

Pembina Institute Comments on the HICC Market Sounding Guide for Build Canada Homes

Contact:

Jessica McIlroy, Manager Government Relations, Communities and Decarbonization
Email: jessicam@pembina.org

Purpose

To provide the Pembina Institute's feedback and recommendations on the Housing, Infrastructure and Communities Canada (HICC) market sounding guide for the new Build Canada Homes entity.

Recommendation summary

The Pembina Institute supports the Government of Canada establishment Build Canada Homes to build affordable housing and leverage the market to catalyze a modern homebuilding industry in Canada.

- An affordable home is one that is both affordable to access and to operate.
- Design and construction requirements take an "efficiency first" approach, using building codes and standards and integrated project delivery to ensure equipment and building practices deliver effective building performance and low operating costs.
- Incorporate building resiliency into design and construction to address risk associated with increasing extreme weather events and protect investments.
- Incorporate existing housing into the mandate of Build Canada Homes.
- Creating market demand builds supply chains that serve Canadians and opens new markets globally, while boom and bust cycles threaten investments, harms workers, and result in stagnate industries.
- Incorporate made-in-Canada supplies that can also advance the retrofit market, including heating, ventilation, air conditioning and air quality equipment and systems, prefabrication panels, insulation and high efficiency windows.
- Support long-term industrial strategy with investments in workforce development.

Build Canada Homes Objectives

Build Canada Homes presents the opportunity to move the national dial on buildings and housing performance by implementing proven designs, equipment and methods and aiming for the highest level of performance to reduce emissions while providing truly affordable and climate resilient housing.

Affordability

The primary goal of the new Build Canada Homes entity is to significantly increase the supply of affordable housing across the country. The market sounding guide doesn't define "affordable housing". The Canadian Housing and Mortgage Corporation (CMHC) considers housing to be affordable if total shelter costs are less than 30% of a household's before-tax incomeⁱ, while Statistics Canada measure includes mortgage/property tax or rent, condominium fees and the costs of electricity, heat, water and other municipal utility servicesⁱⁱ. The objectives for Build Canada Homes focus solely on construction, with no mention of measures to ensure operating costs can be maintained within the 30% guideline. This approach fails to recognize the affordability challenges that exist for the approximately 2 million Canadians who are experiencing energy povertyⁱⁱⁱ or the 15% of Canadian households who have reported cutting back on basic needs to pay an energy bill.^{iv} Operational affordability is equally as important as affordable access to housing.

Ensuring housing is affordable to heat, cool, and operate requires a commitment to efficiency. An "efficiency first" approach prioritizes capital investments towards those measures that reduce energy loads. For example, a robust building envelope can reduce the energy needed to heat and cool the building resulting in lower utility bills and increase the building's ability to withstand extreme weather events and protect occupants from thermal stress or poor air quality. Reduced energy demands enable the use of heat pumps, a single piece of equipment to both heat and cool the building^v, thereby decreasing construction costs and if electric, further decreasing capital costs by eliminating the need for investment in fossil fuel infrastructure and system connections. Build Canada Homes can ensure these benefits are captured by requiring homes built by or for the agency to achieve Tier 5 of the National Building Code for Part 9 (low rise residential) buildings and Tier 4 of the National Energy Code for Buildings and meet appropriate equipment efficiency standards.

Building better

Building better and modernizing design and construction processes must go hand in hand with reducing climate risk and vulnerabilities. The impacts of climate change and extreme weather events on buildings is resulting in chronic impacts to health and well-being, and acute events are

resulting in loss of life and significant infrastructure loss. The heat dome in western Canada in 2021 caused 619 deaths in B.C. in less than a week, the vast majority in indoor, residential settings.^{vi} As a result of this event, the B.C. government updated the Building Code in 2024 to include a maximum design temperature of 26 degrees Celsius for a minimum of a single living space per dwelling unit.^{vii} Poor indoor air quality and high indoor air temperatures should be addressed through ventilation systems, high performance windows and insulation, and passive and active cooling.^{viii}

Decreasing climate risk through design and construction is also an important action to protect investments and improve housing affordability as the cost of insurance rises. As extreme weather events continue to increase in frequency, insurance premiums for housing are skyrocketing, increasing 76% on average across Canada over the past decade.^{ix} Climate models used in the insurance and finance sectors clearly demonstrate the understood increased risk as availability and cost of insurance continue to become more challenging for Canadians. New homes build with the support of public funding and policy mechanisms must aim to reduce risk.

Housing includes retrofits

The goal of Canada's National Housing Strategy is to ensure everyone in Canada has access to housing that meets their needs and that they can afford^x. Build Canada Homes will be a key element of the federal government's overall housing strategy, therefore must recognize the role of existing housing in achieving affordable and climate resilient homes for all Canadians. Approximately 70 – 80 % of current building stock will still be in place in 2050, meaning it plays an important role in providing affordable housing units while also meeting emissions reductions climate targets and ensuring standards of health and safety for occupants. A significant amount of existing housing doesn't meet the performance and efficiency standards required to address affordability or current and future climate impacts.

A push to create new housing can result in the loss of existing housing due to redevelopment as market conditions shift. Older, low-rise multi-unit residential buildings (MURBs), built through federal government housing programs decades ago are most at risk of being torn down and replaced. These non-market buildings have filled an important role in the affordable housing market for decades but have often been left without anyone accountable for necessary maintenance and improvements. These housing units primarily house those experiencing affordability challenges and income and health vulnerabilities, and can be lost unless we actively work to increase the supply of housing through investment in both new and existing housing stocks.

Investment Selection Criteria

Advance codes and standards

Projects selected for support from Build Canada Homes should play a role in advancing the performance levels of housing across Canada, demonstrating that codes and standards can be accelerated without compromising affordability targets.

By requiring projects to meet the highest tiers of the 2025 National Building Code and National Energy Codes for Buildings, Build Canada Homes can provide both the certainty and consistent demand needed to drive the adoption of innovative tools, process, and approaches to modern construction.

Codes and standards also play an important role in providing a long-term roadmap for improvements in the existing building stock. For example, building performance standards provide the certainty needed to adopt new retrofit business models and innovative retrofit solutions, while improving the energy and emissions performance, resilience, and safety of Canadian homes.

Creates domestic market opportunities

Build Canada Homes can contribute to the goals of nation building projects through advancing the domestic market for housing components and equipment and opening global export opportunities. Prioritization should be given to projects that incorporate made-in-Canada supplies that can also advance the retrofit market. These include heating, ventilation, and air conditioning (HVAC) equipment and systems, prefabrication panels, insulation, and high-efficiency windows.

Supports workforce development

Meeting new construction and retrofits targets will require a significant increase in labour, but this can be met through transferable skills training and the advancement of automated, modular, and off-site construction methods. Projects advanced through Build Canada Homes should demonstrate how they will support a long-term industrial strategy for workforce development. The market housing construction industry is experiencing a slow down across the country, resulting in labour shifts, and the discontinuation of rebates and incentives for retrofits has resulted in employment declines for roles such as energy auditors. Labour and skills training programs and employment opportunities should holistically consider the housing market to be one that includes new construction and retrofitting. Boom bust cycles in both are damaging to the creation a long-term, stable domestic industries.

ⁱ Canada Mortgage and Housing Corporation, 2018, *About Affordable Housing in Canada*.

<https://www.cmhc-schl.gc.ca/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada>

ⁱⁱ Statistic Canada, 2022, *Shelter cost of private household*.

<https://www23.statcan.gc.ca/imdb/p3Var.pl?Function=DEC&Id=103403>

ⁱⁱⁱ Efficiency Canada, 2025, *Energy Poverty in Canada*. <https://www.efficiencycanada.org/energy-poverty-in-canada/>

^{iv} Statistics Canada, 2023, Canadian Social Survey: Energy use

<https://www150.statcan.gc.ca/n1/daily-quotidien/231030/dq231030b-eng.htm>

^v Natural Resources Canada, 2025, *Heating and Cooling With a Heat Pump*.

<https://natural-resources.canada.ca/energy-efficiency/energy-star/heating-cooling-heat-pump>

^{vi} Report to the Chief Coroner of British Columbia, 2022, *Extreme Heat and Human Mortality: A Review of Heat-Related Deaths in B.C. in Summer 2021*. https://www2.gov.bc.ca/assets/gov/birth-adoption-death-marriage-and-divorce/deaths/coroners-service/death-review-panel/extreme_heat_death_review_panel_report.pdf

^{vii} Building and Safety Standards Branch, 2024, *Protection from Overheating in Dwelling Units*.

https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/construction-industry/building-codes-and-standards/bulletins/2024-code/b24-08_overheating.pdf

^{viii} The Pembina Institute, 2024, *Healthy Buildings in a Changing Climate: Improving health with multi-unit residential building retrofits*. https://www.pembina.org/sites/default/files/2024-07/Healthy_Buildings_in_a_Changing_Climate.pdf

^{ix} CBC News, 2025, *Advocates call for more transparency in home insurance rates amid rise in extreme weather*

<https://www.cbc.ca/news/canada/toronto/advocacy-group-calls-for-more-transparency-in-home-insurance-rates-1.7582136>

^x Housing, Infrastructure and Communities Canada, 2025. *Canada's National Housing Strategy*. <https://housing-infrastructure.canada.ca/housing-logement/ptch-csd/index-eng.html>