faster. This will likely require developing fit-for-purpose financial instruments to fill gaps currently not well-served by the private sector and incentivizing the use of modern methods of construction.
 - **Building** – Build Canada Homes could act as a developer in varying capacities, working with contractors, operators, investors and other developers to build housing, develop land, procure materials, share risks and provide expertise.
 - A range of development approaches could be available to Build Canada Homes, from directly contracting builders to construct housing and leasing it to affordable housing providers, to acting as a facilitator by bringing together land, financing, project proponents, and other orders of government to move projects forward.
 - Build Canada Homes could use its buying power to drive demand and establish a consistent pipeline for modern building technologies and techniques (e.g., modular/prefabricated, low-carbon, climate resilient and net-zero construction) on land it owns and for projects it helps facilitate.

4. Financial and non-financial instruments

The Government of Canada is exploring an approach to equip Build Canada Homes with a range of tools and the flexibility to deploy them strategically in support of affordable housing projects and innovative approaches to homebuilding.

- **Loans** – repayable financing offered at below market rates and/or with more flexible terms (e.g., greater risk-share or longer amortizations).
- **Equity investments** – Capital investment in exchange for ownership interests in housing development projects and/or with innovative home builders.
- **Real property and housing investments** – Acquisition, leasing, and development of land and buildings, including federal lands.
- **Loan guarantees and other risk mitigation instruments** – Financial tools (e.g., guarantees, contingent liabilities, contracts for differences, offtake agreements) that reduce investment risk and provide federal assurance in order to catalyze investment.
- **Contributions** – non-repayable or conditionally repayable funding, generally to be provided in combination with other financial tools.

5. Investment approach

5.1 Principles

Build Canada Homes' investments may depend on the needs, risk profile, and potential to achieve Build Canada Homes' policy objectives.

Key principles underpinning how these investments will be structured are expected to include:

- **Investment funding reflects housing outcomes:** The level of contributions (through concessionality, risk-share and investment amount) should reflect the degree of housing outcomes the project delivers (e.g., number of units, level of affordability) while allowing for the diversity of investment across Build Canada Homes objectives.



- **Sharing risk-taking to drive sector change:** Build Canada Homes could take and share targeted risks which unlock productivity and grow sector potential. Similarly, Build Canada Homes could expect private sector partners to share in financial risks.
- **Sharing rewards in successful projects:** Build Canada Homes may seek to share in the financial returns of profitable projects it supports, to ensure private investors do not disproportionately benefit from public investments.
- **Leveraging Sector Expertise and Convening Partners:** Build Canada Homes may work with a broad set of industry participants to facilitate crowding in of capital from investors, developers, nonprofit organizations, and other orders of government.

5.2 Leveraging the right instruments

Build Canada Homes' investment approach will bring together objectives, functions and instruments to drive action.

The following table reflects our initial vision for Build Canada Homes' investments across objectives and functions, and is intended for illustrative purposes only:

	Financing	Development
Affordability	<ul style="list-style-type: none"> • Mix of flexible low-interest loans and contributions for pre-development and construction of affordable housing projects. • Long-term, multi-project commitments and financial partnerships that allow the affordable housing sector to plan and scale with confidence. • Supporting sector-led financing solutions (e.g., Canada Rental Protection Fund). 	<ul style="list-style-type: none"> • Partner with contractors and other developers to build housing and lease to affordable housing providers. • Provide land and/or technical support for projects owned/led by affordable housing providers. • Development partnerships where Build Canada Homes leverages equity investments to share various risks and benefits.
Productivity	<ul style="list-style-type: none"> • Unlock supply for more innovative building methods where financing restrictions exist (e.g., guarantees, bridge-loans). • Support technology acquisition and capacity. • Incentivize use of modern methods of construction and Canadian products throughout suite of programs 	<ul style="list-style-type: none"> • Showcase commercial potential by employing modern methods of construction for projects it develops. • Leverage market intelligence to drive efficiencies, for example bulk procuring for its own projects and potentially projects in its financing pipeline simultaneously.



5.3 Investment selection criteria

Build Canada Homes is positioned to seek opportunities which demonstrate the following attributes:

A. Scale

- Projects that deliver a significant number of affordable housing units.
- Initiatives that unlock a portfolio or multiple housing projects.

B. Affordability/Community Sector Growth

- Expands supply of affordable housing to low- and moderate-income households.
- Expands supply of housing run by mission driven organizations, such as co-ops, non-profits, governments or Indigenous housing providers.

C. Innovation in Homebuilding

- Reduces build time, cost per unit, or amount of resources (material/workers) required.
- Build Canadian by prioritizing Canadian-made materials (e.g., sustainably harvested value-added wood, low carbon and concrete products) and regional production hubs, to support Canadian jobs.
- Use of modern methods of construction such as:
 - Modular, prefabricated, or 3D-printed construction.
 - Deployment of low-carbon, climate resilient and/or net-zero approaches/technologies, including incorporating low-carbon materials and efficient design to reduce the carbon footprint of projects.

D. Efficient Use of Public Dollars

- Proposals allow public dollars to go further than they otherwise would.
 - Minimizing cost to Canada by prioritizing concessional financing while retaining flexibility to consider appropriate cost-sharing arrangements.
 - Leverage private or philanthropic capital, cross-subsidization or other means to reduce reliance on public support.
 - Appropriate risk management strategies are in place to understand and address investment risks (e.g., financial risks, climate impacts).

6. Partnerships and engagement

Build Canada Homes will not be able to drive results alone. The housing sector must be ready to respond to the opportunities Build Canada Homes presents. Strong partnerships with provinces, territories, municipalities and Indigenous partners are necessary to coordinate action to deliver key outcomes in the investment strategy.

Publishing this market sounding guide and undertaking broad engagement help inform the Build Canada Homes initiative and gain insights from:



-
- Project proponents to understand opportunities for investment in large-scale projects and where Build Canada Homes can partner alongside experienced housing providers to unlock success.
 - Community housing developers to better understand potential partnership models and how Build Canada Homes can support proponents through the project lifecycle, address barriers to development and leverage public land. Community housing developers will be engaged to ensure Build Canada Homes is designed to accelerate the development of non-market housing, while also advancing affordability and other social outcomes.
 - Developers leveraging modern methods of construction and manufacturers to better understand how to expand the sector's capacity and de-risk industry innovation.
 - Provincial and territorial governments to ensure the design of Build Canada Homes (including eligibility criteria, partnerships, and delivery models) is aligned with existing PT housing programs and jurisdictional realities, and that Build Canada Homes' activities that support modern methods of construction are backed by a scale enabling regulatory environment.
 - Local governments to identify pathways to accelerate planning, permitting and servicing of Build Canada Homes projects, to facilitate and incentivize the use of modern methods of construction, and to build more affordable, resilient communities in urban, rural and remote areas.
 - Indigenous governments and partners to provide insights on how Build Canada Homes can advance the housing priorities of Indigenous communities. The government is committed to meaningful engagement with Indigenous peoples.
 - Financial institutions to better understand how Build Canada Homes can deploy flexible financial tools that complement private financing and reduce project or financing risks to catalyze more investment.

Engagement will also go beyond these partners to seek input from a wide range of stakeholders, including academics, research groups, institutional investors and other potential sources of private capital. This inclusive approach is intended to ensure a comprehensive understanding of investment opportunities and challenges across the housing system.

Those interested in sharing their expertise and feedback on the design of Build Canada Homes, can submit written feedback to bengagement-mobilisationmc@infoc.gc.ca.

