



INSTITUT C.D. HOWE INSTITUTE

SPECIAL POLICY CONFERENCE

HOUSING POLICY FOR A GROWING CANADA

February 2025



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67 Yonge Street, Suite 300, Toronto, ON

Thursday, November 14, 2024

8:30 am to 2:15 pm ET

INTRODUCTION AND OVERVIEW:

Canada's housing sector faces unprecedented challenges, with skyrocketing prices, acute affordability crises, and a growing mismatch between housing supply and population needs. Major urban centers like Toronto and Vancouver have been particularly hard-hit, with housing costs outpacing income growth. This has pushed homeownership beyond the reach of many middle-class Canadians and created significant barriers for first-time buyers and young families. On November 14, 2024, against this complex backdrop, the C.D. Howe Institute – with the support of sponsors CREA-ACI, FRPO, and Fitzrovia – convened a conference on “Housing Policy for a Growing Canada.” The sessions brought together leading experts, policymakers, and researchers to dissect these systemic challenges and explore innovative policy solutions. The event provided a timely and comprehensive platform to address the multifaceted housing issues confronting the nation, and aimed to provide practical strategies to create more accessible, sustainable, and equitable housing opportunities.

In the welcoming remarks, the first of two speakers set the stage for the conference by highlighting Canada's critical housing challenges. Drawing attention to historical data on dwellings per 1,000 people, the presenter emphasized an unprecedented trend: for the first time in recorded

history, the number of dwellings per 1,000 people has been declining. This shift is particularly noteworthy given Canada's previous trajectory of increasing housing quantity and quality alongside economic prosperity. The speaker underscored the productivity challenges in the housing sector, pointing out the seemingly paradoxical situation where technological improvements have not translated into more efficient housing construction. The welcoming address framed the conference as a crucial opportunity to explore policy insights and strategies to address these systemic housing issues, with an underlying optimism about Canada's continued growth and potential to improve living standards.

The speaker also emphasized the constraints faced by those in the business of providing dwelling units, noting that many housing providers could significantly increase the housing supply were policy-related supply barriers removed.

The second speaker's welcoming remarks provided a comprehensive overview of Canada's housing strategy, emphasizing the critical need for not just increasing housing supply, but also carefully considering what, where, and for whom housing is built. The presentation highlighted key initiatives from the federal Canada Housing Plan¹ unveiled in April 2024, including the Housing Accelerator Fund,² Purpose Built Rental Incentives,³ and

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- 1 On April 12, 2024, the federal government released a new ambitious housing plan, *Solving the Housing Crisis: Canada's Housing Plan*. Building on important federal investments launched in 2017, Canada's Housing Plan and Budget 2024 lay out a bold strategy to unlock millions of new homes. (Source: <https://housing-infrastructure.canada.ca/housing-logement/about-plan-a-propos-eng.html>)
 - 2 Housing Accelerator Fund aims at removing barriers to encourage local initiatives to build more homes, faster. The Fund is helping to boost the housing supply while supporting affordable, diverse, and climate-resilient communities. (Source: <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/housing-accelerator-fund>)
 - 3 With an increasing number of new rental homes in Toronto stalled due to economic challenges, the City of Toronto is stepping up to get shovels in the ground through the new Purpose-built Rental Housing Incentives stream. (Source: <https://www.toronto.ca/news/new-housing-initiatives-purpose-built-rental-incentives-rental-renovation-licence-by-law-and-as-of-right-zoning-for-avenues/>)

Table 1: Population vs. Dwelling Counts

Year	Population (est.)	Dwelling Counts	Dwellings per 1,000 persons (approx.)
2013	35,080,992	15,031,000	428.47
2014	35,434,066	15,208,000	429.19
2015	35,704,498	15,398,000	431.26
2016	36,110,803	15,579,000	431.42
2017	36,545,075	15,766,000	431.41
2018	37,072,620	15,964,000	430.61
2019	37,618,495	16,150,000	429.31
2020	38,028,638	16,352,000	429.99
2021	38,239,864	16,585,000	433.71
2022	38,935,934	16,814,000	431.84
2023	40,083,484	17,056,000	425.51

Sources: Statistics Canada, Table 17-10-0005-01; Office of the Parliamentary Budget Officer: Household Formation and the Housing Stock.

strategies to connect housing with public transit infrastructure. The presenter stressed the importance of local housing-needs assessments, standardized design catalogs, and an industrial strategy to scale up housing production. While acknowledging the long-term nature of addressing the housing crisis, the speaker also emphasized immediate support for vulnerable populations, including investments in transitional housing and support for those at risk of homelessness. The key message was a call for a collaborative, multi-level approach involving federal, provincial, and municipal governments, developers, and community partners to effectively tackle Canada's housing challenges.

Overview

Held under the Chatham House Rule, the conference facilitated candid and high-quality discussions. The conference featured three sessions

and a keynote luncheon presentation, with each addressing the housing crisis from a different perspective and through the viewpoints of experts.

The key themes of the first session included identifying primary barriers to housing construction, such as permit approval and rezoning delays, and the misalignment of housing supply with demand. Discussions also focused on balancing the need for new housing with community concerns about density and the capacity of existing infrastructure.

The second session focused on financial and logistical solutions to the housing crisis. It explored sustaining and scaling financing mechanisms to align supply with demand, ensuring infrastructure development keeps pace with housing needs, and addressing risks posed by uncertain population forecasts. The session also examined the role of varied procurement methods, public-private partnerships, and the expansion of training

initiatives like Red Seal⁴ certifications to bolster the construction workforce and meet housing demands effectively.

The third session focused on identifying necessary reforms to tackle critical issues in Canada's housing market, emphasizing the roles of federal, provincial, and municipal governments. Discussions explored how these levels of government can collaborate effectively to address housing challenges. The session also examined how federal programs, such as the Canadian Housing Infrastructure Fund,⁵ the Housing Accelerator Fund, the Canada Public Transit Fund,⁶ and other related initiatives, can help reduce regulatory barriers and expedite the construction of the right type of housing. Throughout the conference, the panelists and participants highlighted various issues and recommended solutions, which can be summarized as follows:

- **Streamlining Bureaucratic Processes and Strengthening Partnership and Collaboration:** The housing crisis in Canada is exacerbated by delays in financing, bureaucratic inefficiencies, and misaligned government roles. Participants emphasized the need for collaboration among federal, provincial, and municipal governments, alongside industry stakeholders and nonprofit organizations. A proposed National Housing Secretariat could coordinate policies and foster partnerships to maximize resources. Effective

solutions require detailed strategies, reduced red tape, and decisive, aligned action across all levels of government to address the housing supply gap.

- **Key Strategic Policy Reforms:** Policy recommendations included temporarily waiving municipal fees, such as development charges, community benefits charges, and parkland levies. Another recommendation was to introduce property tax abatements for developers to boost short-term housing supply. Expanding tax relief for non-profits, including a 100 percent GST rebate or exemption for affordable housing projects, was proposed to enhance their capacity to deliver more affordable homes. Provinces were urged to allocate land transfer tax revenue towards affordable housing initiatives, ensuring they support long-term affordability goals. Panelists expressed concerns that the recent hike in the capital gains tax inclusion rate could worsen the housing crisis and, therefore, recommended supportive measures such as deferring capital gains taxes when profits are reinvested in housing. Lastly, zoning reforms, including eliminating restrictive regulations like unit maximums and parking minimums, and allowing pre-approved housing designs, were identified as critical steps to reduce costs and expedite construction.
- **Enhancing Productivity by Embracing Innovative Construction Technologies:** Conference panelists emphasized the need to address low productivity in the housing

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- 4 Employment and Social Development Canada works with provinces and territories to deliver the Red Seal Program. The program develops standards and exams for the skilled trades industry. (Source: <https://www.canada.ca/en/employment-social-development/programs/skilled-trades-apprenticeships.html>)
 - 5 On April 16, 2024, the Government of Canada released Budget 2024 which provided \$6 billion in federal funding over 10 years to establish the Canada Housing Infrastructure Fund (CHIF). CHIF aims to accelerate the construction and upgrading of housing-enabling drinking water, wastewater, stormwater, and solid-waste infrastructure, directly supporting the creation of new homes and increasing densification. (Source: <https://housing-infrastructure.canada.ca/housing-logement/chif-fcil/index-eng.html#overview>)
 - 6 The Canada Public Transit Fund, announced in 2024, is a \$3 billion annual investment starting in 2026-27, aimed at supporting public transit and active transportation infrastructure across Canada. Its goals include increasing public transit use, boosting housing supply and affordability through transit-oriented communities, mitigating climate change, and improving transportation options for Indigenous Peoples and equity-deserving groups. The Fund provides stable, predictable funding to address long-term transit and infrastructure needs. (Source: <https://housing-infrastructure.canada.ca/cptf-ftcc/index-eng.html>)

construction sector by embracing innovative construction methods. The current pace of housing production is insufficient to meet demand, and the panel advocated for increased investment in new technologies to improve efficiency. Government intervention was highlighted as essential in overcoming industry resistance to change and promoting the adoption of more efficient construction practices. By focusing on rapid construction techniques like modular builds⁷ and others, the panel argued that we could significantly reduce building times and costs, helping to alleviate the housing shortage.

- **Drawing Lessons from Canada's Housing History and International Models:** The panelists examined Canada's housing crisis through an historical lens, noting recurring affordability concerns, particularly in the 1960s and 1970s. The discussants suggested researching how Canada successfully built 3 million homes in a decade during the 1970s, as this historical

achievement could provide valuable insights for addressing current housing challenges. They also emphasized the need for robust data systems and noted that in other peer countries the state plays a more effective role in housing supply, including land leasing and subsidization, and places more emphasis on government-private sector partnerships.

- **Promoting Population Redistribution to Smaller Cities:** The discussion highlighted the need for redistributing population growth to smaller cities rather than focusing solely on major urban centers. Many of these municipalities already have the infrastructure and resources to support growth but remain underpopulated. Investments in regional transit could improve accessibility to these cities and reduce the pressure on larger urban centers.

⁷ Modularization or modular construction is a process in which a building is constructed off-site, under controlled plant conditions, using the same materials and designing to the same codes and standards as conventionally built facilities – but in about half the time. (Source: <https://www.modular.org/what-is-modular-construction/>)

AGENDA:

C.D. HOWE INSTITUTE CONFERENCE HOUSING POLICY FOR A GROWING CANADA

Thursday, November 14, 2024
67 Yonge Street, Suite 300 , Toronto ON, M5E 1J8

8:30 am – 9:15 am REGISTRATION & BREAKFAST

9:15 am – 9:30 am Welcoming Remarks—What Type of Housing do we Need?

Bill Robson, President and Chief Executive Officer, C.D. Howe Institute

9:30 am – 10:30 am Session 1—The Challenges: Land, Permits, Processes, and Zoning

Key themes:

What are the primary barriers to the construction of new homes, and how can they be overcome?

Is the approval of permits and rezoning processes a major impediment to housing development?

Is supply misaligned with housing demand? Further, what are the challenges in balancing the need for new housing with concerns about density and infrastructure?

10:30 am – 10:45 am Break

10:45 am – 11:45 am Session 2 – The Options: Financing, Productivity, and Labour

Key themes:

How can we sustain and scale financing to better match supply with demand? How can we ensure that infrastructure development keeps up with the demand for housing? How does uncertainty about future population forecasts create risks for new housing development?

What role can a variety of procurement methods play in supporting high-value-added projects in housing construction? How can developers or public-private partnerships help to meet housing demands?

How can we tackle productivity challenges in the construction industry to expedite housing projects? Can we expand training efforts, Red Seal certifications, and other options to increase the supply of construction workers in the labour force?

AGENDA:

C.D. HOWE INSTITUTE CONFERENCE HOUSING POLICY FOR A GROWING CANADA

Thursday, November 14, 2024

67 Yonge Street, Suite 300 , Toronto ON, M5E 1J8

11:45 am - 12:45 pm Keynote Lunch – Putting it all together

12:45pm - 1:00 pm Break

1:00 pm - 2:00 pm Session 3 – The Solutions: What Do All Orders of Government Need to Do?

Key themes

What reforms are required to address the most critical issues currently facing Canada's housing markets?

What are the roles for each order of government, and how should federal, provincial, and municipal governments collaborate?

How can federal programs (i.e. the Canada Housing Infrastructure Fund, the Housing Accelerator Fund, Canada Public Transit Fund, etc.) reduce regulatory barriers and speed the right type of construction?

2:00 pm - 2:15 pm Closing Remarks

Colin Busby, Director, Policy Engagement, C.D. Howe Institute

RAPPORTEUR'S SUMMARY:

Session 1: The Challenges – Land, Permits, Processes and Zoning

The first speaker opened the session by addressing the core economic challenges currently stalling housing development in Canada. While zoning and permit delays often draw criticism, the speaker argued that these are not the primary barriers. Instead, the root issue, they claim, lies in the financial viability of new projects – a “math equation” that currently doesn’t work for developers. The speaker detailed several compounding factors that have created a perfect storm for stagnation in housing supply. On one hand, rents have dropped by approximately 8 to 8.5 percent in many areas, reducing expected revenues. The speaker mentioned that while construction costs have stabilized, significant back-end expenses, such as mechanical systems, continue to climb. Combined with high interest rates and squeezed profit margins, these dynamics have discouraged new developments, even for fully zoned and permit-ready land. What was once a 20 percent profit margin on costs has now shrunk to single or low double digits, making new projects unattractive from a risk-adjusted perspective.

The speaker provided a clear-eyed view of potential levers to shift this dynamic but emphasized that most of these have yet to deliver meaningful results. For instance, while land prices have dropped by as much as 50 percent in some cases, land costs typically account for only 12 to 14 percent of total development expenses. This reduction is insufficient to offset other pressures, such as rising interest rates and

high costs for construction material and labour. Focusing on potential solutions, the speaker called for bold, coordinated action among all levels of government. Key recommendations included waiving municipal fees such as development charges (DCs), community benefits charges (CBCs), and parkland levies, as well as introducing property tax abatements to incentivize developers. These measures should be implemented on a temporary basis, with a two-year sunset period for example, to avoid long-term fiscal burdens while stimulating short-term supply.

The speaker also raised concerns about over-reliance on federal initiatives like the Apartment Construction Loan Program (ACLP).⁸ While the ACLP is an attractive option for many developers, its capacity limitations and bureaucratic dependencies on federal approvals have slowed progress. The speaker argued for decoupling city and provincial incentives from federal programs to allow local governments to act more swiftly and independently.

Looking ahead, the speaker cautioned against incremental approaches, stressing that they are insufficient in the face of a housing crisis of this magnitude. Canada has experienced a significant shortfall in housing supply for over two-and-a-half years, and without immediate action, the situation could extend to several more years, which would be catastrophic. Increasing the housing supply – both rental and owned – is essential not only for affordability but also for addressing broader economic challenges tied to housing.

8 The Apartment Construction Loan Program provides low-cost funding to eligible borrowers during the riskiest phase of development: construction through to stabilized operations. The program focuses on standard rental, seniors housing and student housing projects in Canada where there is a need for additional rental housing supply. (Source: <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/apartment-construction-loan-program>)

To conclude, the speaker advocated for bold measures driven by market solutions and backed by strong government coordination. While acknowledging recent steps taken by municipal and provincial governments, the speaker stressed the need for urgency and a comprehensive approach. Only through decisive action and cross-government collaboration can Canada effectively tackle its housing crisis and create the supply needed to meet demand in the coming years.

The second presenter shared insights from the perspective of an organization deeply embedded in rental housing development across various Canadian communities. The speaker highlighted challenges in aligning housing policies across federal, provincial, and municipal levels, noting that while governments often share the goal of increasing housing supply, inconsistent policies and fragmented support create significant roadblocks for developers. According to the speaker, two primary obstacles slow housing development: money and time. Delays in financing and bureaucratic inefficiencies frequently hinder projects, preventing much-needed housing from reaching the market quickly. Even organizations capable of delivering substantial units annually face setbacks due to these challenges, resulting in slower inventory growth and lost opportunities to address pressing housing demands.

The presenter noted that municipalities vary widely in their support for rental housing development. While some municipalities actively attract developers with incentives like waived development charges, tax deferrals, and other supportive measures, others impose barriers through bureaucratic hurdles or misaligned priorities, making it difficult for developers to proceed. Ironically, the areas most in need of housing are often the ones where development faces the greatest resistance.

To address these challenges, the speaker emphasized the importance of collaboration between policymakers, governments, and industry stakeholders. Streamlining processes, reducing red tape, and creating unified policies across all levels

of government were identified as critical steps to accelerating housing supply. The presentation stressed the need for practical solutions that prioritize efficiency, consistency, and open communication to ensure timely delivery of housing in communities where it is urgently needed.

The third speaker began by answering a question about whether municipalities can achieve housing targets when developers often control project execution. The speaker emphasized that the issue is not simply about approvals or zoning but involves deeper challenges related to execution and the misalignment between different levels of government. The speaker noted that historically, there was more alignment between federal, provincial, and municipal governments, with clearer roles for each in housing development. However, in the current environment, there is often competition and conflicting policies, leading to inefficiencies and delays in meeting housing targets.

The presenter emphasized that while municipalities, such as Toronto, approve large volumes of housing units each year, the challenge lies in ensuring that the approved housing is actually built and whether it meets the community's needs. The speaker also highlighted that despite recent legislative changes that aim to speed up processes, penalties and tight timelines can sometimes be counterproductive, as they do not account for factors beyond the control of municipalities or developers.

While municipalities have taken steps to streamline processes, such as reducing zoning review times, structural and procedural challenges remain. For instance, issues like site plan negotiations, multi-owner agreements, and a lack of trust between stakeholders still create bottlenecks in the development process. The speaker emphasized that resolving these issues requires not just addressing broad concerns like “red tape” or “supply” but developing more targeted and detailed strategies to tackle the specific barriers in housing policy and execution.

The session continued with a question-and-answer round, where the audience and the panel engaged in a brainstorming session to address various issues in the current housing market. On the question of amortizing municipal development charges at the provincial level, the panel agreed that while it could help condo developers by reducing up-front equity and improving cash flow, it wouldn't solve the core issue of high development costs. They pointed out that rental projects in Toronto already benefit from deferred amortization, which only marginally impacts the internal rate of return (IRR) without improving the profit margin, a key concern for developers.

The discussion moved towards international housing models and their applicability to Canada. The panel discussed various models, including the Vienna model,⁹ where the state plays a larger role in housing supply, and land leasing and subsidization programs. They noted the importance of considering local political factors and the state's role in housing subsidies. One speaker emphasized the value of public-private partnerships, citing successful affordable housing models in London. The panel also highlighted US strategies, such as infrastructure bonds and streamlined development processes, as potential solutions for Canada. They concluded that densifying urban areas and promoting infill housing, like California's Accessory Dwelling Units (ADUs),¹⁰ could be a promising long-term solution to Canada's housing challenges.

In response to a question about whether Canada has too much government intervention and policy in the housing market, one speaker acknowledged

the concern, agreeing that there might be too much government involvement. However, he emphasized that this issue is complex and suggested that the current post-war growth model may no longer be suitable. The speaker framed the situation as an evolution of policy, where adjustments are needed to ensure more sustainable, equitable, and inclusive growth, rather than a complete overhaul of the system. When asked whether the HST exemption should be extended to condos, the panel argued that it should apply more broadly, benefiting both rental and condo developments. They advocated for reducing red tape and fostering an environment that encourages institutional and private investment in housing, stressing the urgency of action rather than further policy debates.

Session 2: The Options – Financing, Productivity, and Labour

The first presenter began by sharing insights from a task force focused on addressing Canada's housing challenges called the Blueprint for More and Better Housing. The task force includes representatives from developers, former government officials, academics, and industry professionals. It is focused on the urgent need to build 5.8 million homes within a short period. A major concern was that this large-scale construction could add 100 megatons of greenhouse gas emissions, further burdening industries already striving to lower their environmental impact. The speaker emphasized, that over six months, the task force developed a comprehensive blueprint with 144 actionable

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- 9 Vienna, Austria, is renowned for its rich cultural and architectural heritage, is also recognized for its pioneering social housing program. In operation for nearly a century, this system has become a model of innovation, providing high-quality, affordable housing to the city's residents.
- 10 An ADU is accessory to a primary residence with complete independent living facilities that does not require new land or costly infrastructure. In Government Code Section 65852.150, the California Legislature found and declared that, among other things, allowing ADUs in zones that allow single-family and multifamily uses provides additional rental housing and is an essential component in addressing California's housing needs. (Source: <https://www.hcd.ca.gov/policy-and-research/accessory-dwelling-units>)

recommendations to tackle these challenges. The speaker stressed that recommendations are often well-received but rarely translated into meaningful actions. They highlighted that achieving affordability and sustainability in housing requires a multifaceted approach, emphasizing that where, what, and how homes are built significantly impacts costs and environmental outcomes.

One critical recommendation of the task force was to reduce housing costs by reforming zoning policies, eliminating restrictive measures like unit maximums and parking minimums, and allowing for the construction of pre-approved housing designs. These changes, the speaker argued, could lower the per-unit cost of land and streamline construction processes. The speaker also stressed the importance of cutting red tape and property taxes, which significantly contribute to housing expenses. Provincial governments were urged to adopt more permissive zoning policies and override municipal restrictions where necessary to expedite development. In addition, the task force called for exploring innovative construction methods, such as prefabricated housing, to increase efficiency and reduce costs while maintaining environmental sustainability. Further recommendations included leveraging existing transportation and utility infrastructure to reduce household expenses like transportation costs and utility bills. Building in areas already equipped with such infrastructure was seen as a practical way to avoid the financial and environmental burden of new developments. The task force also emphasized the importance of avoiding flood-prone areas to minimize the long-term costs of rebuilding and insurance claims.

While the presentation primarily focused on middle-class housing affordability, the speaker acknowledged that the blueprint did not fully address the needs of those unable to access the market. Nevertheless, the speaker urged governments at all levels to act on the recommendations, emphasizing the importance of collaboration and decisive action over prolonged debates or policy delays.

The speech concluded by linking the housing sector to Canada's broader economic resilience. Amid external pressures, including challenges with trade and tariffs from the United States, the speaker highlighted that investing in housing could provide a much-needed boost to Canada's economy. The call to action was clear: the time for discussion has passed, and bold, immediate steps are needed to address the housing crisis effectively.

The second presenter began by introducing the role of the Canada Infrastructure Bank (CIB), a government lending institution established about six years ago to support infrastructure development. The CIB operates in a unique space between fully private and fully public infrastructure projects. The speaker mentioned that private companies finance infrastructure solely for commercial returns, such as telecommunications companies building Wi-Fi networks, whereas governments typically fund public infrastructure like transit, roads, and social services through taxes and grants. The CIB, however, provides loans or equity investments at below-market rates or with a higher risk tolerance, which enables infrastructure projects that offer both financial returns and public benefits.

The speaker explained that the CIB evaluates its success based on two main criteria: financial returns and public outcomes. Public benefits might include connecting homes to broadband, supporting decarbonization efforts, or improving trade corridors and port systems. To date, the CIB has completed about 75 loans, totaling \$13 billion, contributing to nearly \$40 billion in blended infrastructure projects across Canada.

Focusing on housing, the speaker discussed how central infrastructure is to solving the housing crisis. The speaker referred to a study by the Canadian Urban Institute, which estimated that infrastructure investments per home range from \$70,000 to \$100,000, depending on location, density, and development type. Essential infrastructure includes water, wastewater, stormwater management, electricity distribution, and local transit. To address these challenges, the CIB has introduced a program

to help municipalities and developers finance the infrastructure needed for housing development. This model blends private institutional capital with the CIB's funds, allowing municipalities to invest in infrastructure like water and electricity systems without the need for immediate repayment. Repayment is structured to align with the pace of development, relying on revenue streams such as development charges, land sales, property taxes, and utility payments.

The speaker emphasized that CIB also assumes the risk related to development timing, offering flexibility for projects that may take longer to complete. This patient and adaptable approach reduces financial strain on municipalities and developers, enabling large-scale housing projects to move forward. The speaker shared that this model has already been successful in two projects in Manitoba and emphasized the potential for replicating these efforts across the country.

The third speaker began by discussing the current state of construction labour and productivity in Canada. He outlined the situation in Ontario, where there has been a significant layoff of skilled workers, with around 26,000 people recently let go from the construction industry. In Toronto, specifically, over 2,500 workers in construction have been laid off, primarily due to a market crash that has left many without work. The speaker highlighted the declining number of tower cranes and condo sales, as well as a drop in new planning applications, all pointing to a slowdown in the construction industry. Despite these challenges, the speaker noted that the labour market is not facing an immediate problem, as skilled workers are currently sitting idle. However, he warned that in a few years, once construction picks up

again, the shortage of labour will return. Skilled tradespeople may not stay unemployed for long, and many have already moved to other provinces, like Alberta, which has an initiative to attract workers from Ontario by offering relocation incentives. Additionally, there is a growing trend of white-collar professionals leaving Ontario for the US due to the high cost of living here and more attractive opportunities there.

The speaker emphasized that the need for skilled labour is not just for workers on construction sites but also for the professionals who manage projects, such as planners. Many municipalities are struggling to hire planners, and this shortage will only worsen. The lack of qualified labour, combined with high costs, is driving developers to move south, particularly to the US, where the construction environment is more welcoming and less regulated.

The speaker also discussed how the construction industry has been slow to innovate, noting that productivity growth in the sector is minimal compared to other industries. North American construction productivity has increased by only 0.4 percent per year while manufacturing productivity has grown at a rate of 3.0 percent. The speaker emphasized that the construction industry is primed for innovation, especially through methods like modularization-off-site construction and 3D printing.¹¹ However, he noted that the industry's resistance to change and lack of standardization present significant obstacles. The speaker also called for increased investment in technology, including modular construction, mass timber,¹² and 3D-printed components, and urged government intervention to drive progress and improve efficiency. While recognizing that red tape can sometimes slow progress, the speaker argued it

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- 11 3D or three-dimensional printed houses are full-sized homes constructed primarily using 3D printing technology. Requiring minimal human intervention, these highly customizable structures can be built either on-site or off-site in just a few hours, at a fraction of the cost.
- 12 Mass timber is a construction method using large, laminated columns and beams, featuring Cross-Laminated Timber (CLT). CLT panels, up to 8 feet wide and 60 feet long, consist of three to nine wood layers arranged crosswise for added strength.

could also promote better standards. Ultimately, the speaker believes the industry's future in Canada depends on embracing innovation to address labour shortages and productivity challenges.

The session concluded by opening the floor for participants to ask questions. One question concerned how to better identify the skills of newcomers and overcome barriers such as costs to get more people into skilled trades. The panel highlighted the importance of asking the right questions when assessing newcomers' skills and suggested that fees for requalification should be deferred for those who successfully pass assessments. They also discussed a previous training program for Syrian refugees by the Labourers' International Union of North America (LIUNA), which was unsuccessful, and emphasized the need to understand the reasons behind such failures to avoid repeating them in the future. Overall, the panel agreed on the need for accessible training and support to help newcomers integrate into the skilled trades and address labour shortages.

In response to a participant's concern about the scalability of CIB, one speaker explained that while CIB's \$35 billion capitalization seems limited, it operates as a revolving fund, reinvesting returns from initial investments. The speaker highlighted partnerships with institutions like the First Nations Bank of Canada and local communities to extend support to smaller regions and projects. The speaker also mentioned CIB's aims to scale its model for infrastructure across the country through aggregation and strategic partnerships. In response to a question about declining construction productivity, the panel highlighted the shift from low-rise to high-rise construction, which demands more time and specialized skills. They noted labour shortages have affected workforce quality and stressed the need for innovation and better planning

to prevent rising costs and inefficiencies in meeting housing demands.

Keynote Lunch Address: Putting it All Together

The keynote speech addressed Canada's housing crisis, focusing on the systemic challenges and the role of government and private sector collaboration in resolving the issue. The speaker began by raising the critical issue of Canada's housing crisis, which has reached a critical point due to several systemic challenges. These include labour shortages, rising construction costs, and a growing demand for affordable housing. The speaker noted that the housing sector is now more important than ever, reflecting the evolution of organizations like Canada Mortgage and Housing Corporation (CMHC), which has seen significant changes in the past years.

The speaker highlighted that the timing of the conference was ideal, given the upcoming election, which would usher in a new government with fresh priorities that could influence housing policy. With extensive experience in both the public and private sectors, the speaker emphasized the importance of leveraging government action to address the housing needs of Canadians. The speaker outlined CMHC's three primary lines of business in addressing the housing crisis: mortgage insurance, securitization, and various housing programs. These areas collectively contribute to the availability of affordable housing and facilitate the construction of new homes. Mortgage insurance, which CMHC provides to homeowners and developers, plays a crucial role in supporting accessibility to housing. The speaker noted that Canada Mortgage Bonds,¹³ a securitization initiative CMHC pioneered, has been critical in helping developers secure financing

13 Canada Mortgage Bonds are CMHC-guaranteed bonds used for investment opportunities into residential mortgages. (Source: <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/securitization/canada-mortgage-bonds>)

for new multi-unit residential buildings, addressing the shortage of rental housing.

The speaker also discussed CMHC's housing programs, which are federally funded and aim to maximize public resources for building more affordable housing. These programs, while designed by the government, are executed by CMHC to ensure that funds are allocated effectively. CMHC works directly with developers to identify and support housing projects that provide the most significant social benefit for the available capital.

In addition to financing and housing programs, CMHC's growing focus on housing economics and market insights was emphasized as an increasingly vital part of its operations. The speaker pointed to ongoing research into issues such as construction productivity, which is particularly concerning in the Canadian context. Studies have shown that the construction sector is not as efficient as it could be given the workforce size, and improving productivity could help alleviate some of the pressures on the housing market.

The speaker also underscored the importance of feedback from stakeholders in shaping CMHC's research and policy initiatives. The speaker encouraged the audience to share ideas on what further research could be conducted to address the housing shortage, emphasizing the need for collaborative efforts across the public, private, and nonprofit sectors.

One of the critical points raised was that no single level of government can solve the housing crisis on its own. Effective solutions require cooperation between federal, provincial, and municipal governments, as well as partnerships with developers and nonprofit organizations. The speaker highlighted examples of successful collaboration, such as CMHC's work with organizations like the Housing, Infrastructure and Communities Canada

(HICC), which allows for the pooling of resources to achieve better housing outcomes. However, the speaker acknowledged that government funding alone is insufficient to tackle the scale of the housing challenge. Partnerships across sectors are necessary to maximize the impact of available resources. By collaborating, stakeholders can leverage their collective capabilities to address the housing crisis more effectively. The speaker also pointed out that CMHC plays a crucial role in ensuring the efficient use of public funds by working closely with developers to identify projects that offer the greatest social benefits.

Financial support was another point of discussion. The speaker stressed the importance of programs such as the MLI Select,¹⁴ which offers favourable financing rates to developers in exchange for delivering specific social outcomes, like increasing the supply of affordable or energy-efficient housing. While the program has been successful and there is high demand from developers, there are concerns about the availability of capital to meet this demand. CMHC is currently evaluating how to expand the program and ensure that it continues to meet its social objectives. A notable suggestion from developers, which the speaker mentioned, was the inclusion of "livability" as a criterion in the MLI Select program. This could involve focusing on the number of bedrooms in a unit, addressing the gap in larger units in purpose-built rental housing, and better catering to the needs of families. CMHC is considering these suggestions as part of its ongoing evaluation of its housing programs.

Another area of concern is the issue of affordability. Currently, affordable housing units in CMHC-supported projects are available to a wide range of tenants, including those who may not necessarily need the subsidy, such as young professionals early in their careers. The speaker

14 MLI Select is an innovative new multi-unit mortgage loan insurance product focused on affordability, accessibility, and climate compatibility. (Source: <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/mortgage-loan-insurance/multi-unit-insurance/mliselect>)

suggested that introducing income tests for tenants could help ensure that affordable units are directed to those who truly need them. This reflects a broader discussion on what “affordability” means in today’s housing market, with more Canadians finding it increasingly difficult to find housing that fits within their budget.

The speed of construction was also a central theme in the address. Delays in the construction process, particularly at the municipal level, have contributed significantly to the housing shortage. The federal government has made efforts to streamline construction through programs like the Housing Accelerator Fund, but more work is needed to reduce delays further. One potential solution to speed up construction is the use of modular housing, although there are challenges in scaling production. The “chicken-and-egg” problem, where factories hesitate to invest in modular housing without sufficient orders and buyers are unwilling to place orders due to limited supply, needs to be addressed. The speaker suggested that government intervention might play a role in bridging this gap.

In conclusion, the speaker reaffirmed the urgency of addressing Canada’s housing crisis and emphasized that the solution requires a multifaceted approach. Financial efficiency, faster construction, and enhanced collaboration between stakeholders are key to resolving the issue. While the challenge is significant, the speaker expressed optimism that through collective action and targeted initiatives, Canada can make substantial progress in solving the housing crisis and ensuring that more Canadians have access to safe, affordable homes.

In response to a question on balancing Canada’s diverse housing markets, the speaker highlighted CMHC’s shift from national-level research to focusing on specific Census Metropolitan Areas (CMAs) to better address regional variations. This approach aims to provide more relevant data for local decision-makers. Additionally, the speaker discussed the challenge of determining whether resources should be focused on regions with severe housing gaps or on areas with more balanced markets, emphasizing the political complexities of such decisions.

Another question was about feedback on the increased \$20 billion allocation for NHA MBS¹⁵ and the speaker explained that the policy is aimed to encourage purpose-built rental supply, addressing the rental housing crisis. The speaker also mentioned that feedback from stakeholders was mixed: large, regulated banks preferred more allocation for homeowners, while non-regulated lenders, who rely on securitization, welcomed the increase. The presenter noted that while the allocation made policy sense, the reliance of some lenders on securitization raised concerns about the broader financial implications, complicating the decision-making process.

Session 3: The Solutions – What Do All Orders of Government Need to Do?

The first presentation addressed Canada’s growing housing and affordability crisis, highlighting it as the most urgent policy issue facing the country today. The speaker emphasized that housing is not just a policy concern, but a deeply personal one for

15 The NHA Mortgage-Backed Securities (NHA MBS) program is a Canadian initiative designed to support the housing market by improving access to mortgage financing. Established under the *National Housing Act* (NHA) and administered by the Canada Mortgage and Housing Corporation (CMHC), it allows approved lenders to pool insured residential mortgages and issue securities backed by those mortgages. (Source: <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/securitization/nha-mbs>)

Canadians. Behind every housing policy is a family trying to buy their first home or a senior seeking affordable options to age in place. The speaker called for greater collaboration across all levels of government to tackle the housing crisis and improve accessibility for all Canadians, regardless of income or housing need.

Several strategies were proposed to help mitigate the housing shortage. The first proposal focused on improving construction practices, especially advocating for the use of rapid construction technologies. Traditional on-site construction is too slow and expensive to meet the rising demand for housing. Off-site construction methods like modular homes, mass timber, and panelization¹⁶ are seen as promising solutions to accelerate housing production. These methods can reduce building times by 20-50 percent and, when scaled, could lower per-unit costs. The speaker supported the recent government commitments to invest in these technologies but urged for greater funding to make a significant shift from traditional building methods to more rapid construction processes.

The second proposal addressed the need for better coordination among different levels of government. The speaker argued that despite the good intentions of all levels of government, the lack of collaboration between federal, provincial, and local governments exacerbates the housing crisis. To solve this, the speaker proposed the creation of a National Housing Secretariat, modeled after successful examples like the Secretariat for Early Learning and Childcare. This body would be responsible for coordinating housing policies and bringing together stakeholders, including government bodies, civil society, and indigenous organizations. The National Housing Secretariat would play a central role in facilitating a coordinated, inclusive approach to housing policy

and ensuring both short-term and long-term strategies to address the housing supply gap.

The third proposal focused on taxation measures to make housing more affordable. The speaker advocated for further tax relief for non-profit organizations that build affordable housing, such as Habitat for Humanity. While there have been some tax exemptions for purpose-built rental housing and social housing, the presenter noted that non-profit housing providers still face the same tax burdens as private developers, which limits their capacity to build more affordable homes. The proposal called for a 100 percent GST rebate or exemption for affordable housing built by non-profit organizations. This change could significantly enhance the ability of non-profits to increase the supply of affordable housing across the country.

In conclusion, the speaker emphasized the need for a unified, forward-looking approach to solving the housing crisis. Instead of assigning blame to various levels of government, the focus should be on working together to find solutions that will increase housing affordability. The speaker also raised concerns about land transfer taxes, noting that although these taxes generate significant revenue, they are not currently being directed back into affordable housing initiatives. The speaker proposed that provinces be held accountable for how land transfer tax revenue is spent, with a portion earmarked for the construction of affordable housing units.

The second presenter highlighted the vital role municipalities play in addressing the housing crisis in Canada. They emphasized that recent polling data shows Canadians overwhelmingly believe local governments are best positioned to implement solutions effectively. Housing affordability and homelessness were identified as top concerns, driven by rising inflation and precarious living conditions.

16 Panelized construction shifts framing work to a climate-controlled factory setting, where walls, floors, and ceilings are engineered and built before being transported to the site for assembly.

The speaker described several municipal initiatives aimed at increasing the housing supply. For example, zoning changes in smaller and northern communities allow for diverse housing types and expedited approvals for certain projects in larger cities. Despite these advancements, the speaker pointed out a growing gap between the number of housing permits issued and actual housing starts, illustrating challenges beyond municipal control.

A key theme was the need to rethink the fiscal framework for municipalities, which are tasked with managing extensive infrastructure while receiving a small portion of overall tax revenue. The speaker suggested exploring alternative funding mechanisms, such as municipal bonds and alternative tax sources, to support sustainable growth and planning. They also addressed misconceptions about development charges, explaining their role in funding future infrastructure needs and cautioning against short-term solutions that could create long-term challenges. The speaker concluded by emphasizing that while municipalities are making significant strides, a coordinated, multi-level approach is essential to effectively tackle the housing crisis and support sustainable economic and social development.

The third presenter addressed the housing crisis in Canada, beginning by examining its historical context. The speaker noted that concerns about housing affordability have recurred over decades, pointing to similar crises in the late 1960s and early 1970s. The speaker highlighted the 1970s as the only period in the past century when Canada successfully built 3 million homes in a decade, suggesting that examining past successes could offer insights into addressing current challenges.

Key systemic issues are contributing to the housing crisis, including inefficiencies in development approval processes, which often take over 1,000 days. The presenter attributed delays to factors like inter-departmental coordination issues, lengthy reviews by external agencies, and community resistance to new developments. To

address these challenges, the speaker proposed redistributing population growth to smaller, underutilized cities rather than focusing solely on major urban centers. The speaker argued that many smaller municipalities already have infrastructure and resources to support growth but remain underpopulated. Investments in regional transit solutions could enhance these cities' accessibility and reduce pressure on larger urban centers.

The presentation also examined the decline in purpose-built rental housing since the 1970s, attributing it to policy changes such as the introduction of capital gains taxes and rent controls. These measures have discouraged the construction of new rental units, harming future renters by limiting supply. As a result, reforms are needed to encourage rental housing construction while maintaining affordability. In conclusion, the speaker emphasized the need for innovative solutions that draw on historical successes, streamline regulatory processes, and prioritize balanced growth across regions to address Canada's housing challenges effectively.

A participant shared insights on how intergovernmental misalignments also play a role: federal policies overlook population shifts and non-permanent residents, provincial laws limit municipal borrowing capacity, and municipalities face structural and financial constraints. The discussion continued and one speaker mentioned the challenges faced by seniors, pointing out that many occupy homes larger than they need due to the lack of suitable alternatives, such as bungalows located near amenities and healthcare. By creating these housing options, seniors could reinvest their equity and free up family-sized homes for others. Another speaker emphasized significant gaps in tracking the outcomes of government housing investments and incentives, such as development charge holidays or HST relief. The speaker expressed the necessity for robust municipal and national data systems to ensure accountability and guide evidence-based decision-making.

In response to a question on capital gain tax, the panel agreed that increasing capital gains taxes, such as raising the inclusion rate, would worsen the housing crisis. They argued that current capital gains tax policies discourage small investors from scaling up rental properties and limit the redevelopment of commercial spaces. Deferring capital gains taxes when profits are reinvested was proposed as a solution to mitigate these challenges.

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