August 26, 2026

The Honourable Gregor Robertson, P.C., M.P.
Minister of Housing and Infrastructure
Sent via email to **minister-ministre@infc.gc.ca**

RE: MEASURES TO SUPPORT THE SUPPLY OF HOUSING FOR OWNERS AND RENTERS

Dear Minister Robertson:

The Independent Contractors and Businesses Association (ICBA) is pleased to respond to the invitation from Housing, Infrastructure and Communities Canada for input on financing measures to support the supply of owner-occupied and rental housing.

By way of background, ICBA is the largest construction association in Canada with more than 6,000 member, client and affiliate companies, primarily in British Columbia and Alberta. ICBA is a strong advocate for open markets, fair and competitive public tendering, cost-effective regulation, and the responsible development of Canada's natural resources. ICBA is also one of the largest sponsors of trades apprentices in Canada, directly trains thousands of construction professionals every year, and provides group benefit plans to more than 300,000 Canadians.

Our members build the owner-occupied and rental housing this country needs. Their ability to build efficiently and affordably is what determines whether supply can keep pace with demand, and whether supply can be delivered at prices Canadians can afford.

Market Context

Canada's housing markets are uneven, and regional divergences are common – including today. ICBA's members in B.C. and Alberta are experiencing the various challenges facing homebuilders in Canada firsthand.

British Columbia currently has a rapidly shrinking home construction pipeline that threatens the availability and affordability of tomorrow's supply. Greater Vancouver recently posted its lowest annual home sales total since 2000, and this collapse in demand and buyer confidence is causing homebuilder financing to tighten, forcing many projects to be delayed or cancelled. The impact is already visible across multiple indicators: housing starts in the Vancouver area fell 42% year-over-year in July 2026, and B.C. building permit values fell by $386 million in the second quarter, including a 9.5% drop in June. As building permits lead housing starts by 6 to 15 months, the current permit decline has yet to be fully reflected in starts activity, indicating that the most severe reductions lie ahead. Despite recent improvements in housing affordability in the Vancouver region, the Greater Vancouver area remains the least affordable major market in the country. With a dwindling construction pipeline, affordability could significantly worsen once today's elevated inventory is absorbed.

Unlike B.C., where the conversation is dominated by the ongoing demand collapse and the loss of financing viability, Alberta's housing market is stabilizing. Alberta remains, in absolute terms, one of Canada's most affordable major housing markets: purchasing an average priced home there requires 38.2% of individual average earnings, well below the 52.6% needed nationally. Calgary's ownership affordability has moved closer to its long-run historical average, and asking rents for new leases continue to fall in both Calgary and Edmonton. But that improvement rests on a pipeline that is now retreating: housing starts are down 19% year-to-date and projected to fall 27% for the full year according to Alberta's 2026 Budget, even when population growth in the province only eased moderately from 2.5% to 1.1% in 2026. Alberta's challenge going forward is protecting a fragile, recent gain: if the decline in housing starts continues to outpace the slowdown in population growth, the same dynamics that produced Alberta's earlier boom could return, eroding the affordability gain the province has achieved.

Against this backdrop, ICBA recommends the following federal government measures to unlock pent-up demand in B.C. and streamline the delivery of housing supply across the country.

1. Measures to Unlock Pent-up Demand and Build Consumer Confidence

Soft demand in regions such as B.C. does not mean Canadians no longer want to own homes: 67% of Canadians say they have always dreamed of owning a home – up from 62% a year earlier. What's stopping them, despite rising inventory, comes down to two factors. First, chronic supply shortages and years of escalating construction costs have pushed prices beyond the reach of many working and middle-income families, even as prices have recently begun to fall. Second, a weak economy, market stagnation and uncertainty about the future of Canada's trade with the U.S. have dampened consumer confidence, leading many to wait until conditions improve before buying. While the first problem requires long-term solutions, there are immediate measures that can be employed now to give more Canadians wanting to purchase a home the confidence to do so. The solution is simple: send positive market signals.

Recommendation 1: Withdraw from the condo acquisition component of the Canada-British Columbia partnership on condo conversion.

- **Problem**: The June 2026 federal-provincial commitment to acquire or finance the conversion of more than 2,200 unsold B.C. condominium units delivered through Build Canada Homes and BC Housing, on terms that still have not been published, carries several negative consequences. ICBA has been clear from the outset: not one homebuilder, contractor or developer we represent asked governments to buy their unsold condos. The recent B.C.-Canada agreement does not address the underlying causes of falling demand. If anything, government intervention to prop up the market sends the wrong signal and could deepen buyer hesitation rather than lessen it. In addition, a sudden move by governments to purchase supplies at this scale is likely to put upward pressure on prices, pricing out potentially purchasers with less borrowing power. Moreover, the B.C.-Canada condo purchase plan commits significant public funds to shielding a select few projects from the ordinary market risks every builder takes on, when those same funds could instead be used to reduce structural barriers like excessive regulation, sky-high development cost charges, permitting delays – problems that every homebuilder faces. Finally, we are troubled that basic questions about the

B.C.-Canada condo purchase plan remain unanswered: which units will be acquired, at what price per unit, and through what process.

- **Solution**: ICBA recommends the federal government withdraw from the unit-acquisition component of this initiative. ICBA supports the housing-enabling infrastructure funding and the development cost charge relief announced alongside the agreement with B.C., and we urge the federal government to expand both these elements.

- **Benefit**: Every dollar not spent buying finished condominiums is a dollar available to lower the cost of building new ones. Redirecting those funds to the measures below, and to the $3.2 billion development charge reduction program announced in June 2026, will lower costs on every unit built rather than rescuing a select few.

Recommendation 2: Expand GST rebate eligibility to all buyers of new builds under $1.5 million, not just first-time homebuyers.

- **Problem**: The current First-Time Home Buyers' GST/HST Rebate is too narrowly targeted to meaningfully move the needle on housing demand and purchase prices. According to the Parliamentary Budget Officer, the federal rebate itself is projected to apply to just 4.8% of housing completions nation-wide over 2025-26 to 2030-31. Ontario has already recognized the limits of a first-time-buyer-only approach: in partnership with the federal government, it temporarily extended HST relief to all buyers of qualifying new primary residences, for agreements of purchase and sale signed on or after April 1, 2026, and on or before March 31, 2027. B.C. and Alberta have no equivalent provincial sales tax on housing to expand in the same way, so buyers in these provinces remain stuck with the federal rebate's first-time-buyer restriction, with no path to broader relief unless the federal government acts on its own.

- **Solution**: ICBA recommends that the federal government extend the existing GST/HST rebate, offering full relief on new homes up to $1 million, phasing out to $1.5 million, to all buyers of new homes, not just first-time buyers. This change would apply uniformly across the country.

- **Benefit**: The Government of Ontario projects the rebate expansion will generate approximately 8,000 additional housing starts, support up to 21,000 jobs and add $2.7 billion to provincial GDP – in that province alone. A federal expansion would extend that same positive signal nationally, including to B.C. and Alberta, where no provincial mechanism exists to replicate Ontario's approach, and encourage hesitant buyers back into the market while giving builders the sales confidence needed to proceed with new projects.

Recommendation 3: Replace the expiring foreign buyer ban with a framework that permits foreign investment in new construction, while maintaining restrictions on existing homes.

- **Problem:** The federal *Prohibition on the Purchase of Residential Property by Non-Canadians Act*, in effect since January 1, 2023, is scheduled to expire on January 1, 2027. It restricts foreign nationals from purchasing residential property across Canada, and the government must now decide what – if anything – replaces it. While the ban's intent to protect housing affordability is laudable, particularly at a time of significant strain on housing supply, today's reality of subdued demand and a struggling market for new build means that restricting investment, as opposed to individual purchases of residential real estate by foreign buyers, risks harming the future construction pipeline instead. ICBA joined industry partners in writing to the Prime Minister in July 2025 to make this case, and the approaching expiry is the moment to act on it.

- **Solution:** Rather than simply extending the prohibition, ICBA recommends the federal government use the January 1, 2027, expiry to put in place an Australian-style framework: foreign buyers remain restricted from purchasing existing homes, while foreign investment is permitted in new construction and pre-construction projects. Australia has operated a version of this model for years and, in its 2026-27 Budget, extended its own ban on foreign purchases of established dwellings to June 30, 2029, while continuing to allow foreign investment in new dwellings.

- **Benefit:** Reopening new-construction projects to foreign capital would restore a meaningful source of private investment for homebuilders and the development of new housing supply at a time when domestic presale financing has virtually disappeared, without reintroducing foreign competition for existing homes. B.C. recorded 124 presales in the first quarter of 2026, against roughly 6,000 in the first quarter of 2021. This measure would help developers hit the presale thresholds needed to secure financing and move stalled projects forward, increasing tomorrow's housing supply.

2. **Measures to Streamline the Delivery of Housing Supply**

Recommendation 4: Pause changes to building codes and other regulations that increase construction costs.

- **Problem:** Periodic updates to the National Building Code, the Canadian Electrical Code, and related federal regulatory frameworks aim to improve safety and efficiency and/or reduce emissions, but recent changes have been too frequent, too costly, and compounded the affordability crisis. These changes contributed to the 70% increase in residential building construction costs across Canada's major metropolitan areas since 2019 – against economy-wide inflation of less than 25% over the same period – a gap that ICBA's own economic analysis has documented in detail. Other jurisdictions, including Australia and California, are already pausing their building code updates to focus on the delivery of less expensive housing supply. Australia has frozen its National Construction Code until 2029, and California has barred new or stricter residential building standards from October 2025 to June 2031.

- **Solution:** ICBA recommends the federal government review the National Building Code to remove red tape and cost and enact a moratorium extending to at least 2030 on further changes to the National Building Code, the Canadian Electrical Code and related regulations that increase construction costs.

- **Benefit:** A stable, predictable regulatory environment reduces compliance costs and frees the construction sector to focus on the productivity gains needed to bring costs down.

Recommendation 5: Revise CMHC's scoring system for housing projects.

- **Problem:** CMHC's Apartment Construction Loan Program scores projects on affordability, energy efficiency and accessibility, and those points determine access to more favourable loan terms. The system does not put enough weight on affordability at a time when housing costs are the most urgent concern for Canadians: energy efficiency alone carries up to 35 points, which does nothing to lower the rent a family actually pays. Family-sized rental units are also undersupplied, leaving 1 in 10 Canadians dissatisfied with the number of bedrooms in their home.

- **Solution:** ICBA recommends that CMHC prioritize affordability in the score system, with the highest scores reserved for projects that go beyond the current minimum of 20% of units renting at or below 30% of median household income. Energy efficiency should carry less weight in the scoring system, as it is better delivered through targeted incentive programs than through the pricing of a housing loan. Additionally, the government introduce a dedicated points incentive for two- and three-bedroom units to encourage the development of family-friendly rental options.

- **Benefit:** Shifting the focus to affordability and family-sized housing ensures that limited resources are directed to where they are most needed. It would help CMHC maximize its impact on the rental shortfall while ensuring the program delivers homes families can actually live in.

Recommendation 6: Defer capital gains tax on reinvestments in Canadian construction projects.

- **Problem:** Homebuilders and investors holding appreciated land, buildings, or other assets often hold onto them rather than sell, because selling triggers an immediate capital gains tax bill. The *Income Tax Act* already contains a replacement-property rollover in Section 44, but it is closed to this sector: the definition of “former business property” in Subsection 248(1) expressly excludes rental property. This dynamic keeps capital tied up in existing holdings rather than redeployed into new construction, including housing, at precisely the moment the industry most needs access to investment capital to launch new projects.

- **Solution:** ICBA recommends the federal government defer capital gains tax on proceeds investors reinvest in new Canadian construction projects, including rental and owner-occupied housing. The most direct route to accomplish this is to extend the Section 44 replacement-property rollover to rental and residential construction property. The gain remains deferred as long as proceeds stay invested in Canadian construction, even as capital moves between projects, and becomes taxable only if the investor cashes out for good or moves proceeds outside Canada.

- **Benefit:** This measure frees up capital currently locked in existing assets and keeps it circulating within Canadian construction, boosting private investment in supply without a dollar of new government spending. This is a tax deferral, not forgiveness: the tax is collected when capital leaves the sector or the country, not written off. Residential construction already accounts for roughly 7.7% of Canada's GDP and 1.2 million jobs, so capital kept working in the sector pays back quickly. By taxing capital only when it leaves the country or the sector, the incentive keeps investment working in Canada, channeling it into new construction at a time when financing for new projects has become scarce.

Recommendation 7: Tie federal housing funding to reductions in municipal and regional development charges.

- **Problem:** Development charges are now one of the largest single cost items in a new home, and they are levied upfront, at the point in a project when capital is scarcest. In Metro Vancouver, regional development cost charges have risen sharply in recent years. Water charges tripled and parkland charges jumped overnight, adding tens of thousands of dollars to every new apartment in Surrey or Burnaby before a shovel goes in the ground. Every dollar of that cost ultimately is passed to the buyer or the renter. Because these charges are collected at permit issuance rather than at occupancy, they also function as a financing barrier, not merely a tax.

- **Solution:** ICBA recommends the federal government expand the program that funds municipal and regional development charge reductions, and make that funding permanently conditional on measurable, verifiable reductions in those charges. Federal funding should also favour municipalities that collect development charges at occupancy rather than at permit issuance, as the City of Delta does.

- **Benefit:** This is the highest-leverage financing measure available to the federal government. It reduces the cost of every new unit rather than a select few, it works through a federal-provincial mechanism that already exists, and shifting collection to occupancy directly addresses the upfront capital requirement that is stalling projects today.

Taken together, we believe these measures would cost the federal treasury far less than buying finished housing inventory and would do considerably more to restore confidence across the sector and get shovels back in the ground.

The alternative is to watch skilled tradespeople leave the industry, watch the development pipeline shrivel further, and face a supply crisis three or four years from now that is worse than the one Canada is only beginning to dig out of. The people who build the homes are asking the government to act.

ICBA appreciates the opportunity to provide these comments and welcomes further dialogue with Housing, Infrastructure and Communities Canada.

Sincerely,
INDEPENDENT CONTRACTORS AND BUSINESSES ASSOCIATION

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President and CEO

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