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## **Opening Statement by David Foster, Senior Director, Communications, Canadian Home Builders' Association to the House of Commons Standing Committee on Natural Resources**

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The Canadian Home Builders' Association appreciates the opportunity to present the Standing Committee with information and perspectives on the evolving and critical role of wood and wood products in our industry, and in the homes of Canadians.

My comments this afternoon will focus on the overall dimensions of our industry, and the role that wood products play in the homes our members build and renovate across the country.

I also want to highlight a number of important and innovative trends which may support increased future use of value-added wood components, including both engineered wood and secondary wood products.

Home building and renovation are an important source of demand for Canada's forest sector, and a major end market for a wide range of Canadian-produced wood products. Based on Statistics Canada input-output data, our industry's consumption of forest products amounts to over \$8 billion annually, providing a major domestic base for the forest products industry.

The residential construction industry consists of two primary segments – new home construction and home renovation – and represents one of the largest sectors in our economy.

Last year, our industry generated some \$138 billion in economic activity, \$67 billion in new construction and \$71 billion on the renovation side of things.

In 2016, residential construction supported just over 1 million jobs across Canada, both directly and indirectly. This employment generated just under \$60 billion in wages.

In relation to new homes, we are seeing a significant shift in terms of the product mix our members are building.

Simply put, the 'traditional' Canadian home is changing as our cities become more densely developed and absorb an ever growing number of Canadians per square kilometre.

In 1996, 60% of all housing units in Canada were single-detached homes.

By 2016, single detached homes represented only 32% of all new homes built, while about 50% of new homes were apartments of all types, whether condominiums or for rent. The remainder were made up of low-rise multi-family units like town- and row-homes.

The way we build homes is also evolving, and will continue to do so in the coming years. This will have a direct bearing on the products and materials used in construction, including a wide range of wood-based products.

The environmental performance of homes, particularly their energy efficiency, has evolved tremendously over the last few decades. This evolution will continue, and in fact accelerate, in the years ahead.

A new home built today uses a fraction of the heating energy required in an older home. Half of the homes in Canada were built before 1985. That half of the housing stock uses twice as much energy as homes built since then.

And a new home built today, here in Ottawa, will used 20% to 30% less energy than one built just five years ago.

This trend towards improved energy efficiency is far from over.

Based on the policy direction that governments have given for future building codes, by 2030 all new homes will require an additional 50%+ improvement in energy performance, to 'Net Zero Ready' standards.

This is an ambitious goal, and one that will challenge our industry—it will also challenge society unless affordable means for reaching these levels of energy efficiency can be

found, and as an association we continue to be concerned about affordability for younger Canadians looking to become home owners.

Changes in how we build homes will impact the role that wood products and other materials play in the construction process.

Today, the typical 2,400 square foot, single detached home requires about 16,000 board-feet of dimensional framing lumber.

Its construction also consumes about 14,000 square feet of other wood products including plywood, oriented strand board, glulam beams, and laminated veneer lumber.

Each new home also requires a range of secondary wood products, including flooring, cabinetry, siding, decking and millwork, plus wood components incorporated into windows and doors.

To put this in value terms, dimensional framing lumber represents just over 14% of the value of all wood products used by our industry.

Secondary wood products, including millwork, window and doors and pre-fabricated wood products represent about 60% of the total wood product value.

Looking to the future, secondary wood component use is less likely to be impacted by changing codes.

However, the structural elements certainly will be affected.

There is a long-standing trend in residential construction towards ever greater use of value-added engineered structural components and, in the future, this may tend to 'blur the lines' between engineered and secondary wood products.

We are already seeing this happen in some markets, where traditional site-based home builders are switching over to the use of factory-built wall systems – traditionally viewed as a secondary product.

This is also reflected in the structure of our Association. The two organizations representing factory-based home builders merged with CHBA last year, creating our new

Factory Built Modular Construction Council, reflecting the increasing integration of building practices across all segments of the industry.

In addition to this trend of increased industrialization, we are seeing engineered wood products leading the way towards new forms of wood construction.

Six-storey wood frame buildings are now referenced in the National Building Code and being constructed in a number of provinces.

We are also watching – with interest – research and demonstration of wood structures between 6 and 12 storeys, based on innovative technology like cross-laminated timber. Our industry's interest in such emerging and innovative technologies is very straight forward.

We need to provide Canadians with great homes that meet ever-higher performance requirements and consumer expectations.

At the same time, housing affordability is a central preoccupation as it directly impacts the capacity of younger Canadians, new Canadians and those with young families to become home owners.

As an association, we feel it is incumbent on us all, including government, to ensure that more demanding codes not impact affordability, which means we need to find technologies and techniques to do this at the same cost, or less. And this is a real challenge.

From our industry's perspective, a key aspect of any new building technology – whether wood based or not – is its capacity to help us address the affordability challenge. Diminished affordability serves as a growing barrier to home ownership, and we are seeing the effects of this.

The latest Census data, released quite recently, showed that, for the first time in our history, Canada's overall homeownership rate has declined, from a peak of 69% in 2011 down to 67.8% in 2016.

Perhaps more significantly, the ownership rate has declined for all age groups under 65, but especially for younger Canadians.

As we move forward, knowing that future building codes are going to demand performance that currently means much higher house prices, we are looking to new innovative technologies and materials to help us preserve and enhance affordability.

Innovative wood products can, and should, be part of this mix. And, most importantly, as Canadians we know how to make this happen.

Over the last 70 years, there has been tremendous collaboration between our industry, the forest products industry and the federal government, to advance the science of home building.

This has led to a wide range of innovations, from roof trusses in the 1950s to the 12-storey cross-laminated timber buildings being pioneered today.

It has allowed us to build Net Zero homes, and begin to find ways to reduce the cost premium involved. And while we still have a distance to go to get the costs down far enough, we are on the right path.

We therefore need to see more of this research and development, and we need to ensure it is focused in areas that can enhance both the quality of housing and its affordability.

Our Association works with Natural Resources Canada, the National Research Council and Canada Mortgage and Housing Corporation on a wide range of housing-related research.

Such collaboration is what gave Canada housing technology like R-2000 that put us at the leading edge internationally, and our own voluntary CHBA Net Zero Home Labeling program, which is reasserting our international leadership today.

The government needs to increase its research and innovation investment, and build on this type of effective collaboration, all the while ensuring this is focused where it can produce the greatest positive impact – particularly in relation to affordability.

The homes that our industry will build in 2030 must deliver the high levels of comfort, quality and value that Canadians demand, at a price they can afford to pay.

They must also contribute to more sustainable and resilient communities that provide housing options for all Canadians.

And these future homes must also make more efficient use of our natural resources. It's a tall order, and a real challenge. But the potential rewards are significant – a stronger residential construction industry, stronger resource industries including the forest products sector, great homes for Canadians, financial wellbeing for a new generation of home owners, and enhanced opportunities to share our innovations and products with the world.

These are outcomes worth working hard to get. Our industry looks forward to partnering with the forest products sector, and government, to make it happen.

Thank you.