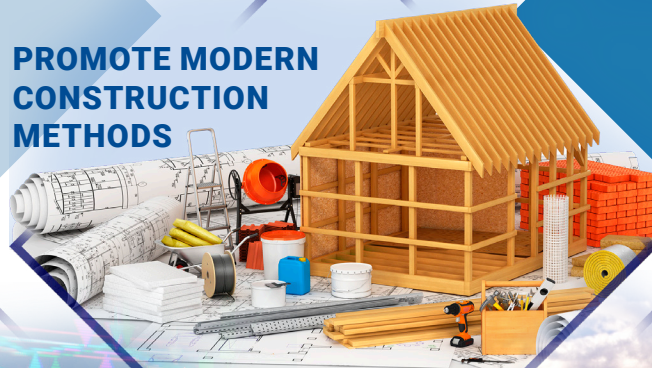




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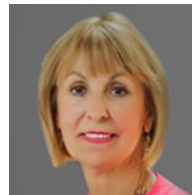
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The Honourable Flordeliz (Gigi) Osler (or Robert Black)
The Honourable Brian Francis (or Judy A. White)

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Order of Reference

Extract from the *Journals of the Senate* of Tuesday, October 21, 2025:

The Honourable Senator Martin moved, for the Honourable Senator Carignan, P.C., seconded by the Honourable Senator Manning:

That the Standing Senate Committee on National Finance be authorized to examine and report on federal programs and initiatives to support the creation of housing, including, but not limited to, the:

- a) launch of the Build Canada Homes agency and how it will coordinate its operations with those of the Canada Mortgage and Housing Corporation in the delivery of affordable housing programs;
- b) conversion of federal lands into opportunities for housing development;
- c) off-site construction;
- d) role of municipalities; and
- e) development of affordable housing;

That the committee submit its final report to the Senate no later than March 31, 2026, and that the committee retain all powers necessary to publicize its findings for 180 days after the tabling of the final report; and

That the committee be permitted, notwithstanding usual practices, to deposit its reports on this study with the Clerk of the Senate, if the Senate is not then sitting, and that the reports be deemed to have been tabled in the Senate.

The question being put on the motion, it was adopted.

Shaila Anwar

Clerk of the Senate

Executive Summary

In recent years, housing affordability in Canada has deteriorated significantly. Rapid increases in home prices and rents, combined with higher interest rates, construction costs and the cost of living, have increased financial pressure on a growing number of households. This situation now affects both low- and middle-income households, particularly in large urban centres, where the supply of affordable housing has not kept pace with population growth, thereby increasing barriers to accessing housing and the risk of homelessness.

It was in this context that, in September 2025, the government announced the creation of Build Canada Homes, a new organization tasked with implementing a renewed approach to increasing the supply of non-market housing. In October 2025, the Standing Senate Committee on National Finance (the Committee) undertook a study to examine the role and implementation of this new organization.

During its study, the Committee heard testimony on the growing need for non-market housing, particularly for Indigenous people, newcomers and students, as well as the constraints facing the community housing sector in increasing its supply. Witnesses also raised various issues related to the mandate, governance and funding of Build Canada Homes, its coordination with the Canada Mortgage and Housing Corporation, and its role in federal housing policy.

Lastly, the Committee examined how Build Canada Homes could achieve its objectives of increasing the construction of affordable housing, strengthening the capacity and viability of the non-market housing sector and supporting the development of industrialized construction methods to reduce construction costs and timeframes. This report summarizes the testimony heard and sets out 10 recommendations aimed at maximizing Build Canada Homes' contribution to increasing the supply of non-market housing in Canada.

List of Recommendations

Recommendation 1

That the federal government ensure the availability of comprehensive and publicly accessible housing data to adequately assess housing needs in Canada and the actual effectiveness of federal programs designed to address these needs.

Recommendation 2

That, as a special operating agency, Build Canada Homes establish clear objectives and annual performance indicators, and ensure a high level of transparency to Canadians and to Parliament by regularly publishing detailed information on its activities, tenders, expenditures and results. Furthermore, when reviewing Bill C-20, which would transform Build Canada Homes into a Crown corporation, parliamentarians should ensure that it is bound by strict governance and accountability rules.

Recommendation 3

That Build Canada Homes ensure it attracts and retains highly qualified personnel from across the public service and from outside government in order to maintain and enhance the federal government's expertise in affordable housing.

Recommendation 4

That the federal government promptly announce its intentions regarding the future of the National Housing Strategy and the level of funding to be allocated in the medium and long term to federal programs related to access to homeownership, and the construction and financing of affordable and non-market housing.

Recommendation 5

That Build Canada Homes ensure environmental considerations are incorporated into project selection, including by assessing environmental impacts, prioritizing construction in areas at lower risk of natural disasters, and taking into account the environmental performance and disaster resilience of construction materials.

Recommendation 6

That Build Canada Homes and the Canada Lands Company begin exploring the acquisition of additional land for the construction of non-market housing, particularly in areas where the federal government holds limited land and where non-market housing

needs are significant; and that they explore the feasibility of transferring federal lands to Indigenous housing providers.

Recommendation 7

That the federal government give Build Canada Homes the mandate and tools to serve as a single window for organizations seeking to create, acquire or preserve non-market housing. In that capacity, Build Canada Homes should:

- support early project planning in order to reduce the costs and risks associated with pre-development;
- facilitate coordination and partnerships among different levels of government, municipalities and community stakeholders; and
- offer flexible financing tools tailored to project needs.

The Committee also believes that Build Canada Homes should take into account the distinct needs of diverse populations, including Indigenous people, newcomers and students, particularly with respect to housing affordability, size and accessibility, as well as the importance of preserving the existing supply of affordable housing.

Recommendation 8

That the federal government work with the provinces and territories to ensure that transitional housing supported by Build Canada Homes systematically includes a full range of support services. These services should include mental health, addiction and social services support, as well as tailored support based on needs, including those of Indigenous people.

Recommendation 9

That, to foster wider adoption of modern construction methods, the federal government:

- provide Building Canada Homes with enough funding to carry out affordable housing projects using modern construction methods and thereby enhance predictability and reduce the risks associated with the major initial investments in these methods; and
- work with the provinces, territories and municipalities to reduce regulatory and administrative barriers that could impede broader adoption of these methods, including by improving coordination between municipal approval processes and regulatory frameworks, in order to encourage their large-scale adoption.

Recommendation 10

That the federal government:

- pursue its efforts to encourage other levels of government to reduce or review development charges when they act as a barrier to new housing construction;
- continue supporting municipal infrastructure projects that underpin housing, and work closely with other levels of government to explore alternative and predictable funding mechanisms for municipal infrastructure related to residential development; and
- ensure that effective collaboration and communication mechanisms are in place with other levels of government and municipal associations to ensure that measures taken in the area of housing are consistent and coordinated.

1. Introduction

In recent years, housing affordability in Canada has deteriorated significantly. Rapid increases in home prices and rents, combined with higher interest rates, construction costs and the overall cost of living, have increased financial pressure on a growing number of households. This situation now affects not only low-income households, but also many middle-income households, particularly in large urban centres. At the same time, the supply of affordable housing has not kept pace with population growth, contributing to increased difficulties in accessing adequate housing and a heightened risk of homelessness.

In Canada, the housing market is not uniform; it varies greatly from one province to another, and even within the same province. For example, the average price of a single-family or semi-detached home sold in January 2026 was \$481,717 in Saguenay, Quebec, \$910,847 in Montreal and \$2,487,412 in Vancouver. However, the price increases were significant throughout the country, raising the need for affordable housing.

In September 2025, the government announced the creation of Build Canada Homes, a new organization intended to implement a new approach to increasing the supply of non-market housing in Canada. It was in this context that, in October 2025, the Standing Senate Committee on National Finance (the Committee) undertook this study. The study examines the role that Build Canada Homes could play in building non-market housing, supporting organizations that provide such housing and improving productivity in the construction sector.

As part of its study, the Committee held six meetings and heard from a range of witnesses, including the Chief Executive Officer (CEO) of Build Canada Homes, the interim Parliamentary Budget Officer, community housing organizations, researchers, representatives of the construction sector, and organizations addressing the housing needs of Indigenous peoples, newcomers and students.

This report summarizes the testimony heard by the Committee and sets out its recommendations on how Build Canada Homes can maximize its contribution to the creation of non-market housing in Canada.

2. Non-market Housing in Canada: Current Situation and Future Needs

Non-market housing refers to residential units owned or operated by community or government organizations that do not set rents or manage their housing to maximize financial returns. There are several types of non-market housing in Canada, including:

- **Affordable housing:** designed to maintain reasonable costs for low- and moderate-income households;

- **Community housing:** provided by governments, non-profit organizations, cooperatives and Indigenous providers to low- and moderate-income households;
- **Supportive housing:** combines permanent housing with integrated and comprehensive services for individuals with complex needs; and
- **Transitional housing:** provides temporary accommodation, often with support services, for low- and very low-income households seeking permanent housing.

According to an [analysis by the Parliamentary Budget Officer](#), Canada currently has between 600,000 and 700,000 units of low-income housing available at below-market rents. Most of these units were built before 1994, and their number has remained relatively stable since that time.

As shown in Table 1, municipal and provincial governments are the primary providers of non-market housing, followed by non-profit housing organizations, co-operative housing and urban, rural and northern Indigenous housing organizations.

Table 1 – Non-market Housing by Type of Provider (%)

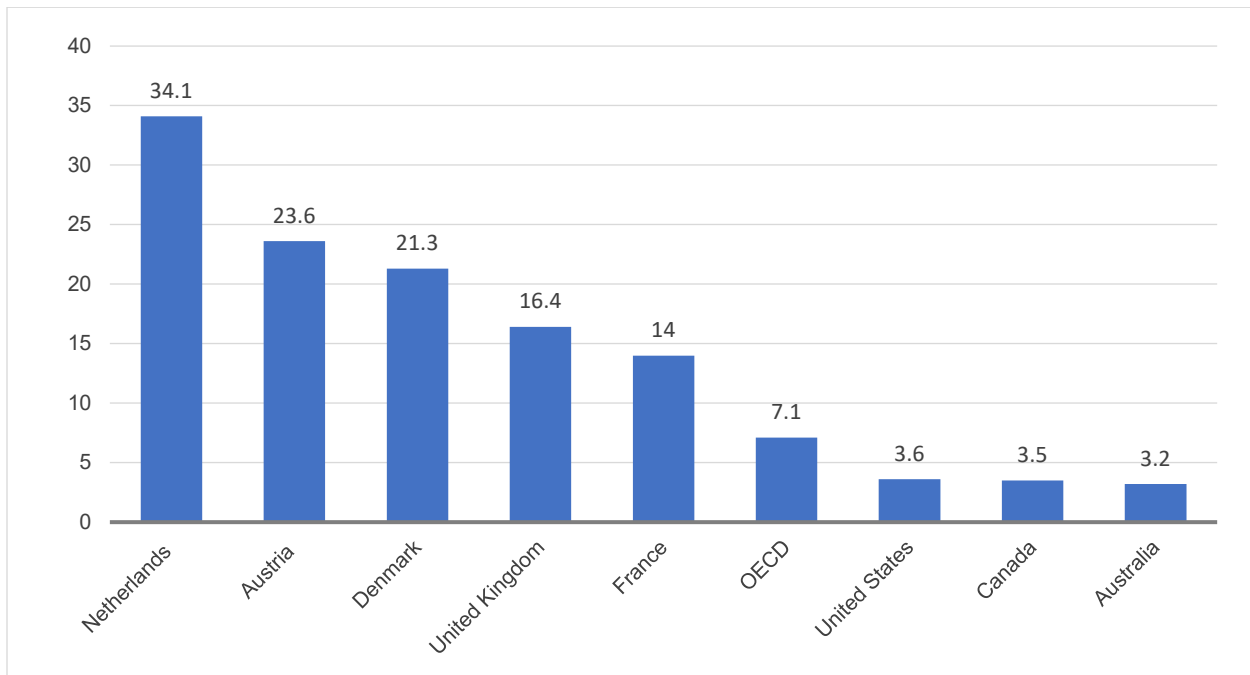
Municipal governments	Provincial governments	Non-profit housing organizations	Co-operative housing	Indigenous housing organizations
36%	18%	26%	16%	3%

Note: The total does not equal 100% due to rounding.

Source: Table prepared by the Library of Parliament using data from the National Housing Council, [Scaling up the non-market housing sector in Canada](#), March 2025, p. 19.

Compared with other countries, social rental housing represents a relatively small share of Canada’s total housing stock. According to data from the Organisation for Economic Cooperation and Development (OECD), this share is 3.5% in Canada, below the OECD average of 7.1% and comparable to that of the United States and Australia, as shown in Figure 1. The five OECD countries with the highest share of non-market housing are the Netherlands, Austria, Denmark, the United Kingdom and France.

Figure 1 – Social Rental Dwellings as a Share of Total Dwellings, Selected Countries (%)



Note: The [Organisation for Economic Cooperation and Development](#) defines “social rental housing” as residential rental accommodation provided at sub-market prices and allocated according to specific rules rather than market mechanisms.

Source: Figure prepared by the Library of Parliament using data from the Organisation for Economic Cooperation and Development, Indicator PH4.2, [OECD Affordable Housing Database](#), accessed 23 January 2026.

The federal government supports non-market housing through various initiatives administered by the Canada Mortgage and Housing Corporation (CMHC) under the National Housing Strategy, launched in 2017 for a 10–year period. These [initiatives](#) include:

- the **Apartment Construction Loan Program**, which aims to increase the supply of affordable housing by market and non-market developers for middle-income households;
- the **Affordable Housing Fund**, which provides financing for housing with below-market rents;
- the **Rapid Housing Initiative**, which aims to build or acquire suitable housing to meet the urgent housing needs of vulnerable populations; and
- the **Federal Lands Initiative**, which aims to transfer or lease federal lands and buildings to market and non-market developers to create affordable housing.

In partnership with provinces and territories, the federal government also provides rental assistance to low-income households through the Federal Community Housing Initiative and the Canada Housing Benefit.

More recently, additional initiatives were announced in Canada's Housing Plan, the 2024 Budget and the 2024 Fall Economic Statement, including the [Urban, Rural and Northern Indigenous Housing Strategy](#), the [Co-op Housing Development Program](#), the [Canada Rent Protection Fund](#) and the [Public Lands for Homes Plan](#).

During its study, the Committee heard extensive testimony on the need for non-market housing in Canada, including the needs of Indigenous peoples, newcomers and students. Witnesses also spoke about gaps in the availability of housing data.

2.1 Non-market Housing Needs

Appearing before the Committee as an individual, Carolyn Whitzman, Senior Housing Researcher at the University of Toronto's School of Cities, described the current supply of non-market housing in Canada as follows:

In 1972, 25% of completions [...] were non-market homes [...] Under the National Housing Strategy, non-market housing completions have been between 2% and 3%, less than 7,000, in 2024. That's well below the quantum necessary to meet the needs of very low-, low- and moderate-income households. It is a misuse of the \$88 billion spent on the National Housing Strategy, whose targets were to reduce homelessness and housing need, yet whose programs primarily helped market developers create homes that were only accessible to higher-income households. In fact, Canada continues to experience a net loss of housing affordable to low-income households under the National Housing Strategy.

Ms. Whitzman also described the scale of housing needs across the country. She noted that more than 4.4 million Canadian households live in unaffordable, overcrowded or poor-quality housing, with approximately 3 million of those households earning less than 50% of the median income in their area. Of these households, only 1.7 million are currently identified as having urgent housing needs, a figure that excludes approximately 1.3 million post-secondary students, as only 10% live in residence.

She added that at least 250,000 people are homeless in Canada, nearly 500,000 adults live with roommates or family for financial reasons, and data remains limited for approximately 400,000 of the 700,000 individuals living in shared housing.

Some witnesses said that private market construction alone cannot meet Canada's housing needs. For example, the Canadian Housing and Renewal Association said that the private market is neither willing nor able to create a surplus supply of housing that would lower prices. It said that

the private market cannot rapidly oversupply the market because it reduces profit and they can't find investors. That's why private developers do absorption studies before undertaking major new developments: to make sure they aren't flooding the market with new product, and of course, they adjust their timelines accordingly to avoid that outcome.

The Canadian Centre for Policy Alternatives said that non-profit or public models are better suited to the development of affordable rental housing, as rents need only cover the costs of land, construction, financing, development and operations. According to it, these models offer three main advantages:

- the absence of developer profits, which directly reduces the rents required for project viability;
- reduced upfront costs through public policy; and
- the possibility of cross-subsidization, i.e., adjusting rents according to the type of household within the same building or portfolio, while still achieving break-even.

The Canadian Centre for Policy Alternatives further noted that, under a public model, amortizing federal investments over longer periods could help lower the rents needed to reach break-even. It stressed the importance to test various models to figure out what is successful and then scale that up.

In light of the benefits of non-market housing, the Canadian Housing and Renewal Association called for a significant increase in the share of non-market, subsidized, mission-driven housing to stabilize the housing market and support productivity. According to it, the federal government should double the supply of social housing over the next decade and quadruple the supply of Indigenous social housing, which would result in a 20% market share.

Similarly, Ms. Whitzman emphasized the importance of establishing clear federal targets for non-market housing. As an example, she said that France has set ambitious non-market housing targets since 2000 and that, in 2024, only 15% of low-income tenants lived in unaffordable housing, compared with 55% in Canada. She said that at least 200,000 new non-market housing units per year over 30 years would be required to eliminate housing shortages and homelessness in Canada.

Witnesses also identified barriers within the community housing sector that constrain its capacity to expand non-market housing. Ms. Whitzman noted that long-term, low-interest federal financing, access to public land and construction innovation enabled the scaling-up of social housing in the 1970s and 1980s. She further stated:

A new generation of bilateral agreements with provinces, territories, municipalities and regions need to create much more flexible zoning and building codes to allow low-rise apartments and congregate housing types like student, supportive and

senior housing everywhere. We need to make funding conditional on tenant protection to ensure that the bathtub plug is stopping the draining of low-cost rentals as we meet the supply needs of all Canadians.

She added that, by scaling up tools such as public land use, acquisition and construction of non-market housing, and portfolio management, Build Canada Homes could align with international best practices in France, Austria, Denmark and Finland.

The Co-operative Housing Federation of Canada said that most housing co-operatives are small, limiting their development capacity. The sector is therefore seeking to consolidate and scale up the co-operative housing portfolio to improve sustainability. Regarding sector needs, it said that:

Canada lacks any long-term sustainable source of funding and financing to develop community housing at scale. If we start to focus on and address that gap, then we can start to build the rest, particularly to catch up on the growing prevalence of homelessness and encampments in all communities.

Habitat for Humanity Canada presented its model for supporting low-income families in achieving homeownership. Participating families obtain mortgages capped at 34% of market value, with the organization financing the remainder. Habitat for Humanity Canada said that its strong local presence through affiliates, who know the conditions on the ground and have good relationships, facilitates material donations and volunteer recruitment, helping reduce construction costs. As well, the organization also works with municipalities and developers to secure land at low or no cost. Habitat for Humanity Canada argued that federal efforts to expand affordable non-market housing should encompass both rental housing and homeownership.

2.2 Indigenous Needs

The National Association of Friendship Centres, which delivers programs and services to 667,000 Indigenous households in urban, rural and remote areas, informed the Committee that 124,000 of these households are in need of housing, including 37,500 individuals experiencing homelessness. It explained that many friendship centres have been providing housing for a long time, which led to the creation, in partnership with other urban Indigenous housing providers, of National Indigenous Collaborative Housing Inc. (NICHI), to receive and distribute the funds announced in 2023 under the Urban, Rural and Northern Indigenous Housing Strategy.

The National Association of Friendship Centres indicated that during NICHI's first calls for proposals, 447 urgent, shovel-ready projects were submitted, representing \$2 billion in need. However, as only \$275 million of the \$4 billion allocated to the strategy was channelled through NICHI, funding was provided to only 74 projects, illustrating the scale of unmet Indigenous housing needs. The Co-operative Housing Federation of Canada further noted that a substantial portion of funding announced for urban, rural and northern Indigenous housing has yet to reach these communities, contributing to inequity.

The National Association of Friendship Centres also stated that:

In 2021, Canada announced \$724 million for the Indigenous Shelter and Transitional Housing Initiative. As of early 2025, less than 20% has been spent, and only two shelters have been completed nationwide. It is imperative for Canada to immediately release the remaining funds to ensure the safety of Indigenous women, girls and gender-diverse people.

The Committee is concerned about the significant delays between federal funding announcements for Indigenous housing and the actual deployment of funds to communities. These delays are particularly troubling given the urgent housing needs, especially among Indigenous women, girls and gender-diverse people. The Committee intends to follow up on this issue with relevant departments in upcoming meetings.

2.3 Newcomer Needs

The Ontario Council of Agencies Serving Immigrants, whose members help immigrants, refugees, migrant workers and international students find and retain affordable housing, described the challenges newcomers face. The organization noted that, when newcomers do find housing,

landlords are sometimes asking for up to six months of rent, so funds that should be lasting a year or two while people settle themselves are going into housing, causing new immigrants to fall into deep poverty right at the beginning before they can really get settled and get moving.

The situation is even more difficult for asylum seekers, who are often referred to municipal shelter systems and are unable to work until they obtain a work permit. During this period, they receive social assistance, but this is insufficient to cover current rental costs.

The Ontario Council of Agencies Serving Immigrants emphasized the urgent need for affordable and deeply affordable housing to meet the needs of these populations. It said that the National Housing Strategy does not provide adequate funding for non-market housing and remains inaccessible to many community organizations. According to its member agencies, eligibility requirements, such as the need for financial backing, are too restrictive. It said that measures are needed to facilitate partnerships with bank-backed developers in order to enable community organizations to build low-rent housing.

Accordingly, the organization called for coordinated action by federal, provincial and municipal governments to fund both short- and long-term housing solutions for asylum seekers, including housing subsidies for newcomers. It also noted the importance of removing immigration-status-based barriers, collecting disaggregated data to better address inequalities, and supporting housing models that provide both stability and flexibility to facilitate the integration of immigrants and refugees.

2.4 Student Needs

Regarding university campus housing, Universities Canada said that universities currently provide between 10% and 15% of students with accommodations, representing 135,000 residence beds across the country. The organization said that this proportion has remained relatively stable over time, while strong population growth in Canada and insufficient housing construction have increased pressure on the market, leading to financial challenges for students. It noted:

In cities like Toronto and Vancouver, many are having to pay rent upward of \$2,000 a month. Whereas, 30 or 40 years ago, tuition was at the top of the list in terms of affordability concerns, and now [...] [h]ousing costs have [...] become the leading affordability barrier for students to leave home and attend university.

Universities Canada said that several universities have shovel-ready projects that could add thousands of new beds in the near term. However, many cannot proceed without federal support, given provincial legislation and financial limitations that limit their borrowing capacity. The organization also cited inadequate provincial funding and the recent decline in international student admissions as factors limiting universities' financial capacity.

2.5 Data Availability

During its hearings, the Committee heard about gaps in data related to housing supply and program effectiveness. In particular, Ms. Whitzman criticized the lack of publicly available housing data, noting that the CMHC ceased publishing statistics on housing completions in non-metropolitan areas in 2023, creating significant data gaps in some provinces.

She also highlighted the absence of detailed data on rents for publicly subsidized housing and on the number of such units that actually helped those who need housing. In her view, the lack of such information is unacceptable given the substantial public funds invested under the National Housing Strategy.

Similarly, the interim Parliamentary Budget Officer emphasized the importance of extending reporting on the National Housing Strategy beyond its expiry date in order to have data over a longer period, given the government's goal of closing the housing gap by 2035. In his view,

it would be worth taking a long, hard look at, on the federal side, which interventions are actually creating additional housing. Again, a lot of the government announcements are the money and the total number of homes being created. In some situations, there is a lack of clarity or lack of precision around incremental change, so how many homes were actually created with the federal dollars versus how many would have been created anyway as a result of provincial governments and municipalities having a program in place.

In this regard, he suggested that it would be worthwhile for the government to provide the Committee with more accurate data on a regular basis on the actual additional contribution of its programs.

Given the significant federal investments in housing initiatives, the Committee believes that improving housing data quality and availability is essential to ensuring the effective use of public funds and guiding future housing decisions. Accordingly, the Committee recommends:

Recommendation 1

That the federal government ensure the availability of comprehensive and publicly accessible housing data to adequately assess housing needs in Canada and the actual effectiveness of federal programs designed to address these needs.

3. Creation of Build Canada Homes

On 14 September 2025, the Prime Minister of Canada [announced the creation of Build Canada Homes](#), “a new federal agency that will build affordable housing at scale,” describing it as a “bold new approach.” The intention to create such an organization was reiterated in the [2025 federal budget](#).

According to [Build Canada Homes](#), its objectives are as follows:

- 1) Build affordable homes
- 2) Finance affordable homes
- 3) Catalyze a new housing industry

This section describes Build Canada Home’s mandate, governance and funding, and key issues related to this organization that were raised by witnesses during committee meetings. Issues related to each of its objectives are discussed in sections 4, 5 and 6.

3.1 Mandate of Build Canada Homes

The mandate of [Build Canada Homes](#) is threefold:

- 1) Grow the proportion of housing that is non-market, mission driven and that produces housing that is affordable for low- and middle-income households
- 2) Help create the conditions for a high-capacity, growth oriented non-market housing sector that can scale, built on new and innovative partnerships with reduced reliance on ongoing government subsidies

- 3) Generate long-term, predictable demand for Canadian factory-built housing, allowing the industry to scale, and for the time and cost of home construction in Canada to go down

According to the [2025 federal budget](#), there are three key pillars to this new approach:

- 1) Build Canada Homes will partner with industry, other orders of government, and Indigenous communities to build affordable housing, including co-op housing, at scale and at speed
- 2) Build Canada Homes will deploy capital, secure demand, and harness innovative housing technologies to build faster and more sustainably, 365 days a year
- 3) Build Canada Homes will adopt the government's new Buy Canadian policy and prioritize projects that use Canadian lumber and other Canadian materials

To meet its mandate and objectives, [Build Canada Homes](#) will focus “primarily on non-market housing, supporting a mix of income needs as part of a national effort to double housing construction, restore affordability, and reduce homelessness.” Several witnesses expressed agreement with this vision. For example, the Canadian Housing and Renewal Association stated:

Let's be clear: The private market will supply housing for the vast majority of Canadians. Where government needs to focus its attention is on those segments of the market that cannot be served by private market developers, and this is the low and modest end of the income spectrum. I believe strongly that Build Canada Homes needs to focus very clearly on that and set those targets.

On the other hand, according to Habitat for Humanity Canada, Build Canada Homes should not focus solely on non-market housing but should also support homeownership, as home ownership remains a defining goal for many Canadians. It said that including affordable home ownership in the mandate of Build Canada Homes would address an important policy gap.

3.2 Governance and Funding

[Build Canada Homes](#) CEO Ana Bailão took office on 29 September 2025, “marking the start of its rapid operational rollout.” Build Canada Homes is currently operating as a special operating agency within Housing, Infrastructure and Communities Canada.

According to the [Treasury Board of Canada Secretariat](#), special operating agencies are

units within a department or agency that have some management flexibility, independence and separate accountability. They function within a framework agreement approved by the departmental deputy minister, the minister responsible and the Treasury Board, without legislation.

The CEO of Build Canada Homes provided the following details:

[The department] is incubating Build Canada Homes during this initial phase, providing administrative support and coordination. This arrangement allows Build Canada Homes to draw on existing federal resources and expertise while establishing its operational foundation.

The [2025 federal budget](#) provided an initial investment of \$13 billion over five years for Build Canada Homes, on a cash basis,¹ starting in 2025–2026. This funding is set out in [Bill C-15, An Act to implement certain provisions of the budget tabled in Parliament on November 4, 2025](#) and in the [framework agreement that created Build Canada Homes](#). Total funding of \$13.015 billion over five years, from 2025–2026 to 2029–2030, is planned, including:

- \$11.5 billion in cash accounting for Canada Homes (\$7.3 billion in accrual accounting). This statutory funding includes \$1 billion for transitional and supportive housing for people who are homeless or at risk of homelessness. It also includes \$1.5 billion for the Canada Rental Protection Fund, which will support the community housing sector in acquiring at-risk rental apartment buildings to preserve their affordability over the long term;
- \$1.515 billion to make a contribution of capital to Canada Lands Company Limited or to purchase shares in it to fund housing construction on six sites in its portfolio.

A quick search of the [government employee directory](#) suggests that, as of 12 February 2026, Build Canada Homes had 28 employees.

Under the [framework agreement](#), while Build Canada Homes remains a special operating agency within Housing, Infrastructure and Communities Canada, it reports to Parliament through its departmental results report. As a special operating agency, Build Canada Homes must have its business plan—setting out its planned expenditures—approved. In addition, it must obtain the approval of the Minister of Finance to access its funds.

On 5 February 2026, Bill C-20, An Act respecting the establishment of Build Canada Homes, was introduced and read for the first time in the House of Commons. According to the bill, Build Canada Homes will be a Crown corporation reporting to a minister, with a purpose to “promote, support and develop the supply of affordable housing in Canada and to promote innovative and efficient building techniques in the housing construction sector in Canada.”

Its board of directors will consist of a chairperson and eight to ten directors. It is also expected that Build Canada Homes may provide a loan guarantee only with the Minister of Finance’s approval. In addition, the administration, management and control of any property, rights or interests held by Canada Lands Company Limited or any of its wholly-owned subsidiaries, as

¹ For more information on the major differences between cash-based accounting and accrual accounting, see BDC, [Accrual cash accounting](#).

well as their obligations may be transferred to Build Canada Homes by order in council, on the recommendation of the minister responsible for Build Canada Homes.

In addition, the bill provides that a review of the enabling legislation for Build Canada Homes shall be conducted no later than five years after its coming into force, and every ten years thereafter. Moreover, Build Canada Homes would be added to Schedule III of the *Financial Administration Act* and would therefore be subject to the requirements set out in Part X of that Act, which prescribes the preparation of a corporate plan and budget, the duties of directors and financial controls.

Pending the coming into force of Bill C-20's provisions, and while Build Canada Homes is still a special operating agency with significant funding that reports to Parliament through Housing, Infrastructure and Communities Canada, the Committee believes it must demonstrate a high degree of transparency. Therefore, the Committee recommends:

Recommendation 2

That, as a special operating agency, Build Canada Homes establish clear objectives and annual performance indicators, and ensure a high level of transparency to Canadians and to Parliament by regularly publishing detailed information on its objectives, activities, tenders, expenditures and results. Furthermore, when reviewing Bill C-20, which would transform Build Canada Homes into a Crown corporation, parliamentarians should ensure that it is bound by strict governance and accountability rules.

3.3 Coordination with CMHC

Committee members asked CMHC and Build Canada Homes representatives about their respective future roles in affordable and non-market housing. CMHC explained its new role as follows:

CMHC is already established, with a big network of clients and programs and insurance products, and we'll continue doing that. We are going to be less active in the space that [Building Canada Homes] will be more active in, which is the more affordable parts of the spectrum [...]

So our products may complement one another; they may both be active in a particular project, and there may be components that both of us are offering in a particular project. There will likely be other projects that will be Build Canada Homes on their own, where they won't need necessarily a CMHC component of that. But Build Canada Homes will be able to offer a full project offering in some cases.

Build Canada Homes provided the following clarifications regarding its role:

Build Canada Homes would be very active on the creation of affordable housing, and CMHC on the continuation of work with the market [...]

I think the big difference is [Build Canada Homes] will not be offering programs. We will be partners. We will be a catalyst to develop an industry but also to attract capital.

The transition of CMHC programs to Build Canada Homes was also discussed. According to CMHC, no decision has been made on programs nearing completion, and funding for programs that renew may be transferred to Build Canada Homes.

Housing, Infrastructure and Communities Canada cited the CMHC's Reaching Home program as an example of how CMHC and Build Canada Homes could operate in parallel:

Reaching Home itself will not move to Build Canada Homes, but we now have the advantage of looking at how we can coordinate some of the investments that Build Canada Homes will be making in supportive and transitional housing with some of the work that we already see going on in the community around homelessness.

Committee members also raised concerns about the potential loss of institutional knowledge arising from the transfer of certain responsibilities from CMHC to Build Canada Homes. Representatives from both organizations said that they did not share this concern, noting that a transition team—including members from CMHC—has been established to facilitate knowledge transfer. Under the [framework agreement](#), technical experts will be interchanged or seconded from other departments as well as from the Canada Infrastructure Bank, CMHC and the Canada Lands Company, thereby “leveraging operational expertise to support the agency’s work.”

In light of announced public service reductions and the transfer of responsibilities from CMHC to Build Canada Homes, the Committee remains concerned about the potential loss of expertise in affordable housing. Accordingly, the Committee recommends:

Recommendation 3

That Build Canada Homes ensure it attracts and retains highly qualified personnel from across the public service and from outside government in order to maintain and enhance the federal government’s expertise in affordable housing.

3.4 Link with the National Housing Strategy

While the creation of Build Canada Homes was generally welcomed, witnesses said that the government needed to clarify its long-term housing strategy and specify which programs scheduled to expire in the coming years, such as the Federal Community Housing Initiative and the Build Canada Homes Benefit, would be renewed and, if not, what measures, if any, would replace them. In this context, the Co-operative Housing Federation of Canada stated:

It is vital that the federal government clarify a long-term investment framework to ensure that affordable housing development will continue at scale and without disruption.

Second, there is an acute opportunity for the federal government to clarify its position on the continuity of important measures that provide security of tenure to low-income households. Programs like the Federal Community Housing Initiative and the Canada Housing Benefit are set to expire in just a couple of years. Hundreds of thousands of households rely on these income supports to maintain housing stability. To protect deeply affordable housing, these measures need to be made permanent and need to be expanded to new housing developments.

In December 2025, the Office of the Parliamentary Budget Officer released an [analysis of housing programs](#) and the funding allocated to Build Canada Homes. The analysis noted that, if expiring programs are not renewed or replaced, “federal planned spending on housing programs is set to decline 56 per cent, from \$9.8 billion in 2025-26 to \$4.3 billion in 2028-29.” It further noted that “Build Canada Homes should be expected to make a modest contribution toward housing supply and affordability within the broader context of a large decline in support for housing affordability.”

Several witnesses expressed similar concerns. For example, Ms. Whitzman said:

[I]f we’re serious about the housing crisis, then we need to scale up non-market housing, and that will take a generational and transformative investment, which is what Prime Minister Carney has been talking about, but the money behind it in this current budget is not transformative or generational when it comes to housing. It’s a good idea to test out the waters with Build Canada Homes, but my hope would be, within a year or two, that the number of acquisitions, the amount of new build, and the number of renovations would be greatly scaled.

Witnesses also raised concerns about the transition from existing CMHC programs to the implementation of Build Canada Homes funding. For example, the Co-operative Housing Federation of Canada noted that some projects have already received significant investments under the Co-op Housing Development Program, underscoring the need for timely access to financing. Delays, it cautioned, could render projects unviable. Similarly, Vive Development emphasized the importance of CMHC’s Apartment Construction Loan Program and called for its continuation and additional funding.

In light of the uncertainty surrounding the future of several federal housing programs, the Committee recommends:

Recommendation 4

That the federal government promptly announce its intentions regarding the future of the National Housing Strategy and the level of funding to be allocated in the medium and long term to federal programs related to access to homeownership, and the construction and financing of affordable and non-market housing.

3.5 Climate Resilience and Sustainability of the Housing Stock

Whether in the context of housing construction on federal lands or the financing provided by Build Canada Homes for other projects, witnesses emphasized the importance of environmental considerations in two key respects.

First, witnesses discussed the need to build and finance housing that is more resilient to natural disasters, such as floods and forest fires, which are occurring with increasing frequency as a result of climate change. The Insurance Bureau of Canada stressed the importance of siting new housing in areas with lower exposure to natural hazards, using appropriate construction materials, and ensuring that municipalities have the resources required to support resilient infrastructure. It stated:

A new home on a flood plain isn't affordable if insurance premiums go through the roof. A subsidized rental unit in a wildfire-prone area is not affordable if families are forced to evacuate every year and lose their homes and possessions to a summertime blaze [...]

We are starting to see changes being made to acknowledge the importance of resilience being built into the building codes. Also, insurers offer a number of incentives, but also disincentives, in terms of the materials that your homes are built with. If you have a home that is in a high-risk flood area and it doesn't have proper mitigating measures in place, you can expect to see that in the nature of your coverage and premiums [...]

[W]e need the right sorts of conditions across the country in terms of building. That means considering where we build but also ensuring that our municipalities are equipped and have the right conditions in place for smart building.

According to Build Canada Homes' [Investment Policy Framework](#), project selection will favour housing developments that demonstrate energy efficiency and climate-resilient design as well as sites that take into account the risks of flooding, forest fires and other natural disasters.

Second, witnesses noted that climate change mitigation can be advanced by constructing housing using materials that generate fewer greenhouse gases (GHGs). Build Canada Homes intends to prioritize sustainable materials and technologies, including prefabricated

construction using solid wood and low-carbon manufactured concrete, which can reduce construction timelines, costs and GHG emissions.

The Committee thinks that environmental issues must be an important consideration for Build Canada Homes. Accordingly, the Committee recommends:

Recommendation 5

That Build Canada Homes ensure environmental considerations are incorporated into project selection, including by assessing environmental impacts, prioritizing construction in areas at lower risk of natural disasters, and taking into account the environmental performance and disaster resilience of construction materials.

4. Objective I – Build Affordable Homes

To achieve its objective of building affordable homes, Build Canada Homes plans to leverage land owned by the Canada Lands Company. In its initial phase, 4,000 units will be built on six sites. In subsequent phases, up to 45,000 additional units could be developed on other Canada Lands Company properties.

The properties will be assessed and prepared, zoning will be changed so that construction can begin, and requests for proposals will be issued. Once built, the homes will be entrusted to non-profit organizations.

According to [Build Canada Homes](#), the six initial sites are located in Dartmouth (expected construction of 630 units), Longueuil (1,055 units), Ottawa (1,100 units), Toronto (540 units), Winnipeg (320 units) and Edmonton (355 units), with construction expected to begin in the summer or fall of 2026.

In addition, Build Canada Homes plans to partner with the Nunavut Housing Corporation to build more than 700 units of public, affordable housing with support services. Approximately 30% of these units are expected to be built off-site using methods such as prefabrication.

Witnesses said that the planned 45,000 units were not sufficient to address the housing crisis. For example, the Canadian Home Builders' Association stated:

It is estimated that [Build Canada Homes] can build as many as 45,000 more units on Crown lands moving forward. Again, this is good for government-subsidized housing, but that is less than 1% of the 5 million homes the [...] CMHC, estimates we need to build over the next decade. Far beyond [Building Canada Homes], continued policy change will be required to reach the targets set by the federal government.

The Canadian Centre for Policy Alternatives proposed that the federal government consider purchasing additional public land for the construction of more housing.

It should be noted that, when [Build Canada Homes was announced](#) in September 2025, it was stated that when it becomes an independent federal entity, its initial results would be evaluated to determine whether additional long-term funding would be required.

The National Association of Friendship Centres also recommended that federal lands, including those owned by the Canada Lands Company, be transferred directly to Indigenous housing providers.

The Committee believes that Build Canada Homes must begin planning subsequent phases of development on federal lands to address the shortage of affordable housing. Accordingly, the Committee recommends:

Recommendation 6

That Build Canada Homes and the Canada Lands Company begin exploring the acquisition of additional land for the construction of non-market housing, particularly in areas where the federal government holds limited land and where non-market housing needs are significant; and that they explore the feasibility of transferring federal lands to Indigenous housing providers.

5. Objective II – Supporting the Non-market Housing Sector

One of Build Canada Homes' [main objectives](#) is to "[g]row the proportion of housing that is non-market and help create the conditions for a high-capacity non-market housing sector that can scale with reduced reliance on ongoing government subsidies."

The CEO of Build Canada Homes has stated that, in order to achieve this objective, the organization would

be focused on increasing the supply of affordable housing and, at the same time, increasing the capacity of the sector. We're going to do this through the financial tools and the public land we're going to have available. The financial tools are not only financing and grants, but we're also going to be able to have equity participation in projects and guarantees. It will be very much like a partnership approach versus you sending us your application.

She explained that the goal of Build Canada Homes is to ensure that affordable housing projects are viable over the long term by embracing self-sustaining business models, particularly mixed-

income projects leveraging financing tools and donated land. She stated that the organization wants to structure projects so that they are sustainable not only during construction, but also during operation, with revenue coming from rents and loans adapted to the size of the project, because this should reduce reliance on ongoing subsidies.

The CEO of Build Canada Homes also noted that creating affordable housing relies on getting multiple partners involved, such as non-profit organizations, developers, municipalities and provincial governments, and on the ability to combine different programs and tools. In her view, Build Canada Homes tools can be a catalyst to attract and strengthen these partnerships. She noted that Build Canada Homes hopes to become a central hub for these stakeholders, in that it can draw on available resources while contributing to capacity building for the non-profit sector nationwide.

Regarding the potential role that Build Canada Homes could play in supporting non-market housing, witnesses raised two main issues: the creation, acquisition and preservation of non-market housing, and the fight against homelessness.

5.1 Creation, Acquisition and Preservation of Non-market Housing

The Committee heard various perspectives on how Build Canada Homes could contribute to the creation, acquisition and preservation of non-market housing, including housing for Indigenous people, newcomers and students.

First, some witnesses discussed the potential role that Build Canada Homes could play in supporting community housing organizations. The Canadian Housing and Renewal Association explained that the Build Canada Homes program seeks to consolidate the federal resources earmarked primarily for subsidized community housing. It highlighted the significance of this transition for non-profit developers:

It costs about \$300,000 or \$400,000 to put together an application for CMHC. You have to be very far advanced in your development before you are eligible to apply, and you don't get a signed commitment and a fixed interest rate until you've actually started construction with CMHC, which puts a lot of risk on the non-profit developer.

According to the Canadian Housing and Renewal Association, Build Canada Homes could help rebalance the risk and provide more flexibility around lending.

In its brief to the Committee, the Union des municipalités du Québec also highlighted the high costs faced by non-profit organizations to develop projects and the many steps they must take with partners to complete the financial package for each project. It cited the need for more financial support for these organizations, noting that granting larger loans is an avenue worth considering, but that it should not come at the expense of increased federal contributions.

The Co-operative Housing Federation of Canada said that it would be a good idea to consolidate federal programs and create one window with the federal government to streamline and expedite access to investment. It stressed that:

It needs to happen on a timely basis because, as these proponents wait for a response on their applications, costs are going up, conditions are changing and there is a risk of projects becoming non-viable after all of this investment in their feasibility in predevelopment.

The Association of Municipalities of Ontario said in its brief to the Committee that Build Canada Homes could complement municipal efforts to support the development of new housing, including social housing. It explained that a “trilateral partnership with collaboration on program design, implementation, and ongoing evaluation will be key to success,” given the unique role of Ontario municipalities in housing.

Regarding Build Canada Homes activities, Habitat for Humanity Canada proposed the following:

- including affordable home ownership in the investment framework for Build Canada Homes and instituting a portfolio approach, moving away from project-by-project approvals, in order to delegate investment responsibility to trusted partners;
- enabling flexible financing, such as low-cost loans, guarantees and equity sharing, so that contributions serve as catalysts that support early-stage financing for modular, innovative construction;
- making investments based on impact, not complexity, with clear and flexible affordability targets; and
- building capacity in the non-market sector to cement recent progress and keep momentum going over the long term.

With adequate support from Build Canada Homes, Habitat for Humanity Canada hopes to mobilize 10,000 homes over the next five years.

Regarding the need to preserve non-market housing, the CEO of Build Canada Homes said that Build Canada Homes plans to play a key role in this area. She explained that affordable rental buildings are being lost to redevelopment, rent increases and conversions faster than new supply is being built. On that point, the Canadian Housing and Renewal Association estimated that

for every new home that is affordable to low- and modest-income households built with government support, we’re losing nine homes in the private market due to loss of affordable rents or absolute loss of that housing stock.

In order to address this situation, Build Canada Homes will oversee the \$1.5-billion Canada Rental Protection Fund, which will help non-profit and community housing providers acquire rental buildings and maintain affordability over the long term.

Similarly, Ms. Whitzman highlighted the importance of supporting the acquisition of rental housing in order to maintain affordability, as the British Columbia Rental Protection Fund does, and she noted that converting office buildings to residential buildings or other forms of conversion are another way to address the affordable housing shortage. The Union des municipalités du Québec said that the “acquisition of private buildings by non-profit organizations is [...] an effective and quick solution to preserve affordability, often at a lower cost than new construction.”

With regard to housing for Indigenous people, the National Association of Friendship Centres called for Build Canada Homes to partner directly with the NICH I to lead housing projects. It explained that:

NICH I is the largest Indigenous-led housing network, co-founded by NAFC, bringing together over 100 Indigenous housing providers delivering affordable homes. NICH I has successfully delivered the kind of outcomes that Build Canada Homes aims to achieve. In 2023-24, it distributed \$275.2 million to 74 Indigenous agencies across Canada, creating more than 3,800 housing units. Delivery timelines were rapid, with some community members receiving the keys to their new home within eight months of funds being distributed.

In addition, according to the association, Build Canada Homes should adopt a realistic national definition of housing affordability. In its view, the current definition of affordability does not reflect the real costs that Indigenous families encounter in terms of child care, transportation, food or utilities. As a result, many government housing programs consider units affordable when, in reality, they are still out of reach for many Indigenous households. The CEO of Build Canada Homes explained that, while Build Canada Homes uses the threshold of 30% of median income as a reference point to define affordability, projects will not be limited to that threshold and will have different levels of affordability, particularly for transitional housing, where rent will be lower and adapted to people with incomes lower than the median income, including those receiving social assistance.

The National Association of Friendship Centres also proposed that the federal government invest in an urban Indigenous workforce strategy, as it sees the housing crisis as an opportunity to train and employ Indigenous people in building homes in their communities. Lastly, it called for Canada to fulfill the Calls for Justice from the National Inquiry into Missing and Murdered Indigenous Women and Girls by taking immediate measures regarding housing.

To meet the needs of newcomers, the Ontario Council of Agencies Serving Immigrants would like to see Build Canada Homes take into account the unique needs of refugees, as well as factors such as the size and accessibility of housing, including for large families,

multigenerational families and persons with disabilities. Regarding the needs of families, it mentioned affordable housing models such as fourplexes in particular,

so that even when you have a family of eight or nine — multigenerational families — within a fourplex, you can have two or three different living spaces within what is still a family home. Those are the kinds of models that I'm hoping this new entity, Build Canada Homes, will be taking a look at for refugees and other families as well.

The organization suggested that Build Canada Homes could also consider solutions such as prefabricated homes to meet the need for adequately sized affordable housing for immigrant families. However, it noted the challenge of finding available land, especially in large urban centres, where most immigrants tend to settle.

In addition, the Ontario Council of Agencies Serving Immigrants suggested that a certain percentage of housing should be set aside for women, women-led families and women fleeing violence. It added that it hoped to have conversations with Build Canada Homes to ensure that community stakeholders can participate in construction projects for these populations.

Universities Canada welcomed the inclusion of student housing under Build Canada Homes. It said that it is important to acknowledge the role of universities in addressing housing needs, explaining that the main issue now is ensuring that eligibility translates into real impact with dedicated support. In particular, Universities Canada said that funding for student housing must be flexible and realistic:

Most universities build new residences through debt financing. But provincial legislation and our own financial limitations limit our ability to borrow or run deficits, even for financially sound projects. Of course, on top of this, as you all know, construction costs have risen dramatically — up 67% since 2020. This combination has stalled many viable projects, and it's why federal participation is key.

Universities Canada also called for preserving existing student housing by prioritizing the renewal of the existing stock of student residences. It explained that nearly half of them were built before 1980 and urgently need refurbishment to preserve affordability, safety and sustainability.

Given the testimony heard regarding the role that Build Canada Homes could play in supporting the non-market housing sector, the Committee recommends:

Recommendation 7

That the federal government give Build Canada Homes the mandate and tools to serve as a single window for organizations seeking to create, acquire or preserve non-market housing. In that capacity, Build Canada Homes should:

- support early project planning in order to reduce the costs and risks associated with pre-development;
- facilitate coordination and partnerships among different levels of government, municipalities and community stakeholders; and
- offer flexible financing tools tailored to project needs.

The Committee also believes that Build Canada Homes should take into account the distinct needs of diverse populations, including Indigenous people, newcomers and students, particularly with respect to housing affordability, size and accessibility, as well as the importance of preserving the existing supply of affordable housing.

5.2 Fight Against Homelessness

Several witnesses noted the importance of transitional and supportive housing in addressing the increase in homelessness observed in recent years.

The Canadian Housing and Renewal Association noted that Canada can learn some valuable lessons from Finland — one of the only jurisdictions in the developed world that has ended chronic homelessness — as the causes and solutions are comparable in both countries. It explained that Finland’s approach is based on sustained investment in supportive housing, with higher staff ratios than those observed in Canada. While this results in higher initial costs, it actually saves money in the long run through reduced spending on health care, justice and emergency services. According to the association, this housing-based strategy has reduced reliance on shelters, to the point where the remaining few are rarely full.

Similarly, Ms. Whitzman stated the following:

The most efficient way to deal with homelessness is absolutely [...] low-cost housing with supports if necessary. That can be provided [...] in a number of ways [...] You can have [modular builds and] conversions that are quite rapid [...] We can see acquisitions combined with targeted housing benefits. It’s also important to keep in mind the prevention of homelessness is at least as important as dealing with homelessness once it occurs, and there you’re looking at rental protection and you’re looking at rent banks.

The Canadian Centre for Policy Alternatives spoke about the model of temporary modular housing in British Columbia. It explained that these are generally small two-storey buildings with 12 to 15 apartments put up on land slated for longer-term development. According to the organization, we have the capacity to build this type of housing quickly; the greatest barrier to building it on a larger scale is more a question of funding and political will.

The National Association of Friendship Centres called on the federal government to provide sustainable, multi-year operational funding for Indigenous-led wraparound supports. It noted that friendship centres play a key role in providing housing and homelessness services in their communities, but that the short-term and unpredictable nature of current funding makes it difficult to sustain services. The Union des municipalités du Québec proposed creating a permanent fund to increase funding for homelessness and support municipalities in addressing the challenges of encampments and unsheltered homelessness.

Build Canada Homes has already announced that one billion dollars will be invested in the construction of transitional and supportive housing for people experiencing homelessness. The CEO of Build Canada Homes said that it intends to work closely with the provinces and municipalities to support transitional and supportive housing. She explained:

The success of these projects happens only if we have the other orders of government at the table as well. We have initiated certain conversations already with the provinces, and we will be reaching out [...] This is a significant amount of funds where we can have a significant number of units of transitional housing built across the country, but we will need to have the provinces at the table for the wraparound services.

The Committee is of the view that an integrated approach, drawing on best practices in Canada and abroad, is essential to ensure the long-term effectiveness of federal investments in transitional and supportive housing, to prevent chronic homelessness, and to reduce pressure on health care, justice and emergency services systems. Consequently, the Committee recommends:

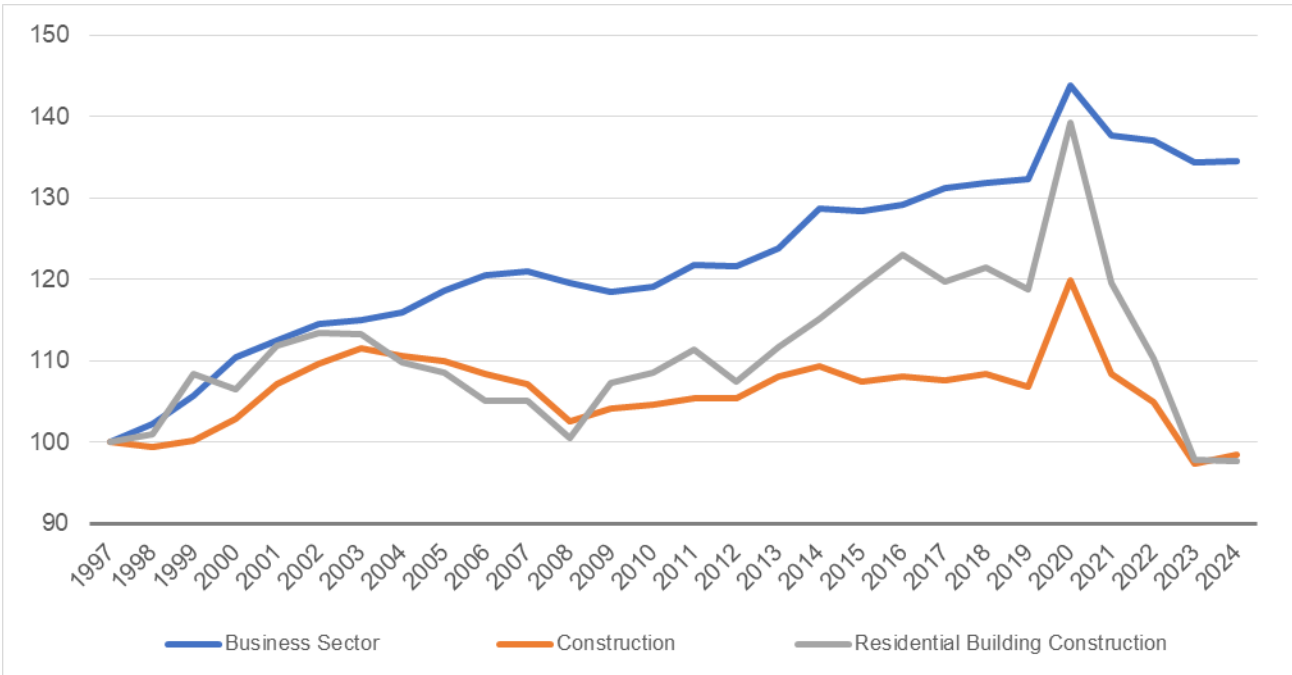
Recommendation 8

That the federal government work with the provinces and territories to ensure that transitional housing supported by Build Canada Homes systematically includes a full range of support services. These services should include mental health, addiction and social services support, as well as tailored support based on needs, including those of Indigenous people.

6. Objective III – Supporting the Industrialization of Residential Construction

Growth in labour productivity in the Canadian construction sector has been significantly slower compared to the average of the private sector since 1997, as shown in Figure 2. While productivity in residential building construction has been higher than the construction sector for most of the period shown in Figure 2, it decreased sharply since 2020. Labour productivity values in both the construction and residential construction sectors have been below their 1997 level since 2023.

Figure 2 – Labour Productivity in the Business, Construction and Residential Building Construction Sectors, Canada (1997=100)



Note: This figure shows an index of labour productivity measured in chained 2017 dollars per hour (real output per hour worked).

Source: Figure prepared by the Library of Parliament using data obtained from Statistics Canada, [“Table 36-10-0480-01: Labour productivity and related measures by business sector industry and by non-commercial activity consistent with the industry accounts,”](#) Database, accessed 21 January 2026.

Similarly, [a report by TD Bank economists](#) published in September 2024 found that productivity growth in the construction sector was the lowest among goods producing sectors since 2009. The report notes that variations in residential construction productivity across regions suggest that differences in regulations and permitting have an impact on the sector’s productivity. As well, the sector is characterized by a relatively high share (40%) of small firms (fewer than 20

employees) compared to the private sector (approximately 23%). These smaller firms generally have lower levels of productivity because they are slower to adopt new technologies and face larger regulatory burdens relative to their size.

In addition, the report indicated that given the large size of the sector relative to the economy, it has “accounted for the vast majority of the decline in overall productivity relative to the pre-pandemic period.” The sector accounted for 12.1% of all labour hours worked in the private sector in 2024 and this figure is expected to grow given the need to increase Canada’s housing supply.

The report identifies a number of potential approaches to improve productivity in the construction sector, including changes to building codes, permitting and licensing requirements, and increased standardization across Canada to allow firms in the sector to scale up. An increased reliance on prefabricated and modular building methods could also improve productivity in the sector.

In its appearance before the Committee, the Canadian Home Builders’ Association stated that the perception of declining productivity in residential construction over this period is erroneous. According to the organization, the data appears to show a decline because fewer homes were built while workforce levels remained stable, as the sector chose to retain its workers to avoid losing them permanently. The organization noted that the massive spike in productivity in 2021 was mainly due to the same number of employees working a lot more, rather than efficiencies. The subsequent decline therefore primarily reflects a slowdown in activity combined with the retention of the workforce, rather than an actual drop in the sector’s productivity.

Jeffrey Hudson Rankin, Professor and Research Chair, Civil Engineering, and Executive Director of the Off-site Construction Research Centre at the University of New Brunswick, who appeared as an individual, said that productivity in the construction sector is often misinterpreted because it is measured as a ratio of inputs and outputs without accounting for changes in the value of those outputs. He is of the view that the homes being built today are much different than those built 20 years ago, particularly due to more stringent building codes and climate change considerations, which increase their value. By using other methods, the sector’s productivity would be comparable to that of other industries.

Vive Development argued that productivity in the construction sector has been flatlining for about 20 years and is a major structural barrier to increasing housing supply. According to the company:

Our regulatory and planning environments make repetition difficult, and our urban design processes often push expensive bespoke forms that increase costs and reduce our ability to deliver affordably.

It added that the industry is still highly manual and fragmented, with thin margins that discourage risk-taking and innovation.

6.1 Modernization of Construction Methods

Build Canada Homes aims to support the development of new construction methods, such as modular, factory-built, and mass timber, by using bulk procurement and long-term financing, in order to build more quickly, reduce costs and lower emissions during construction. In doing so, Build Canada Homes will adopt the federal government's Buy Canadian policy "by prioritizing projects that use Canadian materials, strengthen domestic supply chains, and create good jobs."

Several witnesses discussed how the new construction methods could improve productivity. Some also spoke about maximizing Canadian content.

The CEO of Build Canada Homes explained that the organization aims to

be a catalyst for the industrialization of this sector. We need to have the modernization, the speed, the scale in the creation of affordable housing. What we heard very often is that it is hard for this to happen when factories don't have certainty of the pipeline. We believe, through public investment in affordable housing — which we need to invest in to create that affordability — we can be a catalyst to this industry so it starts picking up, and eventually the market as a whole starts picking up.

The Canadian Home Builders' Association agreed that increasing productivity through prefabricated and factory-built construction holds strong potential. It told the Committee that although a significant share of the industry uses some form of prefabrication, mainly panellization, full modular construction accounts for less than 5% of the industry. Nevertheless, the industry is increasingly moving toward off-site construction. It went on to say the following:

We look at the potential future for factory-built as creating an environment where, ideally, one day — just like now, you don't bring a fine-finish carpenter into a house that's under construction to build all of your kitchen cabinets from scratch. You actually talk to the kitchen manufacturer, and they ship you componentry that drops in.

Vive Development was also of the view that achieving lasting productivity improvements requires switching to industrialized construction that involves modular, prefabricated and repeatable systems.

According to the Canadian Home Builders' Association and Mr. Rankin, off-site construction techniques would improve productivity, as the work is done in controlled environments that are safer for workers and less exposed to weather conditions. Mr. Rankin clarified that off-site construction is compliant with the National Building Code and other standards for traditional construction, so the quality is similar if not better. In his view, the true advantage of off-site construction lies in its speed of delivery, not its cost. The Canadian Centre for Policy Alternatives noted the following:

Recent studies point to modular construction techniques lowering construction hard costs by about 20% compared to regular construction, while trimming building times up to 50%. Ultimately, achieving those kinds of cost savings requires some economies of scale in production, and that can be helped by following pre-approved standardized designs as we've seen come out recently from CMHC.

Finally, the Canadian Home Builders' Association mentioned the potential benefits of off-site construction for rural and remote communities; rather than building on location, components could be shipped to these communities while ensuring they have the capacity to assemble and maintain them.

Witnesses shared their views on the measures the government could take to support the modernization of construction methods in Canada. The Canadian Home Builders' Association pointed out that these construction methods involve significant risk in Canada. The organization explained that, while these methods are not new, they require very large initial investments, which could result in businesses closing factories during downturns.

Accordingly, the Canadian Home Builders' Association and Mr. Rankin recommended measures to reduce the risks of investments and provide more predictability and certainty in the market. They noted that the emphasis that Build Canada Homes has put on these methods could support this predictability. Mr. Rankin added the following:

[T]he Build Canada Homes program is an opportunity to demonstrate how it can be done, but what has to go hand in hand with that demonstration is capturing the lessons learned. If that's a part of the program, it can go a long way towards educating the rest of the industry in terms of opportunities to improve their efficiencies.

Vive Development proposed giving priority to modular and prefabricated systems in government procurement in order to stabilize demand for them, creating targeted incentives to lessen the risks for developers that take up these methods and investing more in research and development to improve construction practices in the long run.

Additionally, the Canadian Home Builders' Association remarked that municipal regulations need to be harmonized and administrative burdens avoided so as not to impede the modernization of construction methods. The organization stated the following:

When you can't build the same house in two cities that are right beside each other because of zoning and bylaws, even though the climate and everything else are exactly the same, we have created red tape we don't need. That falls under provincial jurisdiction to work with the municipalities to remove conflicting bylaws and zoning impediments that prevent our factories from being able to produce.

The Canadian Home Builders' Association further advocated for more regulatory and administrative clarity to avoid situations where factory-built components already found to be compliant with the building code are reinspected by municipal officials. Vive Development suggested adding efficiency and scalability criteria to urban planning frameworks as a complement to urban design considerations.

Mr. Rankin told the Committee about the Off-site Construction Research Centre's report entitled [Roadmap to Transform the Canadian Construction Industry through Industrialized Construction, Research and Innovation](#), which was published in partnership with National Research Council Canada. The report contains 22 recommendations to overcome the barriers to wider adoption of modern construction methods. Specifically, the report highlights the need for the federal government to adopt a common framework for industrialized construction categorizations, terminology and definitions to help the sector grow.

With respect to maximizing Canadian content, the Canadian Home Builders' Association argued that this must occur in a context of open trade and specialization, where Canada continues to rely on foreign partners while focusing on the products where it can add value. The organization explained:

Mass timber would be a good example where we have more value to add. The challenge right now with mass timber is it's still more expensive than conventional construction in terms of steel and concrete. If we want to do more mass timber, our big message is that we should work together to bring down that cost because that is a great value-added Canadian product.

The Canadian Centre for Policy Alternatives noted that the federal government has a role to play in developing domestic supply chains; for instance, domestic production of heating, ventilation and air conditioning equipment, which is currently mainly imported from the United States, could be increased.

The Committee believes that broader adoption of modern construction techniques, such as modular and off-site construction, has significant potential to increase productivity in the construction sector. The testimony heard suggests that these methods could help increase the supply of housing in a faster and more predictable way when circumstances are favourable, particularly in rural, remote and Northern regions. Consequently, the Committee recommends:

Recommendation 9

That, to foster wider adoption of modern construction methods, the federal government:

- **provide Building Canada Homes with enough funding to carry out affordable housing projects using modern construction methods and thereby enhance**

predictability and reduce the risks associated with the major initial investments in these methods; and

- **work with the provinces, territories and municipalities to reduce regulatory and administrative barriers that could impede broader adoption of these methods, including by improving coordination between municipal approval processes and regulatory frameworks, in order to encourage their large-scale adoption.**

6.2 Impact of Development Charges

The committee examined the issue of municipal development charges, which, although not directly related to the mandate of Build Canada Homes, can be an obstacle to housing construction, as several witnesses pointed out.

The Canadian Home Builders' Association stated that the number of housing starts is expected to fall over the coming years because of low consumer confidence and higher construction costs, but also because of municipal development charges. The organization asserted the following:

Local development taxes, which are up over 700% over the past two decades [...] require urgent reform. The commitments to work with provinces and municipalities to reduce development taxes must be upheld and coupled with work to have municipalities move to alternate funding models in the future to replace development taxes that unfairly burden new homebuyers while benefiting the rest of the community.

Similarly, Vive Development argued that municipal development charges are one of the most immediate barriers to building housing and that the uncertainty surrounding potential reforms is currently stalling many projects. It contended that these delays are reducing capacity in the construction sector and hindering the roll-out of longer-term solutions, such as modular and prefabricated housing.

Housing, Infrastructure and Communities Canada reported that it studied the effects of development charges across the country and found that they are the main barrier in Ontario and British Columbia. However, the department, like other witnesses, acknowledged the following:

It is very difficult to know whether the elimination of a development charge [...] does something [...] in terms of making the math work or whether that is something that a developer could use to increase their profit margins. It is something that the government is thinking very seriously about in terms of how best to address that issue.

The challenge is, of course, that development charges are regulated by provinces, and they do set criteria in terms of how those development charges

are established and charged. We do know that there are some really difficult issues around the federal government at our level being able to ensure that savings in development charges are passed on to the consumer or simply used to really make that math work.

However, according to the Canadian Home Builders' Association:

It is not [true that] in places where there aren't high development taxes [...] developers are charging more [...] Right now, instead, what you have with high development taxes is falling housing starts. It is a yes-or-no type of equation. We need development taxes to come down so that those come out of the price of a home so that we can in turn build more housing.

In its view, the infrastructure costs of new development should not be paid by buyers of new homes but instead spread over the entire tax base. Likewise, Vive Development argued as follows:

[Development charges] need to be eliminated or meaningfully reduced in the short term to get projects moving now. [Development charge] reductions are a municipal investment. They unlock supply and generate long-term property tax revenue that continues for as long as our buildings continue to operate.

The Canadian Home Builders' Association pointed to Quebec's approach to funding municipal infrastructure as a model for the other provinces. The organization stated that Quebec has low or no development charges, as infrastructure costs are borne by the entire tax base rather than solely by new home buyers. Furthermore, Quebec municipalities can fund infrastructure using long-term borrowing over periods equal to its lifespan, at relatively low interest rates. The Canadian Home Builders' Association said that this approach has helped keep Quebec's housing prices low, compared to provinces such as Ontario and British Columbia, which have high development charges.

The Co-operative Housing Federation of Canada pointed out that reducing development charges could cause problems for municipalities, which have few sources of revenue to fund the infrastructure and services they provide. The Canadian Centre for Policy stressed the importance of federal investments in municipal infrastructure, such as water and sewer systems, which are essential to housing construction. In the same vein, the Union des municipalités du Québec indicated that a lack of municipal infrastructure capacity, particularly water infrastructure, is slowing housing construction and that municipalities do not have the financial capacity to alleviate the infrastructure deficit. It stated that:

It is therefore essential that the Government of Canada provide significant infrastructure funding to ensure that federal housing initiatives and programs meet their targets.

In its [2025 budget](#), the federal government announced \$17.2 billion over ten years, starting in 2026–2027, to support provincial and territorial infrastructure projects, such as water infrastructure and roads. However, access to these funds will be conditional on a significant reduction in development charges and the absence of other fees that restrict the supply of housing.

Although it has been noted that development charges are acting as a barrier to the construction of new housing in certain regions of the country, the Committee recognizes that they are a source of funding for municipalities to finance the infrastructure necessary for the growth of communities. Therefore, in order to support housing supply, reduce uncertainty for developers, and ensure a fair distribution of costs between current and future generations, the Committee recommends:

Recommendation 10

That the federal government:

- **pursue its efforts to encourage other levels of government to reduce or review development charges when they act as a barrier to new housing construction;**
- **continue supporting municipal infrastructure projects that underpin housing, and work closely with other levels of government to explore alternative and predictable funding mechanisms for municipal infrastructure related to residential development; and**
- **ensure that effective collaboration and communication mechanisms are in place with other levels of government and municipal associations to ensure that measures taken in the area of housing are consistent and coordinated.**

Conclusion

The lack of affordable housing has been a pressing concern in Canada for several years. In response to this crisis, the federal government decided to create a new entity, Build Canada Homes, [whose mandate](#) is to “promote, support and develop the supply of affordable housing in Canada and to promote innovative and efficient building techniques in the housing construction sector in Canada.”

The committee examined the creation and implementation of Build Canada Homes, including various issues related to its governance, its potential role as a single window for organizations wishing to provide affordable housing, and the link between its activities and the federal government's housing policy and related programs.

The recommendations in this report underline the importance for the federal government to provide Build Canada Homes with the resources, powers and tools necessary to maximize its impact and make a tangible contribution to improving housing affordability in Canada, while ensuring transparency to Canadians regarding its objectives, expenditures and results. The committee hopes that these recommendations will inform the government's decisions as it implements the operations of this new organization to support affordable housing.

Appendix A – Witnesses

Wednesday, October 22, 2025

Ana Bailão, Chief Executive Officer, Build Canada Homes (Housing, Infrastructure and Communities Canada)

Janet Goulding, Senior Assistant Deputy Minister, Housing and Homelessness Branch (Housing, Infrastructure and Communities Canada)

Jean Lamirande, Senior Vice-President, Policy and Operations, Build Canada Homes (Housing, Infrastructure and Communities Canada)

Coleen Volk, President and Chief Executive Officer (Canada Mortgage and Housing Corporation)

Tuesday, October 28, 2025

Jason Jacques, Interim Parliamentary Budget Officer (Office of the Parliamentary Budget Officer)

Mark Mahabir, Director General, Costing and Budgetary Analysis (Office of the Parliamentary Budget Officer)

Wednesday, October 29, 2025

Pedro Barata, President and Chief Executive Officer (Habitat for Humanity Canada)

Lois Duke, Senior Vice-President, Board of Directors (National Association of Friendship Centres)

Jocelyn W. Formsmma, Chief Executive Officer (National Association of Friendship Centres)

Stacey Howse, Executive Director, First Light: St. John's Friendship Centre (National Association of Friendship Centres)

Alana Lavoie, National Senior Director, Public Policy (Habitat for Humanity Canada)

Tim Ross, Chief Executive Officer (Co-operative Housing Federation of Canada)

Ray Sullivan, Executive Director (Canadian Housing and Renewal Association)

Tuesday, November 4, 2025

Jeffrey Hudson Rankin, Professor and Research Chair, Civil Engineering, and Executive Director, Off-site Construction Research Centre, University of New Brunswick (As an Individual)

Kevin Lee, Chief Executive Officer (Canadian Home Builders' Association)

Liam McGuinty, Vice-President, Federal Affairs (Insurance Bureau of Canada)

Margot Whittington, Manager, Climate Policy (Insurance Bureau of Canada)

Wednesday, November 5, 2025

Debbie Douglas, Executive Director (Ontario Council of Agencies Serving Immigrants)

Blair Feltmate, Head, Intact Centre on Climate Adaptation, University of Waterloo (As an Individual)

Marc Lee, Senior Economist (Canadian Centre for Policy Alternatives)

Carolyn Whitzman, Senior Housing Researcher, School of Cities, University of Toronto (As an Individual)

Tuesday, November 18, 2025

Heather Campbell, President (Vive Development)

Gabriel Miller, President and Chief Executive Officer (Universities Canada)

Appendix B – Briefs

The committee received the following briefs during this study:

Follow-up information from the Office of the Parliamentary Budget Officer

Follow-up information from Housing, Infrastructure and Communities Canada

Brief from the Union des municipalités du Québec

Brief from the Northern Ontario Service Deliverers Association

Brief from BUILD NOW: Waterloo Region

Brief from the Canadian Life and Health Insurance Association

Brief from the Association of Municipalities of Ontario

Follow-up information from the Department of Finance Canada

Follow-up information from the Canada Mortgage and Housing Corporation

Brief from the Assembly of First Nations



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