

2022-05-17 Kevin Lee, CEO, Canadian Home Builders' Association
Opening Remarks to the Standing Committee on Industry and Technology
(INDU)

Thank you, Mr. Chair,

On behalf of the Canadian Home Builders' Association (CHBA), representing some 9,000 member companies in residential construction from coast to coast, thank you for the opportunity to speak with you today. Our membership includes home builders, renovators, land developers, trade contractors, manufacturers, suppliers, and various service providers—and all of these members are being challenged by labour and productivity issues.

I'd like to start by first speaking about the top issue our association is always concerned about, and that is housing affordability. This is of course directly affected by labour and material shortages and resultant price increases. But the biggest driver of house prices in recent times has been the lack of housing supply—the basic economics of housing supply and demand imbalances have been the key driver of accelerating house prices in recent times. Fortunately, Canada's housing deficit of some 2 million homes is now widely accepted, and the federal government has now rightly identified that we need to build some 3.5 million homes over the next decade to catch up. To do so will require a doubling of our annual pace of housing starts. The big question is, how do we get there, and do we have the labour to do so.

I'll start by saying this: to get more supply online, labour is not our number one issue. Yes, labour is a challenge, but municipalities are actually at the nexus to unlock the ability to bring more housing supply online. Accelerating and streamlining municipal processes, updating municipal policies and zoning, combatting NIMBYism – all these municipal affairs are the top issues we need to address to get our housing starts up to where they need to be. We are hopeful that the new Housing Accelerator Fund will help to start to address these issues.

And related to these bottlenecks is labour, not only for the construction industry, but for municipalities. Our construction industry is facing the challenge of about 22% of our labour force retiring over the next decade; but municipal building officials are retiring at an even faster pace – as much as 50% of officials are set to retire in the next 10 years. So part of the solution to labour is also ensuring municipalities can replace departing employees, plus increase staff to be able to do more.

Regarding workers to actually build more homes, we recommend a three-pronged approach.

Firstly, we must continue all efforts to promote to Canadians careers in skilled trades. This includes promoting to young people, their parents, teachers and guidance counsellors. CHBA asks that the government continue all actions to promote careers in skilled trades, including financial supports to companies to support apprentices, like the new Canadian Apprenticeship Service. Our Association is continually working to address the skilled trades gap, and government supports of this nature are indeed very beneficial.

Secondly, we need to update our immigration system for skilled workers and target permanent immigration solutions. Skilled labour allocations for immigration must be increased, and pathways for temporary workers to become permanent workers are needed—and we know ESDC is looking at such solutions now, which is critical.

Thirdly, and in the direct portfolio of this committee, we need to focus on increasing productivity in our sector. We need more innovations that will enable us to build more houses faster with less people. Site-built construction is extremely efficient and cost-effective, but we need to make it more productive with better technologies that require less labour. We also need to increase the amount of factory-built systems we use—be it modular, panelized or other emerging technologies. This is something government investment can help accelerate, especially since it is capital intensive.

Regarding regulatory requirements and bureaucracy, there is a huge burden on our industry and there is no doubt it needs to be streamlined to allow the housing construction process to move faster. This must be improved at the municipal level, but there are also elements at the federal level that can help. Many political drivers are now putting pressures on the national building code that are causing accelerated change, and also risk causing unintended consequences if not properly vetted. There are also code-change adoption challenges for industry, and almost every code change increases construction costs. We need to ensure affordability is enshrined as an objective of the national building code, and all of the standards it references, so that all regulatory changes that are considered look at their impact on construction costs. While the system is continually looking to make codes more stringent, a look at outdated regulations that could be eased is also needed.

Regarding supply chain constraints, I'm sure you are well aware of the issues across all industries. I'm happy to talk more about those affecting our industry in the Q&A, but I'd like to point out one emerging issue: a questionable drywall duty is up for renewal in Western Canada and it stands to increase yet again the cost of drywall for Western Canadian home buyers and homeowners when they can least afford it. We need to get our international trade issues in order to ensure they don't make matters worse.

Thank you for the opportunity to join you today. I look forward to answering any questions you may have.