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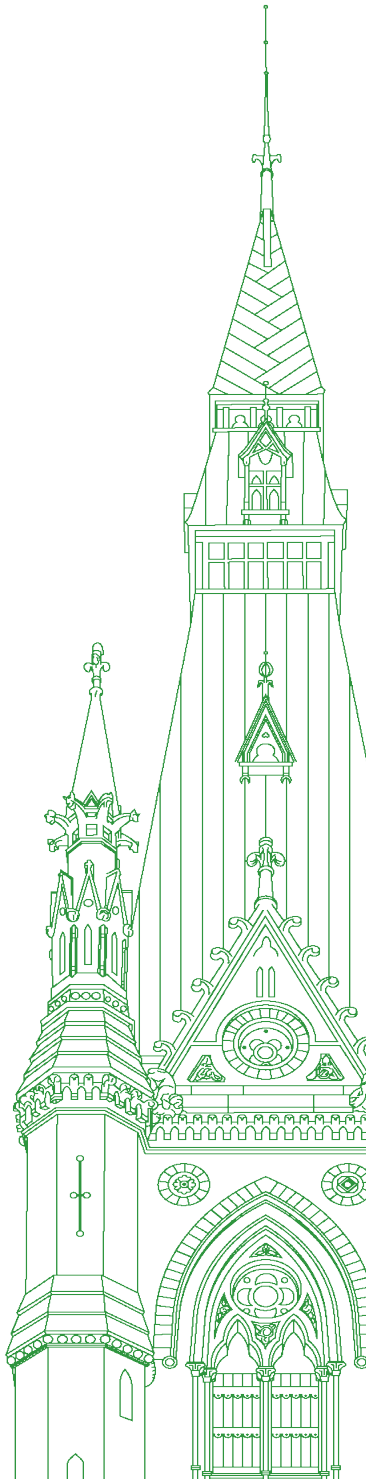

Chair: Mr. Robert Morrissey

Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities

Tuesday, October 8, 2024

● (1100)

[*English*]

The Chair (Mr. Robert Morrissey (Egmont, Lib.)): I call this meeting to order.

Welcome to meeting 128 of the House of Commons Standing Committee on Human Resources, Skills and Social Development, and the Status of Persons with Disabilities.

Today's meeting is taking place in a hybrid format in accordance with the committee's routine motion that was adopted by the House of Commons. It covers members attending virtually and in person in the room.

I would like to make a number of comments.

To those in the room who wish to participate, please raise your hand to get my attention. Wait until I recognize you. For those appearing virtually, use the “raise hand” icon and wait until I recognize you before participating.

Today's meeting is taking place, according to House of Commons rules, in both official languages. You can participate in the official language of your choice by using interpretation services on the microphone in front of you. I would advise witnesses, as well as committee members, to familiarize themselves with the translation services. If you're English, make sure you're on the English channel before you tell me that you cannot hear translation, or that you're on the French one if you want to hear it *en français*. If you're appearing virtually, click on the globe icon at the bottom of your Surface and choose the official language of your choice.

Also, for those in the room, please turn off any devices you have that may have alarms on them that could go off, in order to protect the translators. Please refrain from tapping on the microphone, because the sounds can be harmful to the translators.

With that, I want to first introduce the witnesses appearing today—

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Mr. Chair, I'd like to—

The Chair: Before I introduce the witnesses...?

Ms. Bonita Zarrillo: Yes, please.

The Chair: Okay.

Madame Zarrillo, the meeting has been called to order and you raised your hand.

Ms. Bonita Zarrillo: Thank you, Mr. Chair.

I know that everyone on this committee has heard stories from their constituents about how housing has become unaffordable, that their rents continue to rise and that they worry about making ends meet. I know that everyone on this committee believes that Canadians deserve to know whether their landlords are illegally price-fixing.

There was an opportunity to address this weeks ago in this committee, but debate was adjourned by the Liberals and the Conservatives. I'll move a motion to resume that debate. It is my hope that the committee will vote quickly—hopefully unanimously—so that we can go back to the study and the witnesses that we have here today.

With that, I move that the committee proceed to resume debate on the motion I moved on September 19, which reads:

> Given that,
>
> while families are increasingly making hard choices about paying rent or keeping food on the table, corporate landlords have been contributing to rising rents in Canada by buying up previously affordable apartments and raising rents to increase profits for investors;
>
> that one of Canada's largest corporate landlords, Dream Unlimited, has admitted to using AI software that the U.S. government has alleged allows landlords to illegally coordinate rent increases, and that the software is commonly used by as many as 13 companies in Canada with more than $5 billion in revenue;
>
> that today the biggest real estate investment firms collectively own close to 20% of the purpose-built rental units in Canada, nearly 400,000 rental units, up from zero in the 1990s;
>
> and that the Public Sector Pension Investment Board, also known as PSP Investments, has significant investments in multi-family housing in partnership with Starlight Investments,
>
> pursuant to Standing Order 108(2), the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities undertake a study of the role of financialized landlords on rising costs in Canada's rental market, including how the use of algorithmic pricing tools is contributing to rent increases and how pervasive this practice is across the Canadian rental market; and
>
> that the committee invite the president of Dream Unlimited, Michael J. Cooper; CEO of Starlight Investments Daniel Drimmer; CEO of Boardwalk REIT Sam Kolias; CEO of Mainstreet Equity Bob Dhillon; CEO of Canadian Apartment Properties Real Estate Investment Trust (CAPREIT) Mark Kenney; president and CEO of PSP Investments Deborah K. Orida; and other experts and stakeholders;
>
> that the committee hold a minimum of four meetings and report its findings and recommendations to the House; and that the government table a comprehensive response to the report.

People must know whether corporate landlords in Canada are using the same artificial intelligence software to manipulate rent prices that the United States is currently taking legal action on. There is no time to wait, Mr. Chair.

I've reshared with the clerk this motion in both official languages. I look forward to a very quick vote.

Thank you.

● (1105)

The Chair: Committee members, I'll suspend for two minutes. I want to confirm that the text of the motion currently being read is the one that was there. I'll suspend for two moments.

● (1105)

_____(Pause)_____

● (1110)

The Chair: Committee members, I've reviewed the motion. There is a minor difference, but it does not change the intent of the motion.

At this time, I'm calling a vote on this motion. Does the committee wish to resume debate on the motion by Madame Zarrillo?

We do not.

We will have a recorded vote.

(Motion negatived: nays 10; yeas 1)

The Chair: We'll return to the agenda of the committee.

With that, I want to introduce, from the Canadian Home Builders' Association, Kevin Lee, chief executive officer, who is appearing in the room.

We also have, from Fédération des travailleurs et travailleuses du Québec, Nicolas Trudel, assistant director, as well as Philippe Lapointe, labour relations adviser. They are appearing by video conference, and Mr. Lapointe is the only one we have confirmed at this time.

Finally, in person from Habitat for Humanity Canada, we have Alana Lavoie, national director, housing policy and government relations.

We will begin with Mr. Lee. You have five minutes. At five minutes, I will advise you to wrap up your comments.

You have the floor, Mr. Lee.

Mr. Kevin Lee (Chief Executive Officer, Canadian Home Builders' Association): Thank you very much for having me, and good morning.

I'm happy to bring my perspectives from the Canadian Home Builders' Association on advancements in homebuilding technologies.

There's no question that we have many challenges ahead of us as we try to address a variety of crises, from housing affordability to lack of housing supply to climate change mitigation and resiliency. We have a shrinking workforce when we actually need to be building many more homes. Technology, innovation and, most importantly, creating an environment where those can be more readily adopted need to be part of the solution.

I'm hoping most of you here are familiar with our CHBA sector transition strategy. I know many of you are, and I've provided it to the clerk to provide it to you if you haven't received a copy.

This strategy is very much about how we transform the homebuilding sector to make better use of factory-built home technology to improve productivity, while also addressing many of the other issues I mentioned above. It has a heavy emphasis on explaining what the barriers are and how we overcome those barriers.

The short version of how we move to much more factory-built construction in the sector is that we need to create much more certainty and de-risk the types of investments that are required to move from low-overhead site-built approaches to high-overhead factories. Whether you're talking about modular construction, panelized systems or even 3-D printing, the investment requirements are high, and the risks in the boom-and-bust nature of the housing market are even higher.

Things like volume-based low interest loans, tax credits, grant funding to support transition, modular construction finance insurance and much more are needed.

We also need a more steady pipeline of housing, which can be fixed by changes of the kind we are seeing in the mortgage rule system to drive more buyers and hence more construction. I would include that there is a remaining need to address the stress test.

One of the biggest barriers to getting more innovation, including factory-built systems, into play is not financing or technology; it's the barriers at the municipal level: the differences from municipality to municipality in terms of zoning, bylaws, site plan rules and the ridiculously wide range of completely different interpretations of the exact same building codes, all of which prevent scaling technology, house plans and investments.

We need the provinces, with the support of the federal government, to step in and create harmonization at the municipal level. We also need a national code interpretation centre that is binding, so that code solutions that are proven in one town aren't rejected in the next town.

We also need a less expensive and more nimble Canadian construction materials centre that can help new technologies become acceptable solutions in the building code more quickly.

We need to stop over-regulating. Regulation is the enemy of innovation, and it is what we are facing right now. There are way too many requirements going into building codes and standards these days. The pace of change is more than the industry can handle, more than building officials can handle and more than the code development system can handle.

Regulation is getting rushed through, which ends up creating unintended consequences, like overheating in homes. It's driving up prices and slowing productivity. Instead of spending time innovating, industry is spending time in hundreds of codes and standards meetings, trying to bring reality to a system that if left to its devices, will create gold-plated houses that no one will be able to afford and that may cause massive problems for their occupants.

Meanwhile, voluntary standards and the innovative and cost-effective approaches to meeting new challenges are not nearly enough the focus for government and industry that they should be, yet this is where smart innovation and solutions occur.

Are there new technologies emerging? Yes, there are many of them, but we need to create an environment where more adoption can happen faster. That doesn't come from regulation. We need a huge emphasis on affordability. We need affordability as a core objective of the national building code and all the standards it calls up. We need a full press on government research, in collaboration with industry, to drive down the cost of construction through innovation, because lower-cost innovations are always adopted faster by the industry.

We're also a very resilient industry, because we are an industry of small businesses and micro-businesses. However, in this market, trial and error can be very expensive, and potentially devastating to deal with as a business. We need technology adoption programming that helps our industry members try new technologies with full de-risking and lessons learned feedback loops to support industry and manufacturers to continue to advance.

There are some super-promising technologies, like AI, for accelerating municipal planning and approval processes. We are keenly watching AI-driven robotics that could make investing in a modular or panelized factory a fraction of what the cost is today.

● (1115)

I'm happy to talk to you about these emerging technologies and many more, but I'll end with one thing as we look at emerging technologies: We need to acknowledge the actual realities of the industry, why it is structured the way it is, and the importance of affordability as a key driver in innovation, and we need to create a better policy environment for industry to be able to adopt emerging technologies. With that environment, we can accelerate change at a much faster pace to face the myriad challenges ahead.

I look forward to talking about all of this with you.

The Chair: Thank you, Mr. Lee.

Mr. Lapointe, you have five minutes.

[*Translation*]

Mr. Philippe Lapointe (Labour Relations Adviser, Fédération des travailleurs et travailleuses du Québec - Construction): Good morning.

My name is Philippe Lapointe and I am here with my colleague Nicolas Trudel. We are the representatives of FTQ-Construction, an association that represents close to 44% of the construction workers in Quebec.

I particularly want to speak with you about the three challenges facing the construction sector in relation to the adoption of new technologies and new manufacturing methods: skills adaptation, health and safety adaptation, and the need for culture change.

It is important to understand that the construction industry is very slow to innovate. First, the capital needed for starting up in construction is extremely low. For a majority of contractors, all that is needed is a tool box, and this means that the capacity to acquire advanced technology is weak, or it is often completely out of the question.

Even today, home building is more of an artisanal than an industrialized activity. In fact, our industry remains untouched by Fordism. Every build is unique and is supplied piecemeal. Even if the plans are identical, the way in which the work is done will invariably be different because of workforce mobility, bad weather and the unique characteristics of each site. In these circumstances, the expertise of the workforce and workers' capacity to adapt are crucial for completing a project.

Nonetheless, many new technologies do get introduced and improve productivity. As a representative of the largest association of workers in Quebec, I want to warn you: In order for incorporating new technologies to succeed, it must be done in collaboration with workers. They must be part of the process.

In my presentation, I will be giving concrete examples as experienced by our members that illustrate implementation on the ground.

With regard to skills adaptation, the workers have to interpret plans, adapt the way they do their jobs to the changes, and align the completion of their steps with the other steps completed before them. They must know how to work with the new materials and use the new methods, even before arriving on site, because there is no time for learning per se when a construction project is getting started. The workers put innovative initiatives and projects in place and bring them to life. There are numerous risks, and good initiatives may fail if the workers who are to put them in place are not trained on the innovative methods.

Vocational training is crucial if workers are to build infrastructure properly. For example, consider the installation of the new insulated tarps, which are extremely energy efficient. However, if they are installed improperly, the work has to be redone, then that conflicts with other steps and they have to be taken down and redone several times, and this can cause problems: Every time the tarp is ripped, it loses its air tightness, and so the lack of preparation means that it is then ineffective.

In Quebec, FTQ-Construction requires each journeyperson to have a DEP, a vocational studies diploma. A DEP can be obtained through continuous study before entering the industry or by splitting time between work and school during an apprenticeship until the person achieves journeyperson status in their trade. This has not been acted on by the Government of Quebec.

The next issue is the need to adapt in relation to health and safety. The construction industry is the highest mortality industry. We lost 68 workers in 2023 because of industrial accidents and diseases and there were 9,500 non-fatal but still serious injuries on the job.

New technologies must be introduced in a way that respects the lives of the workers. I would point out that asbestos was originally supposed to be a miracle material, and yet it ended up being the biggest cause of death in the industry, with people experiencing serious respiratory problems 15 or 20 years after being exposed. Innovations or new miracle materials must not also turn out to be fatal.

Another example is when workers share spaces with autonomous machines, which calls for considerable adaptation on site, but also in relation to how to set up the machines. When it comes to machinery, the dangers have to be eliminated at the source. Today, heavy machinery manufacturers offer the ability to control steam shovels or dump trucks remotely or completely autonomously. These vehicles should not be used when there are large numbers of people present, when sites are unpredictable and complex, or on sites located near the public. The people who manoeuvre these machines should be relatively close to the machinery, so they can step in if there is an accident. If a machine is in northern Quebec but is being controlled out of Toronto, it is then a bit difficult to react when danger arises.

● (1120)

As a final point, the new project management and planning technologies should also not become tools for overseeing workers. In recent years, we have seen management tools that monitor workers in continuous time, via geolocation or CCTV, rather than monitoring the work on sites. Precautions have to be taken so as not to violate workers' rights and freedoms in the name of productivity.

I did a site visit with Boston's robot dog Spot. I do want to talk to you about that, but I see that I need to conclude my presentation.

The construction industry is seasonal and subject to cyclical fluctuations. In general, construction is done intermittently, with periods of uncertainty on sites. Work on sites is done on the spot and organized by project, piecemeal. To make a decent living, workers have to work on multiple contracts over the year and they are competing with one another. It is very important to understand that.

[*English*]

The Chair: Mr. Lapointe, your five minutes have gone by.

Ms. Lavoie, you have five minutes. I will advise that it is five minutes.

Ms. Alana Lavoie (National Director, Housing Policy and Government Relations, Habitat for Humanity Canada): Thank you so much for the opportunity to be here with you today and to contribute to this study. It may seem a little bit unusual that we are here, but hopefully that will become clearer as we go along.

My name is Alana Lavoie. I am the national director of housing policy and government relations for Habitat for Humanity Canada. We are Canada's only national affordable home ownership organization.

[*Translation*]

Our organization is composed of 45 local habitats that serve communities from coast to coast. We are part of an international organization operating in 70 countries.

Working with donors, governments and communities that give their money, time and materials, we build homes and sell them at fair market value to eligible low- or middle-income families.

[*English*]

Families that buy Habitat for Humanity homes do not pay a down payment, and their mortgage never exceeds roughly 30% of their income.

To be eligible for a Habitat home, families must need improved housing, be able to carry the costs of owning a home and paying a geared-to-income mortgage, and be willing to commit 500 volunteer hours to Habitat for Humanity. Many of our future Habitat homeowners have in fact traditionally helped to build their own homes. Habitat provided financial literacy courses and homeowner education and seminars. It really is a true partnership and a very unique pathway to home ownership at a time when it is very difficult to achieve that.

In 2023, almost half the families who partnered with Habitat were led by single mothers. One in five families had one member living with a physical or mental disability, one in 10 families had at least one member who identified as indigenous, and one in 10 families were newcomers to Canada.

Families have a chance to build equity. Parents can go back to school to retrain and get better jobs. Their kids have a safe and secure place to study and grow. The mental health and physical health of the family improves, and we see them invest more in their communities.

However, doing what we do is not easy. It is a complex assembly of inputs, the same as those for any homebuilder. Many of the challenges that were raised by my colleague Mr. Lee in the broader homebuilding sector are the same ones that we face; however, we face them with some budget realities that come together a little more gradually than we may see in other sectors and that require a lot of creativity to get to the point where we can provide a family with a home.

With that said, our leaders are incredibly creative, innovative and solutions-oriented. For us, that has meant digging into how emerging homebuilding technologies can reduce the cost to build, which allows us to put more families in homes and helps smooth out the challenges of the homebuilding process in an extremely high-cost and variable homebuilding environment.

This is why, across our federation at Habitat for Humanity, we're embracing newer approaches, from 3-D printing in Windsor and Peterborough to modular construction in P.E.I. and New Brunswick, and even starting to explore the potential of mass timber.

We're building to higher standards that create more sustainable homes with reduced cost for our families over the long term, including net-zero and passive houses. We stay on top of evolving and innovative building materials through partnerships with building materials suppliers. We're very fortunate to have a build gift in-kind program in which we work directly with companies that are willing to work with us to try some new windows or new plumbing fixtures or technologies.

However, embracing these new ways of building doesn't come without challenges, and we are certainly looking to governments to help us have a more systematic approach to providing opportunities for Habitat and other non-profits to build housing and be on the cutting edge of using some of these technologies.

The capital investments that are required for modular builds and 3-D prints, and the things we haven't yet discovered, tend to require capital flows that are different from traditional stick builds. Many governments and financial institutions are offering funding and financing options for homebuilding that are structured around traditional construction milestones that can create challenges, particularly for non-profits and charities that are trying to enter into using these technologies.

We can have a somewhat less flexible financing situation in some cases than other kinds of builders. The disbursements of funding and loan payments follow very specific milestones, such as that when your building permits are secured and when your drywall is completed, your occupancy permits are secured. It's helpful if you have drywall, but you might not in a 3-D print. Who knows? In most cases, the disbursements can generally line up with when we need to pay and when we have the money going out.

● (1125)

However, with a lot of these emerging technologies, most of our experience to date has been with modular housing, both in Canada and around the world. There's a more significant outlay of cash required up front, and federal—

The Chair: Ms. Lavoie, thank you.

We'll now begin the first round. It's six minutes for Mr. Aitchison.

Mr. Scott Aitchison (Parry Sound—Muskoka, CPC): Thank you, Mr. Chair.

I want to thank all the witnesses for being here.

I'd like to start with you, Mr. Lee.

You spoke in your presentation about factory-built homes and modular construction. That in itself is not new technology. Probably the most success we've ever had in this country, in terms of getting homes built fast, was right after the Second World War. Factory-built homes were a big part of that.

Aside from the technology used in factories today versus back then, what is the biggest difference between then and now when it comes to getting homes built faster and cheaper?

Mr. Kevin Lee: Is that specifically with respect to modular construction?

Mr. Scott Aitchison: Yes.

Mr. Kevin Lee: In modular construction, there's more machinery used. There are not a lot of robotics yet. There are some emerging...but you're able to do things in a systematized, industrialized way, so it makes things happen a lot faster. You're also able to work on the structure itself while the site is being prepared. You could be excavating and pouring a foundation at the exact same time as you're building the roof.

Mr. Scott Aitchison: Maybe I'm not being very clear.

Aside from the technology utilized today in the factory versus after the Second World War, is the technique the same—getting the sites ready and all of that kind of stuff? What's the biggest difference today versus back then, in terms of trying to get homes built faster and delivered?

Mr. Kevin Lee: Oh, I see.

It's municipal interference in the process of getting everything done. Honestly, it is so hard to get through all the red tape, frankly, that needs to be dealt with. We can build the houses very fast. Using my last example, we can build that house faster in the factory than we can get a building permit in most cities.

The biggest difference is what's going on at the municipal level, for a variety of reasons. It's definitely time to get that cleaned up.

● (1130)

Mr. Scott Aitchison: It's safe to say that in a factory, you can build the homes a lot faster than you can have the sites for the homes ready to go because of municipal delays in the approval process.

There's probably a difference in terms of the cost at the municipal level today versus back then.

Mr. Kevin Lee: Yes. Development charges are up 700% over the past 25 years, and they continue to climb. It's an unbelievable number.

Mr. Scott Aitchison: You also mentioned building code issues.

When a home is built in the factory, it's to CSA standards. Of course, it then gets to the site, where sometimes the local building officials get involved.

Could you speak about that? Obviously, there's a lack of understanding about who the authority is there.

Mr. Kevin Lee: Yes, that's it exactly.

There's a great CSA A277 standard for factory-built housing that is the equivalent of the building code, and there are all kinds of inspections that occur within the plant. Unfortunately, most municipalities aren't familiar with all of that, so there ends up being a lot of duplication and a lack of acceptance of things that have already been tested and inspected.

There's a huge opportunity to very much streamline the process by using the CSA standard properly and eliminating a lot that needs to be done municipally. That would alleviate the burden, frankly, on municipal officials too. There's a lot of benefit to the municipalities when they move this along.

Mr. Scott Aitchison: Okay. Thanks very much.

I'll move over to Ms. Lavoie now, if I may.

In relation to Mr. Lee's comments about municipal charges, fees and expenses in the often long, painful and expensive process to get a home approved, is it safe to assume that Habitat for Humanity—an amazing charitable organization—faces the same challenges with municipal governments?

Ms. Alana Lavoie: Absolutely.

We're fortunate that in some municipalities, we've managed to develop very strong relationships. Depending on the jurisdiction, we have some of the fees waived—development charges, for example. However, we are still seeing permit delays that are adding costs. These costs are harder for us to absorb, quite frankly, and are not reflected in the funding arrangements we have with any governments. It's definitely a very real challenge for us as well.

Again, we partner often with the homebuilding sector, and they may have.... We feel the exact same things they do.

Mr. Scott Aitchison: What's the average household income required to qualify today for a Habitat home in the GTA, for example?

Ms. Alana Lavoie: GTA is an interesting case; it tends to be a little bit higher. We're now looking at what would be considered workforce numbers in terms of income levels, so we can see as high as $120,000. We would see a similar number in Vancouver. Our lowest income level that we serve across Canada is approximately $22,000. A lot of this is determined by province and by the local municipality in terms of what their affordability is and the local conditions.

Mr. Scott Aitchison: How much has that number changed in the last, say, eight or 10 years in the GTA and Vancouver, for example—the income required?

Ms. Alana Lavoie: I don't have the exact percentage, but we are certainly seeing an upward pressure.

The families we are serving are increasingly families that we would have previously characterized as solid working-class families, who, with a little bit of time and a lot of savings and hard work, would have been able to achieve home ownership. We're certainly seeing more professionals falling into that category, and if not served by us, they certainly would need to be served by someone.

Mr. Scott Aitchison: Okay. Thanks very much.

The Chair: Mr. Long, you have six minutes.

Mr. Wayne Long (Saint John—Rothesay, Lib.): Thank you, Chair.

Good afternoon to my colleagues.

Thank you to the witnesses for coming in to testify on this very important topic.

Mr. Lee, my first questions will be to you. We've met before, obviously, and you've been before the committee several times.

Before I start with my first question to you, I want to make a couple of comments.

I am proud to be part of a government that has stepped up and recognized the challenge that we face from coast to coast to coast with respect to housing, building housing, showing innovation and helping builders innovate through different programs like the apartment construction loan program, the home building technology and innovation fund, the rapid housing program and the co-operative housing development program, etc. We've stepped up, and we recognize too that most of this is provincial jurisdiction, but as a federal government, we have a key role to play.

You were in Saint John not too long ago. I think about people like Brad McLaughlin and Rheal Guimond, who are wonderful local home builders.

I will say this: I think that the residential construction industry is sometimes seen as slow to change and kind of trapped in tradition. Now, in Saint John, if you walked through the trade show there, you'd see some wonderful builders showing wonderful innovation.

Mr. Lee, just from the start, can you talk about the biggest barriers to innovation in home building?

● (1135)

Mr. Kevin Lee: I think the biggest barriers to innovation are the risk of small businesses taking on new technology, which is why I mentioned in my remarks that there's a great opportunity to create programming to help de-risk trying new things. It's not like building a test car and whipping it around the track somewhere; we can't build test houses that cost hundreds of thousands, even millions of dollars, and see if they work. What do you do with them afterwards?

There have been government demonstration programs in the past, but even then, when you demonstrate that technology and you have a full-blown, million-dollar house, what do you do with it afterwards if those things don't work?

There is a huge opportunity to create programming. There's a small program at Natural Resources Canada called LEEP, local energy efficiency partnerships, that is very much about helping the building industry. The “L” in LEEP is for local, and it works with local industry to help adopt and try new technologies, test them out, and then feed back to the manufacturers to help them improve by saying what the problems were during installing, what worked and what didn't work, but it's a risk.

People say that homebuilders are risk averse, but homebuilders have the biggest risk appetites of almost any business going. It is such a risky business that your job is to mitigate risk constantly. Bringing in new technologies is a new risk, and you need some help in making sure that they work well and that you can trial them.

Mr. Wayne Long: Thanks for that.

Just as a follow-up to that, some construction innovation would be AI, machine learning, resource workforce management software and 3-D printing.

Are there other innovations that you see as critical, and which areas of innovation matter the most to you?

Mr. Kevin Lee: I think what we're seeing is a ton of pressure on the housing system and on the code system to respond to all kinds of things, such as climate change, but what we're missing is a focus on affordability and driving down the cost. Right now we've labelled over 2,200 net-zero and net-zero-ready homes across the country. We know how to build them, and we're working really hard to optimize them.

What I can't say is that the level of energy performance is ready for the building code, because it's still very expensive. What we really need to focus on is driving down the cost of all of these things. How do we look at everything that's going into the code at once, cost it all and say what our priorities are and where we drive prices down so that we can address all of these challenges at the same time, because they're all important?

Mr. Wayne Long: I have one final thing for you, Mr. Lee.

You mentioned municipal barriers and how they vary. Obviously, we see that in New Brunswick. I'll stay out of the provincial politics side.

With respect to New Brunswick, how do we fix it? How do we fix that issue of differences between municipalities? What do you recommend?

Mr. Kevin Lee: I think that the federal government needs to set the stage and needs to collaborate with the provincial governments, because it is provincial jurisdiction.

Then, at that provincial level, we really need to restrict the changes and all the differences from municipality to municipality. It is fully within the rights of the provinces to work with the municipalities to say that we don't need all these different zoning issues. We don't need all these different bylaw changes. They don't need to be different literally from one side of a street to the other, and when we interpret code, it's the same provincial building code. We should have the same interpretations. What works in one city should work in the next.

That's something that the federal government and provinces can collaborate on.

Mr. Wayne Long: Ms. Lavoie, thank you for all you do for Habitat. I was at the ReStore opening in Saint John in January, and it's a wonderful thing that you do for our community.

My question is this: Habitat for Humanity has built an excellent and unique reputation for themselves within the housing landscape and with us in government when we see the important work you do benefiting people in our communities like Saint John—Rothesay.

We've had the pleasure of establishing a financial partnership with Habitat for Humanity through CMHC to build hundreds of affordable homes and units and to provide further support to some of the local chapters through channels like co-op housing. Can you share with the committee how the unique housing model for Habitat for Humanity offers a lens to innovation?

● (1140)

The Chair: Madam Lavoie, you will have to answer that at another time. I'm keeping the times tight, and Mr. Long is six minutes over.

[*Translation*]

The floor is yours for six minutes, Ms. Chabot.

Ms. Louise Chabot (Thérèse-De Blainville, BQ): Thank you, Mr. Chair.

I really thank all the witnesses.

There have certainly been numerous studies on housing at the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. A particular element has recently been added to these studies as a result of today's motion, which will bring us to our consideration of issues relating to advances in home building technologies.

I would like to welcome everyone, but to express particular thanks to the FTQ-Construction representatives. Behind everything involved in housing, be it homes, rentals, or affordable housing, there are workers. Without these workers, there would be no construction, and so it is important to hear their views.

Mr. Lapointe, you spoke earlier about challenges, which I find very interesting. Fortunately, you play a large role in Quebec in relation to health, safety and skills issues. I think you were about to tell us about how the culture needs to be changed. Can you continue with your remarks about what you wanted to tell us?

Mr. Philippe Lapointe: Thank you, Ms. Chabot.

Basically, it is important to remember that construction workers live in an extremely precarious situation, just as do construction contractors. There is huge competition when it comes to tenders and access to various projects.

As we said earlier, and as Mr. Lee also talked about, there must therefore be a certain ability to adapt to the risks and the capital needed for going into business. Construction contractors will not opt for innovative proposals on their own if they do not have the freedom to do it in a tender. The federal government has a huge role to play in this regard, because in awarding contracts or placing orders for certain projects, it could instigate these innovations and allow contractors to make the necessary proposal.

When we sat on numerous committees with employer associations in Quebec, we made some observations about the capacity to implement new things, such as a circular economy scheme for construction and demolition materials. We have noticed that if obligations, penalties or compulsory requirements are not imposed, the structuring changes needed in order to be able to recover the materials in good condition and reuse them in other projects will never be sufficient.

When the time comes to issue an invitation to tender, contractors try to submit the lowest bid, to be sure of getting the project. If it takes an hour or two more to be able to dismantle a house the right way, they will no longer be competitive.

So these things have to be requested in advance, and this calls for government intervention. We really need to think ahead about how we ask for buildings.

Ms. Louise Chabot: Thank you.

In your testimony, you said that workers are part of the solution in all this. They have to be involved from the outset, a bit ahead of the projects. In concrete terms, that is how it might work. Ordinarily, we support social dialogue here, but, in concrete terms, how can we improve and expand workers' involvement in projects?

● (1145)

Mr. Philippe Lapointe: Regarding how to prepare plans for building a house, I am going to ask my colleague, Mr. Trudel, to address that.

Mr. Nicolas Trudel (Assistant Director, Fraternité nationale des charpentiers-menuisiers, Local 9, Fédération des travailleurs et travailleuses du Québec - Construction): Yes, I'd be happy to.

What workers in the construction industry mainly need is training, to adapt to the new technologies. They already have the skills they need and they will just need to develop new strategies.

I think we have everything to gain by providing a safe and stable workplace so we can maintain a good pool of workers so we are able to carry out the large-scale projects to come. These two challenges are primarily what I see.

I see that Mr. Lapointe has some comments to add.

Mr. Philippe Lapointe: I do.

Sometimes, the workers are more familiar with how to carry out a project that has to be done than the people who created the plans. That is something we have noticed recently.

I want to come back specifically to the question of demolition. We took a few moves from people who do demolition in general. I told them I was going to pay them by weight for the materials in a room that they were able to demolish and we could reuse. They were able to recycle 98% of the materials in the room. There was only 2% waste, and all the rest was recyclable.

That was possible because we gave them the time they needed and we told them to use their expertise to figure out how to demolish the room. An employer would probably have come in with a sledgehammer and told them to demolish the room as fast as possible.

Ms. Louise Chabot: That is very interesting.

Mr. Nicolas Trudel: To add to that, I just wanted to say that we have to involve workers in this change so they feel important, because I think they want to participate in it. They are the first ones to be directly involved on the spot on project sites.

Ms. Louise Chabot: Thank you, gentlemen.

The Chair: Thank you, Ms. Chabot. Your time is up.

[*English*]

Madam Zarrillo is next, for six minutes.

Ms. Bonita Zarrillo: Thank you, Chair. I would also like to direct my questions to Mr. Lapointe and Mr. Trudel.

I really appreciated the introduction of the deadly health impacts of asbestos on workers when thorough investigation and regulation was not in place, and in 2024 we can definitely do better than that. I think about my community of Coquitlam, where, at the end of last year, there was a catastrophic shoring fail at the site of one of the towers that was being built, and the next day there were still rock-slinging trucks on site, even though they were not supposed to have any workers at the excavation site.

Mr. Lapointe, what federal policies can be put in place to ensure that workers are safe now and as new technologies come in the future?

Mr. Philippe Lapointe: I had the good luck to be at COP26 and COP27 with the Canadian delegation, where I saw different materials proposed for housing. The question we asked was, how was it tested? This is something that is always really important. How do we get from this proposition of a new material to getting it onto the work site?

For asbestos, it got in really quickly. Quebec is the only province where we used it in concrete, and we used it everywhere. Across all public services, we have this material that is just lying there where the public can be infected, and workers can be affected by it too. What we need to do is have a material thoroughly tested beforehand. We have all the resources for this, but sometimes we let materials onto the work site too quickly.

Ms. Bonita Zarrillo: Thank you.

You mentioned that you were at COP, which is great.

In my riding of Port Moody—Coquitlam, they just in the last week forged ahead on some new efficiency and emissions requirements for any new builds.

I wonder if you could share how you would see federal policy being able to influence these environmental and emissions requirements for new builds and retrofits.

● (1150)

Mr. Philippe Lapointe: Across the hierarchy of who gives orders in the construction sector, obviously the provincial level is the first one. After that, it's mostly the federal, which is a large work giver. After that, you get to the municipal level.

The federal level, just as an employer or as a client of construction, could really be one of the big changes.

I'll switch to French. It'll be easier.

[*Translation*]

The federal government, as a source of work, can also establish benchmarks for everything that affects public infrastructure, such as highways or ports. Because any federal public infrastructure can become a site for experimenting and implementing new technologies, this requires that the workforce be trained so they can use them. Once the workers have done that on a federal project, they are able to do it on other projects after that.

So we could follow that example and get infrastructure of the highest environmental quality at the federal level. There is also a federal program for new materials already in place. One more thing that can be done is to include requirements in the National Building Code relating to energy-efficient construction.

That said, we still have to make sure there are workers who are able to keep up with these changes. A lot of researchers have told us at FTQ-Construction that even though they had good proposals, when they got to the site, the contractors were not able to read the plans or do the work requested because they had not been trained to do it. So there was a request, but it was not filled, because people had not been trained.

[*English*]

Ms. Bonita Zarrillo: Thank you so much.

I want to revisit workers. I'm thinking about B.C. right now, where many workers that are working in construction are of retirement age. It's an aging workforce, just like any other.

Also in B.C., the opioid crisis is over-indexing and over-impacting people in trades. Deaths by drug poisoning are over-indexed. Some of this is just based on the pressure that is on these workers to build, build, build.

I wonder if you wouldn't mind sharing how the federal government can help save workers' lives in the construction industry.

[*Translation*]

Mr. Philippe Lapointe: In fact, there are two problems. The first is the precariousness that results from the difficulty of holding a job on a continuous basis. We need stability in the supply of contracts. In a majority of cases, the various orders of government prefer to advertise on an ad hoc basis, rather than planning to stagger workforce supply and demand over 12 months of the year. That means that construction peaks and then supply falls. At that point, people find themselves unemployed and are looking for another job. So there is strong competition and that is when they get injured, because they are so anxious to prove they are the most productive, so they will get called back to work on the next project when the supply of jobs falls.

So governments, which are major sources of construction contracts, should be planning the demand for labour, to make sure people are offered a minimum number of jobs so they have something to eat year-round.

The second thing is that employment insurance has to be reformed, obviously.

The Chair: Thank you, Mr. Lapointe.

[*English*]

We'll go now to Mrs. Falk for five minutes, please.

Mrs. Rosemarie Falk (Battlefords—Lloydminster, CPC): Thank you very much, Chair. I'd like to thank the witnesses for giving their time to our committee today.

We know that to achieve housing affordability, we need to build and we need more housing supply in Canada. That's something this committee and the House have definitely acknowledged.

Mr. Lee, I'd like to start with you if possible, regarding your earlier comments about small businesses not adopting new technology due to the risk of it.

I'm just wondering how the current economic climate is impacting the willingness of businesses to take on the risk related to new innovations and technologies.

Mr. Kevin Lee: Certainly higher interest rates are making it harder to invest. That's been a big challenge. Actually, just construction financing has become more difficult.

In terms of innovation and willingness to adopt, we have a lot of leading-edge builders from coast to coast that are always looking to try new things and always looking to address energy efficiency, climate change, etc. When the market is tough, you tend to concentrate on other things, though. It's a little bit more difficult to be looking at those innovations and that sort of thing when you're really having to deal with cost all the time.

The tougher the market, the harder it is to adopt innovation.

● (1155)

Mrs. Rosemarie Falk: Would you say that there was maybe a time in recent history when builders were more inclined to invest in new technologies, as opposed to today?

Mr. Kevin Lee: Yes. I would say again that when things are going well, when the market is a little stronger, it's a little easier.

Also, as I mentioned in my remarks, there's so much code change going on right now that there are not a lot of chances to try to innovate and find your own solutions to the challenges that you see. You're really just dealing with all of the code changes, which are happening really fast, and you're concerned about that. Most of those code changes are also driving up prices, unfortunately, so again it becomes more difficult to innovate and look at other technologies. If we can be a little bit wiser about what we do on the regulatory side and give the industry a chance to innovate according to its priorities, I think we'll be much better off.

It's the same with pushing on affordability. If we were pushing affordability through the code, we would see more innovation, because people would be not saying that they'll just do this to this degree, and it doesn't matter how much it costs. No, you can't do it unless it's cost-effective. That's a totally different game, and that's when you really start to see innovation.

Mrs. Rosemarie Falk: I know there's been a lot of conversation about municipal fees, for example, even just with the code. How much of those excess fees are getting passed on to the homeowner?

Mr. Kevin Lee: It's 100%, and more. All of those are input costs for the home, so they have to be passed on. The reason I say “and more” is that those costs are financed. If you're paying hundreds of thousands of dollars on development fees early on in the process, you're financing that cost over years, so you have to pass the interest charges on to the client; otherwise, you're going to go out of business.

So yes, all the taxes, all the fees and all the delays unfortunately end up in the price of a home. They have to.

Mrs. Rosemarie Falk: Yes, that's unfortunate.

Mr. Chair, I'm going to pass my remaining time over to MP Aitchison.

The Chair: You have one minute and 20 seconds.

Mr. Scott Aitchison: Thank you.

Following up on what you just said, this is not what I want to ask, but it's important to point out that those fees and charges at the local level are financed by the developer, but then they go on the cost of the mortgage for the homeowner and they get financed again. It's an important point to make.

I wanted to speak specifically, though, to financial system and policy recommendations that the Canadian Home Builders made in their report on sector transition strategy.

You mentioned a number of items. One thing wasn't mentioned in there, though: We basically need to attract roughly $3 trillion of investment in the housing space over the next few years to build the homes we need. Do you think the government's most recent changes to the capital gains tax are helpful to attract that investment or not?

Mr. Kevin Lee: I think that's more on the personal income tax side. It can definitely present challenges, because the more taxation there is on individuals, the harder it is to be able to afford and invest, be it in your own home or in purchasing another unit that can become an important part of the rental supply. It can definitely be a challenge.

Mr. Scott Aitchison: Thank you very much.

The Chair: Thank you, Mr. Aitchison.

We will now conclude with Mr. Fragiskatos for five minutes.

Mr. Peter Fragiskatos (London North Centre, Lib.): Chair, thank you very much.

To both of you here today and to Monsieur Lapointe, thank you very much for taking part in today's meeting. It's an important topic, to be sure.

Mr. Lee, I want to ask you a question that is maybe indirect to the topic at hand, but I think still relevant. With the amortization changes announced recently going to 30 years for new builds and for first-time buyers, you could have homes built using innovative technologies that would apply to buyers in both categories. What do you think of that particular change?

Mr. Kevin Lee: Yes, obviously we've been calling for the change to amortization rules for a long time, because we need to get more supply, and if we can enable more people to enter the market, it will create a better market. It goes to the previous question: If you are having a tough time just selling any house, you're not concerned about innovation.

If I could add something, just today more announcements were made around the insured mortgage space to allow refinancing to then create secondary suites. Enabling secondary suites, laneway suites, etc., speaks directly to what we're talking about today. We have a lot of opportunity to increase density gently through laneway housing and that sort of thing. Financing has been a big barrier to that, so enabling Canadians to find ways to finance a secondary suite, be it for their own family or rentals to others, is a huge opportunity.

● (1200)

Mr. Peter Fragiskatos: It's great to get your perspective, considering that you represent so many homebuilders. Adding supply is so critical in the discussion about the housing challenges and the crisis we face.

To go back to the direct topic, though, I want to ask if you are aware of any examples internationally of countries that have really focused in on innovative technologies in housing?

I know that Japan is frequently mentioned. I think some of the Scandinavian countries are mentioned. Can you add anything on that, Mr. Lee?

Mr. Kevin Lee: Yes. I'm very involved with the International Housing Association. I'm a past chair.

In other countries, I think some of the world leaders have done it because of crises of their own. Japan is definitely a world leader in terms of automation and factory-built housing. Why is that? The reason is that they have an incredibly aging population and they've lost half of their carpenters over the last decade. They've really moved to more automation, and they're very much leaders and a country that we can look to. The rationale was the same one that we're facing, but much more extreme.

Germany is another world leader in terms of robotics, automation and technology, and there's a little bit in Scandinavia. Largely, everybody's looking at the same challenges around the world. I wouldn't say that we're really far behind the eight ball; we're all facing similar challenges.

Mr. Peter Fragiskatos: I ask that as a way of understanding the wider global context and what we can learn from the experiences of other countries.

Ms. Lavoie, can I ask you about the turn that Habitat has made towards 3-D printing? You and I were talking before the meeting about some of the work that Habitat has taken up. Can you go into that? How did that all come about?

I think that when people think about organizations like Habitat for Humanity, they have great respect for organizations that focus on compassion and that focus on helping to provide a roof over the heads of people in need, of members of our communities, and certainly in London, where I'm from, Habitat has done incredible work in that regard.

You're now looking at things like 3-D printing. That's really impressive. How did that all come into being?

Ms. Alana Lavoie: Well, I believe that a witness will be speaking later specifically about a project in Leamington, Ontario, that was done with Habitat. Basically, it was a question of flexible financing through CMHC's innovation fund, which functions differently from the way our core funding agreement does. It was about collaboration with an academic institution and a technology company that came together and the opportunity to do something a little differently in terms of providing a shelter space for a third party.

There was time enough, money enough and financing enough to allow for that experimentation. There were some false starts, there were some restarts and there was some learning; fortunately, the learning is actually going to continue as a result of the partnership, which, again, you'll hear more about later.

From our perspective, for any of these kinds of projects, whether it's 3-D printing, modular construction or incorporating more panelized housing or mass timber, for us it's going to be about finding the right partners and having the financial opportunity and support to even partner with an organization that is applying this technology.

Mr. Peter Fragiskatos: With the remaining 10 seconds, I'm going to assume that because of these technologies, Habitat looks at that as an opportunity to get homes onto the market much faster and to provide people in need with real options when it comes to a home. That's the main advantage.

Ms. Alana Lavoie: That's it, absolutely.

The Chair: Thank you, Mr. Fragiskatos.

With that, we are suspending.

I have Ms. Zarrillo.

Ms. Bonita Zarrillo: Mr. Chair, just before you suspend, witness Lapointe was just about to talk about employment insurance needing to be fixed, and I'd like to ask that the witness be allowed to send in a written statement about what needs to be fixed around employment insurance for construction workers.

The Chair: Sure. Thank you, Madame Zarrillo. We will communicate that to the witness.

Clerk, with that, we'll suspend for a few moments while we transition to the next panel.

I want to thank all the panellists for appearing, both in the room in person and virtually, on this very interesting subject on housing.

We'll suspend for four minutes.

● (1200)

_____(Pause)_____

● (1210)

The Chair: Committee members, I call the meeting back to order.

We have transitioned to the second hour. We have two witnesses to welcome. They have been tested for sound, and we are okay to go.

I would like to introduce Patrick Chouinard, corporate citizenship, who is here by video conference.

For Habitat for Humanity Windsor-Essex, we have Fiona Coughlin, chief executive officer.

We'll begin with Mr. Chouinard for five minutes, please.

Mr. Patrick Chouinard (Corporate Citizenship, Element5): Thank you for the opportunity to appear today.

My name is Patrick Chouinard. I'm the founder of Element5. We are a large, highly automated mass timber manufacturer in St. Thomas, Ontario.

The IKEA effect has made its way to the construction industry. We manufacture buildings in our factory and ship them to construction sites where they are assembled quickly, efficiently and affordably, rather than being constructed in the traditional sense.

Despite Europe being 30 years ahead of us, Canada is incredibly well positioned to become the centre of the mass timber industry globally.

Four years ago, we turned our attention to addressing affordable housing. We thought that since we can manufacture buildings quickly, affordably and in volume, maybe we have at least part of the solution to Ontario's affordable housing crisis. In four years, we have delivered seven buildings in Kitchener, York Region, Hamilton, Toronto, Sudbury and Dartmouth, Nova Scotia, ranging from 18 to 43 units and from two to eight storeys, providing supportive housing, temporary shelters and transition housing for single women, women with children, single men and indigenous women at risk of homelessness.

The affordable housing crisis is fundamentally a supply problem: Demand exceeds supply. Clearly, there are only two solutions to the problem, in my view: Curb demand by stifling growth, reducing immigration and limiting the number of foreign students, or enable growth by focusing on the supply side of the problem, investing in manufacturing and building housing quickly.

I agree with the housing motion. It refers to investing in homebuilding technologies and exploring emerging materials, construction methods, energy-efficient systems, and digital innovations.

The government has played a pivotal role in our success as a manufacturer and in our ability to supply housing affordably, provincially under the PC government and federally under the Liberal government. We have received significant grants from the Ontario provincial government to help fund our factory, create jobs and boost Canadian exports; however, 80% of the affordable housing projects we have delivered so far have been partly funded by the federal government's rapid housing initiative.

We are living proof of the value of private-public partnerships. By July 2025, we will employ over 170 people and will be North America's largest mass timber manufacturer. Most of our projects have been supportive housing, mainly because that's where we see the greatest need. None of those projects would have gone ahead without funding from the rapid housing initiative.

The technology that we're applying to supportive housing is also being applied to other forms of housing: market-rate housing, retirement homes, student residences, indigenous housing, hotels and beyond.

There are many things the government can be doing to foster this form of construction—too many to suggest in the five minutes allotted. Let me leave you with these few suggestions.

One is to invest in the supply side of the housing problem by investing in manufacturing, Canadian innovation, Canadian forestry, Canadian labour and Canadian industry leadership.

Second, municipal governments must abandon traditional procurement systems—in other words, the “design-bid-build“ tender process—and adopt a design-build approach, which fosters innovation.

Third, there's talk of the rapid housing initiative being expensive. We attribute most of our success in affordable housing to the federal government's rapid housing initiative.

Mass timber is important to Canada in many ways. Leverage it to achieve our national housing objectives. We're using it to build indigenous infrastructure and housing. Several primary sawmills from which we source our raw materials are partly indigenous-owned. Because of the thermal mass properties of mass timber, buildings perform better. We've just finished a six-storey version for CityHousing Hamilton that was designed to the passive house standard.

● (1215)

Use mass timber to hit our climate goals. When building with mass timber, we're systematically leveraging our forests' natural ability to remove carbon dioxide from the atmosphere and store carbon, ultimately in the form of these beautiful buildings.

Use mass timber to improve environment and occupant health and, lastly, invest in it to create jobs, build our forestry sector, boost Canadian exports and become global leaders in this emerging industry.

Thank you.

The Chair: Thank you.

Ms. Coughlin, you have the floor for five minutes.

Ms. Fiona Coughlin (Chief Executive Officer, Habitat for Humanity Windsor-Essex): My name is Fiona Coughlin, and I am the CEO of Habitat for Humanity in Windsor-Essex. We are an affiliate of Habitat for Humanity Canada, whom you heard from previously. We're basically the boots on the ground that get the houses built.

I've also built personally in Kenya, and I'll be building in Nepal later this year. While I was in Kenya, we learned about compressed soil blocks that were made of rammed earth. It was an innovative way to build houses using the limited resources in Kenya. That is core to what transformed my view on 3-D printing.

We took on a project, as I'm sure you've heard, that was initiated by Habitat for Humanity Canada in collaboration with our local University of Windsor, which has the largest structural engineering lab in the country, and a 3-D printer company. All were all seeking funding from CMHC. CMHC said they needed Habitat on this to make sure that the end result is affordable homes for people to live in.

We were successful in creating Canada's first 3-D printed homes that were permitted for residential use. There are lots of experimental builds that happen from time to time. If you're not working with your city officials, planners and builders, the end result is a structure that does not achieve occupancy. We were the first to achieve occupancy.

It was also the first multi-unit 3-D printed structure in North America. It was the first in North America that was built with concrete rather than a cementitious mortar. The concrete's slightly more environmentally friendly and structurally better. At the time of completion in 2022, it was the largest 3-D printed building in North America. We count this as a huge success.

I also noted that this committee is very interested in accessibility. One of the side benefits of taking on an innovative project was that local partners came out of the woodwork. Locally, we have a virtual reality cave that actually made a virtual reality model of the house before we even got it out of the ground. We tested a wheelchair through this virtual reality model, and it buzzed at you whenever you hit the walls. At the end of this project, we had four units in a self-contained home. The homes are fully accessible and net-zero ready, and they comply with all local planning and building regulations for residential use.

On the same site, our partners built modular construction. We found that our 3-D printed structures saved $5 per square foot, but we know that this is actually going to improve as projects like this scale up.

We also got from site plan to completion in seven months, and for those people who know anything about building, that's an incredible feat. A lot of people will chalk it up to 3-D printing being so fast, but I would say it was through the collaboration we built with our local municipality and the partners on the project that we got it done.

We're now researching and studying. At the exact same time as we built the house, we poured 3-D printed sample walls, and those samples are now being tested at the University of Windsor.

You can park 90 cars on these houses. If a tornado hits Leamington—or a hurricane, as is happening in the world right now—these houses will probably be the only ones left standing. We've had the houses in use for two years. As a builder, we have a Tarion warranty. Usually when people finish their first year, there are all kinds of deficiencies like nail pops and other things that they have to fix in the first year; there are no reported deficiencies in these houses.

The laboratory research is ongoing. There are some printed studies by Dr. Marcos Silveira on the sample components, but it's all very exciting.

We know that if we scale up, the printer costs can be spread out over more homes. If you think about a printer at home, instead of writing additional copies of something by hand, as we used to do, you now photocopy or you now print multiple copies. It's the exact same concept, but with houses. If you're using the same design over and over again, that's how you save money on these houses.

● (1220)

Our houses were also over-engineered, because we were trying to meet the building code that currently exists, and—

The Chair: Thank you, Ms. Coughlin. You can conclude your comments in answer to questions.

Ms. Fiona Coughlin: Sure.

The Chair: Now we will go to Mr. Aitchison.

You have six minutes.

Mr. Scott Aitchison: Ms. Coughlin, I'll start by giving you a minute to finish your thought, if you don't mind.

Ms. Fiona Coughlin: I was just saying that we had to adapt to achieve the current building code, so we had to over-engineer the houses.

For example, on the houses, because of the way the code is written, you need to have fire separation on party walls between units. Common sense would tell you that concrete is a fire separation, but since no part of the code talks about 3-D printed concrete walls, we had to put out money to put fire separation drywall on top of the concrete walls.

That was just on the party walls, but these are the little things where, as the code improves and these technologies are accepted into the code, we'll be able to save money and time.

Mr. Scott Aitchison: It's safe to say, then, that the code needs to maybe catch up to some of the innovations you're coming up with.

Ms. Fiona Coughlin: Absolutely, yes, that's right.

Mr. Scott Aitchison: It sounds like an amazing collaboration with the University of Windsor and the city. As part of the collaboration with the city, did they assist with a piece of land for free, for example, or did they waive any of the fees, such as development charges and those kinds of things? Did they help in that way?

Ms. Fiona Coughlin: The land was actually provided by the Bridge Youth Resource Centre, which was another one of the partners. They already owned the land.

In terms of where the collaboration really came in, I listened to Kevin Lee talk earlier about municipal differences in how the building code and Planning Act are applied and how they work. We worked with the town of Leamington, because they have a really innovative mindset. We were meeting with them right out of the gate and talked about how important this project was. We had all hands on deck to make sure that this made it through. Building officials were out on the site regularly.

I think my point would be that if every project, every house, was approached with the same excitement that approached this 3-D printed home, we would be able to meet our housing targets. Things were streamlined from every level. Even in working with the innovation team at CMHC versus working with other areas of CMHC, everybody was so excited about this innovative project. They were working so hard to make it succeed. I find that when I'm building my traditional homes, you don't have that enthusiasm. The process is very bogged down.

Yes, 3-D printing is great, but I strongly attribute the success of this project to the collaboration we had with the town. That's what got this done and why it was done so fast.

● (1225)

Mr. Scott Aitchison: That's an incredible story. I think the key word in all of that for me is “streamlined”. They streamlined the process and got it done. Everybody worked together and made it happen, which is amazing.

I'd like to switch to Mr. Chouinard for a moment.

Mass timber is a brilliant medium. I totally agree that we should be using a lot more of it. I appreciate your comments about using the rapid housing initiative through the CMHC. May I ask, though, about your dealings with the CMHC? We've heard mixed reviews about the CMHC and their ability to respond and the costs related to getting projects approved for funding. How has your experience been with the CMHC on your various projects?

Mr. Patrick Chouinard: First, I think without the CMHC, a lot of these projects would not have gone forward. However, it's true; we have had the same challenges in that it takes a long time for projects to be funded. That certainly doesn't facilitate the speed with which we're able to deliver our projects.

Mr. Scott Aitchison: Okay. Thanks for that.

I'd like to ask you another question. I'm genuinely not sure about this. With mass timber, it's the lumber industry. Is there any impact on mass timber construction and the industry related to the softwood lumber tariffs that the Americans have in place? Does that impact the broader industry and make mass timber more expensive?

Mr. Patrick Chouinard: It doesn't, in that respect.

We are not selling softwood lumber in the U.S. market. We're selling a finished product that goes under a different category, so right now we are not impacted by that specifically.

However, the U.S. is starting to enact policies that promote American manufacturers over Canadian manufacturers or foreign manufacturers. We're affected by those laws and those policies, but not so much by the softwood lumber industry.

Mr. Scott Aitchison: At the national level here, this is obviously one of those areas where we have some work to do to make sure we keep that market open to Canadian manufacturers.

Mr. Patrick Chouinard: Yes.

Mr. Scott Aitchison: We only have 30 seconds left. I could take up all that time with a question, so I'll pass it on.

Thank you both for your time.

The Chair: Thank you, Mr. Aitchison.

Mr. Coteau, go ahead for six minutes.

Mr. Michael Coteau (Don Valley East, Lib.): Thank you very much, Mr. Chair, and thank you to our witnesses today.

I think is a very exciting study because it really allows us as a committee to explore innovation that's taking place here in our country and to look outside of our country to see what's working.

I like how you phrased it, Mr. Chouinard. You said that either we slow down demand or we increase supply.

I think innovation and technology will allow us to increase supply in this country and to tap into our natural resources, to make it eco-friendly and to increase speed at lower cost. All of these pieces, I believe, are really great benefits of what your sector is doing. The mass timber sector is eco-friendly. It allows us as a country to really tap into those resources.

At the end of the day, if we put the municipal regulations aside—and I'm talking about the actual building of a structure—is the mass timber actually increasing our speed? Is it eco-friendly and is it sustainable? Also, does it actually end up being cheaper?

Mr. Patrick Chouinard: Those are good questions.

Let's deal with the cost issue and the price of affordable housing. The commonly held belief is that mass timber is more expensive than other forms of construction. I took on affordable housing partly because I wanted to dispel the belief that mass timber is, in fact, more expensive.

We now source all of our materials from Ontario. We manufacture in a highly automated facility in Ontario. We sell and distribute many of our products locally. We have proven that mass timber is actually one of the most cost-effective ways of building affordable housing. It's slightly more expensive than an all-stick frame construction, but it's 15% to 20% faster than an all light wood frame form of construction.

The beauty of the hybrid structures that we're promoting in the industry is that all of the components are factory made. All of the light wood frame materials and all of the mass timber components are made in factories, so we can produce these buildings in volume.

Absolutely, it's environmentally friendly. As I indicated in my presentation, we are using our forests' natural ability to absorb carbon and store the remaining carbon in the form of these beautiful buildings. There's a huge environmental push to this form of construction.

The answer to those questions is yes, absolutely.

● (1230)

Mr. Michael Coteau: We've come a long way. When I sat in cabinet with the Ontario government, we had a debate on increasing the storey level of wood frame buildings. To see your several projects, just based on your company alone, with some of them reaching eight storeys, is impressive. Thank you so much for the work you're doing.

To Fiona Coughlin, I have a quick question around being on the cutting edge of technology, being at that place where you're leading the way and embracing new technology that is really at the edge of change.

Was it difficult? I know you said that there was a lot of enthusiasm for the project. In getting people on board to adopt new technology and housing, was it difficult to convince people that this was the way to go?

Ms. Fiona Coughlin: It wasn't, not for my team. I think it really depends on your team. We're an innovative group, so we wanted to try.

At first I was a little nervous, for sure, because sometimes cutting edge is bleeding edge, but I knew we had the right group together. We didn't have any vocal push-back, but I often present and share this information with other Habitat affiliates and at different conferences across the country, and there's always some skepticism. I think that comes from the fact that there are sometimes YouTube videos and different stories that come out, saying you can build a house in five minutes for a dollar. It's completely exaggerated.

I need to share the truth of how the process was for the first one and the ways we can improve it so that people can actually think about this as a practical method for building. It's very practical for the affordable housing sector, especially when we talk about how there were no deficiencies. Not having to replace drywall every year in an affordable housing structure is an amazing benefit to something like this.

Mr. Michael Coteau: Thank you.

I want to thank both of you for being at the innovative cutting edge of the technology shift that's taking place in this country.

We as Canadians have an incredible opportunity to embrace the best technology, not only here in our country but around the world, and to forge a new path when it comes to homebuilding, making it more accessible, making it more affordable and building more quickly. I think technology will play a massive role in doing that, so thank you so much for being at that cutting edge of technology and really leading the way in this country.

Thank you.

The Chair: Thank you, Mr. Coteau. You have three seconds left.

[*Translation*]

The floor is yours for six minutes, Ms. Chabot.

Ms. Louise Chabot: Thank you, Mr. Chair.

Thanks to the witnesses.

I am going to use the first part of my time to move the motion for which notice was duly given on September 27, which you have received, relating to workers in seasonal industries and improvements to be made to the employment insurance program. I am sure this will not take much time. This is my second try, but please don't tell me “third time lucky.”

I believe this is important. In fact, Mr. Lapointe spoke about this briefly, since it affects every worker in the construction industry. Seasonal industries are a phenomenon that cover a lot of workers. Improvements need to be made. I am proposing three meetings on this subject. For one thing, that will mean we can hear from advocacy groups for the unemployed, other relevant stakeholders, and, of course, the Minister of Employment and his officials. I am also asking the committee to report its recommendations to the House.

● (1235)

[*English*]

The Chair: Ms. Chabot, would you please read the motion into the record? You just explained it. You have to move the motion.

[*Translation*]

Ms. Louise Chabot: Mr. Chair, I don't have any interpretation. I did not really understand what you said.

[*English*]

The Chair: Are you on the right channel? Yes.

[*Translation*]

Ms. Louise Chabot: Is it okay?

[*English*]

The Chair: Yes. Madame, move your motion.

[*Translation*]

Ms. Louise Chabot: The text of my motion is as follows:

> That, pursuant to Standing Order 108(2), the Committee undertake a study of the situation of workers in the seasonal industry with regard to necessary improvements and changes to the employment insurance program to meet the needs of these workers, who often face job insecurity and financial difficulties for themselves and their families; that the Committee devote three meetings, including two to hear witnesses; that it invite the Minister of Employment, Workforce Development and Official Languages and public servants to answer the Committee's questions for one hour, as well as groups defending the rights of the unemployed and other relevant witnesses; and that the Committee report its recommendations to the House;

The Chair: Thank you, Ms. Chabot.

[*English*]

The clerk has advised me that the motion is in order. I want to advise the witness that Ms. Chabot has used her time to move a motion, which is her prerogative. We have to deal with it before we return.

Is there discussion on the motion moved by Ms. Chabot?

All those in favour?

(Motion agreed to: yeas 11; nays 0)

[*Translation*]

The Chair: The floor is yours for two minutes, Ms. Chabot.

Ms. Louise Chabot: This is for all of the witnesses.

I understand that faced with the challenge presented by the housing crisis, we have to build housing fast. However, is equal attention being given to speed and quality?

I think that speed should never be in competition with quality when it comes to construction. Do the federal programs give you all the tools you need to be faster and at the same time pay attention to the quality and safety of the homes?

[*English*]

Ms. Fiona Coughlin: I can take a stab at it.

Obviously, we can always use a little more support and funding from all levels of government to achieve speed and quality.

On what was brought up by Kevin Lee earlier about harmonization, there are ways to achieve speed without impacting quality. Harmonization of the building and planning acts across municipalities would make things easier. I currently represent an area that has several municipalities, and I can't build the same house from one neighbourhood to the next. There are areas where we're wasting time, areas that don't impact the worker and don't impact the community. There are ways we can we can do that.

● (1240)

[*Translation*]

Ms. Louise Chabot: Thank you, Ms. Coughlin.

I would like to hear Mr. Chouinard's views as well.

[*English*]

The Chair: Mr. Chouinard, her time is over. You can address it in a follow-up.

Ms. Zarrillo, you have six minutes.

Ms. Bonita Zarrillo: Thank you Mr. Chair.

My questions will be for Mr. Chouinard for this first section.

In March 2019, I was fortunate enough to be in Penticton when the NDP premier, John Horgan, announced that 12-storey mass timber homes would be allowed. Then in June 2019, when I was on city council in Coquitlam, I was fortunate enough to be chairing the meeting when Coquitlam directed staff to take the steps for Coquitlam to be an early adopter of the National Building Code in regard to mass timber building. In 2021, we changed our zoning bylaw to allow for 12-storey mass timber buildings.

I'm happy to say today that in Coquitlam, Adera has the first construction of a 12-storey apartment building. It's been a journey, but for B.C., it's been a very important one.

Mr. Chouinard, I understand that there are conversations about 12 storeys going to 18. Maybe you can fill us in on that. How is it currently incorporated in the National Building Code, and what are the disparities by provinces and territories? How can mass timber help Canada meet its climate goals?

Mr. Patrick Chouinard: First, the code has come a long way over the last number of years. Originally—here in Ontario, for example—we were only able to go to four storeys. Then it quickly jumped to six storeys. Currently, we can build a mass timber building in Ontario up to 12 storeys. As of January 1, we will be able to go to 18 storeys.

Code has traditionally fallen behind the market, but in fact, at least in Ontario and Coquitlam, as I understand it, it is actually ahead of the industry. The code allows us to go to 18 storeys, but the industry is a little slow to design, engineer and supply buildings up to 18 storeys. It varies across the provinces. It also varies across different states in the United States. Eventually, it will all catch up. This is a very positive development for the mass timber industry and environmental performance.

On the issue of climate change, the concrete and steel industries are responsible for somewhere between 12% to 14% of the carbon dioxide in the atmosphere today. We need to find other ways of building that don't exacerbate the carbon dioxide problem, and mass timber is part of that solution.

What we're doing, as indicated earlier, is leveraging our forests' natural ability to absorb carbon dioxide and store the remaining carbon, ultimately in the form of these beautiful buildings. Unlike the concrete and steel industries that are spewing all of this carbon dioxide into the atmosphere, the mass timber industry is not only removing it from the environment but also storing it in the form of these beautiful buildings.

There's a huge environmental push for this form of construction.

Ms. Bonita Zarrillo: Mr. Chouinard, I pulled up the staff report from February 2021 in Coquitlam.

It says what you just spoke about:

> Tall mass timber buildings create substantially lower greenhouse gas emissions than concrete structures of similar sizes, and, as CLT components are manufactured off-site, there are significant reductions in construction site waste. Neighbourhood impacts are also reduced with shorter construction times, smaller crews, and less construction noise.

Would you agree with that statement, Mr. Chouinard?

● (1245)

Mr. Patrick Chouinard: Absolutely.

On the waste issue, all of the components we manufacture are designed to reduce the amount of waste. When we ship one of our buildings to a site, there is almost no waste whatsoever. All of the component parts have a unique location. They fit within the building, much like IKEA furniture. There's no cutting of those materials on site, which dramatically reduces the amount of waste. A typical six-storey building will require 20 workers if conventional construction materials are used. Typically, a six-storey building of ours—say, 25,000 square feet—would only have about six workers on site. It reduces the amount of labour on site and it increases the speed.

Also, it's much less disruptive. You don't have dozens of concrete trucks coming in and out of the site. There are a lot fewer trucks delivering a mass timber building to site than there are with conventionally constructed buildings.

Ms. Bonita Zarrillo: Thank you so much.

My last question is for Ms. Coughlin.

You introduced the accessibility factor. This committee is on disability inclusion.

I wonder if you wouldn't mind sharing the kinds of accessibility innovations and challenges your organization and clients have experienced in housing.

Ms. Fiona Coughlin: Well, we definitely know that all houses are not built the same, so we are looking to achieve accessibility on as many builds as possible.

I think the innovation we've found on this great project was partnering with Invest Windsor Essex. They have a virtual reality cave that they use for the automotive industry to test cars. Their collaboration was amazing. They used the technology they use for the Ford Motor Company and adapted it for housing. I thought that was brilliant. They actually took the BIM, the building information modelling, of our home and made a virtual reality rendering. We were able to steer the wheelchair through and see where we needed to adapt our plans before the shovel hit the ground. There's opportunity for collaboration there.

The Chair: Thank you, Ms. Coughlin. Thank you, Ms. Zarrillo.

Mrs. Gray, you have five minutes.

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Mr. Chair, and thank you to the witnesses for being here today.

My first questions are for Habitat for Humanity, but first of all I want to thank you for the good work you do. In my community of Kelowna—Lake Country, I've volunteered for my local organization, and they also have a ReStore. Thank you to all of the volunteers and all the people involved in your organization.

I wanted to ask about a commissioned report that was done by Habitat for Humanity Canada last year, studying the housing crisis. That report found that 49% of Canadians were spending 50% or more of their household income on housing costs. Do you think that number has become worse or better over the last nine years, based on your experience?

Ms. Fiona Coughlin: It has absolutely gotten worse, and we're seeing that even in the applications we're receiving.

When I started working here, the applications we received were from people who had had some kind of significant setback in their life and needed a hand up and out of that challenge. Now we are getting applications from everyday working-class people. It's at the point now where most of us sitting around the table—and probably you in the room—are thinking of our children, our grandchildren and our nieces and nephews, and wondering how they can ever own a house.

We were talking about rent control earlier on. We believe that ownership is a way to democratize rent control. That's because if someone owns their house, they can actually build equity and have control over how much they put into their housing.

Yes, we've seen that the applications have changed. Now we're looking at just general working-class people who can't get a house.

Mrs. Tracy Gray: Wow. Thank you for that.

That same report also found that 58% of Canadians were worried about sacrificing basic needs like food or clothing in order to afford rent or mortgage payments.

Based on your experience, do you think that, again, more or fewer people are still sacrificing basic needs to afford rent or mortgages?

● (1250)

Ms. Fiona Coughlin: Yes, that holds true. That's absolutely correct.

Mrs. Tracy Gray: Thank you for that.

There have been testimonies through different committees relating to innovation and the innovation economy. There's been some talk here today about some of the innovative techniques being used in homebuilding. Here is what I wanted to ask you: When we're looking at investment in innovative technologies for homebuilding, do you think the Liberal capital gains tax increases could hurt technology adoption with companies previously looking to invest in innovative home technologies for homebuilding?

Ms. Fiona Coughlin: I think that's a little outside my scope of expertise. I build houses. I think that's a good question, but I don't have an answer for that one.

Mrs. Tracy Gray: Okay, thank you. I'll move on to something else.

We heard previous testimony at this committee on how the federal government's housing agency requires not-for-profits to build far above standard building codes, and this can add thousands, if not tens of thousands, to any project. Have you experienced this yourself?

Ms. Fiona Coughlin: Yes. What I was saying in my previous comment is that I worked with the innovation department of CMHC on this project, and I think they really did everything in their power to make this project succeed. I think sometimes other funders have many kinds of strings attached for various motives and reasons that maybe don't prioritize the goal of housing. It depends from funder to funder.

In our world as a non-profit, we're always seeking funding from different groups. It's a little spiderweb to try to figure out how to meet all the benchmarks. It does disadvantage non-profit homebuilders over the for-profit community.

Mrs. Tracy Gray: Specifically with reference to the federal government's housing agency, do you have any sense of how much these extra costs might add, say, per square foot, per unit or per project?

Ms. Fiona Coughlin: Yes. On our particular homes that we build in Windsor, there is an increased cost of, I think, about $15,000 on our houses. We did a little bit of math per house. It does add a cost.

Mrs. Tracy Gray: Well, to have the federal housing agency add those extra costs on is a substantial cost, isn't it, when you're trying to build affordable housing?

Ms. Fiona Coughlin: Yes, it does make it more challenging, because we have to exceed the building code by, I think, 25%, so while a for-profit developer is building to a certain building code, we have to actually exceed the code. My thought is that perhaps it would make more sense to just change the building code so that we're both building to the same rule book.

Mrs. Tracy Gray: Those are amazing numbers. That's crazy.

The Chair: Thank you, Mrs. Gray.

We'll move to Mr. Collins for five minutes.

Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.): Thanks, Mr. Chairman.

Welcome to both of the witnesses.

I'll start with Mr. Chouinard.

Mr. Chouinard, you talked about both the supply issue and the rapid housing program. Of course, all three levels of government want to construct as much housing supply as possible as quickly as possible. By all accounts, the rapid housing initiative program was incredibly popular. As a former councillor, I know it was incredibly popular with my municipality for the support that it provided to the vulnerable populations that you highlighted. It was incredibly popular among non-profit organizations that took advantage of that program as well.

I've been to Fero in the Stoney Creek part of my riding, to NRB in Cambridge and to BECC's facility in Ancaster. Last year I visited your facility in St. Thomas with my friend and colleague Mr. Fragiskatos. At all the facilities that I visited, almost all suppliers talked about how the rapid housing program drove innovation, because hundreds, if not thousands, of units were being constructed in facilities like yours across the country.

We're looking for recommendations here today for the purposes of creating a report. Can you talk about how programs should and could be tailored to housing innovation, much like rapid housing, and about the benefits that accrue to suppliers like yours in terms of building upon some of the technologies that you're currently using today?

Mr. Patrick Chouinard: Sure.

The majority of the projects that we have delivered to date—let's say 80% of our projects—have been supportive housing projects. These projects require government funding in order to go forward. Let's see.... Yes, 80% of those projects have been funded through the government's rapid housing initiative. Clearly, none of those projects would have gone ahead without funding.

I know that there is talk about the rapid housing initiative being expensive, and there is some consideration on changing it or abolishing it. I think it's the single most effective program in place for developing the kinds of housing that we have been doing so far, and I think it would be a huge mistake to eliminate it. If you do decide to eliminate it, then you need to replace it with other programs that are going to contribute the funding that's necessary to build the kind of housing that we've been doing previously.

Certainly, when these programs are funded and we know we have revenue streams to be able to build buildings of this type, it encourages us to continue to invest in our form of construction. We're building a brand new plant immediately adjacent to the current plant, and we're doing that because now the affordable housing work we do represents about 30% of all of our work. If you abolish programs that limit our ability to do those kinds of projects, then it's going to discourage continuous investment on our part.

● (1255)

Mr. Chad Collins: Thanks for that answer.

I'm going to turn to procurement, Mr. Chouinard.

With regard to the rapid housing initiative, the first two rounds—if my memory serves me rightly—required that those buildings be constructed in 12 months. Of course, it was born out of the pandemic, as emergency shelters were closed. Those army barracks-style designs were abandoned, and we had to pivot to a different model. Round three, I think, took us to an 18-month timeline. Those forced municipalities that weren't looking at conversions of old motels and hotels, for example, to turn to your industry, so the procurement specs that were in that program essentially led affordable housing providers to your door and to others.

What recommendations do you have around procurement as it relates to...? You know, we have some requirements that relate to greenhouse gas emissions, and you talked about the benefits that mass timber provides as it relates to the environment. Do you have recommendations around specifications for future programs that speak to materials and/or other related issues?

Mr. Patrick Chouinard: When the first rounds of the rapid housing initiative came out, there was a stipulation of 12 months. In our first project, the first time we did an affordable housing project, we not only assembled a 23,000-square-foot building in only 20 days, but the project from beginning to end—from the original funds from the rapid housing initiative to occupancy—was 12 months.

A comment came up earlier about the importance of collaboration. We did that in a collaborative environment, with everybody dedicated to the task. Now that we have an additional six months, it's a bonus. It just makes it a lot easier for us to accomplish that objective.

On the procurement side—

The Chair: Thank you, Mr. Chouinard.

Mr. Chad Collins: Could I get that in writing, please?

The Chair: Yes, if you could provide that last thought on that question to the committee in writing, that would be most helpful.

Madame Chabot, we have two minutes left.

[*Translation*]

The floor is yours.

Ms. Louise Chabot: Thank you.

Mr. Chouinard, I will let you finish your comments, even though you could have done that when you answered questions.

You talked a lot about the Rapid Housing Initiative, one of the most well-received programs in the federal government's National Housing Strategy, particularly as regards the supply of affordable housing. You say that in your case, it accounts for 30% of your work.

Given that you use lumber for material, are there specific constraints or challenges associated with using that material or with your desire to build affordable housing?

Mr. Patrick Chouinard: I'm sorry, Ms. Chabot.

[*English*]

I am not receiving translation.

● (1300)

[*Translation*]

I have a French name, but I am strictly anglophone.

[*English*]

I wasn't able to hear the interpretation.

[*Translation*]

Ms. Louise Chabot: The interpreter is the one to deal with that, not me.

[*English*]

Mr. Patrick Chouinard: I'm sorry; I couldn't understand the question.

The Chair: Mr. Chouinard, as we're coming to the end, I will have the clerk forward you the question from Madame Chabot in English, and if you can send your response to the committee clerk, it would be most appreciated.

Thank you.

That is our time. We will be meeting again on Thursday.

Is it the wish of the committee to adjourn?

Some hon. members: Agreed.

The Chair: The meeting is adjourned.