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Chair: Mr. Robert Morrissey

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

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• (1105)

[English]

The Chair (Mr. Robert Morrissey (Egmont, Lib.)): Committee members, the clerk has advised me that we have a quorum. Therefore, I call this meeting to order.

Welcome to meeting number 129 of the House of Commons Standing Committee on Human Resources, Skills, Social Development and the Status of Persons with Disabilities.

Today's meeting is taking place in a hybrid format according to rules adopted by the House of Commons. Meeting members and witnesses are appearing virtually, as well as in the room.

I would like to remind those attending virtually and in the room that, over the course of the meeting, if you wish to get my attention, please raise your hand and wait until I recognize you by name. Also, you have the option of choosing to participate in the official language of your choice by using interpretation services in the room. Make sure you're on the English channel if you want to hear it in English, and be on French for *en français*. Those appearing virtually can click on the globe icon on the bottom of their Surface and choose the official language of their choice. If there's a breakdown in interpretation services, please get my attention. We will suspend while it is being corrected.

Also, to those appearing in the room, I'll remind you—as well as myself—to please turn off any alarms on devices. If they're on vibrate, turn that off as well, because the sound will affect the translators. Please avoid touching the microphone boom. Again, it can cause hearing issues.

I would like to welcome our witnesses for today's first hour.

We have Gaetan Royer, chief executive officer, Massive Canada Building Systems Inc., who is appearing in person. We have Darrell Searles, president, Lodestar Structures Inc. We also have, appearing virtually, Paul De Berardis, vice-president of building standards and engineering, Residential Construction Council of Ontario.

I will be—

Mrs. Tracy Gray (Kelowna—Lake Country, CPC): Thank you, Mr. Chair.

I'll be very quick, because I know we have witnesses.

Similar to what occurred at another meeting, I am bringing up, very quickly, that we received a letter from the CNIB. Ms. Rabaa's letter highlighted the committee's concerns about barriers to accessibility being created at the committee. Ms. Rabaa wrote that, dur-

ing her audio test, staff informed her that “there were no issues with the quality of the device being used.” Of course, the perspectives of Canadians who are blind or deaf-blind, or who have low vision, should not be rendered inaccessible at any committee.

I'm hoping we can quickly have consent among members to remedy this issue by asking that the chair apologize to Ms. Rabaa on behalf of the committee for the barrier to access and provide an explanation to Ms. Rabaa as to why her audio test was deemed successful but she was then not allowed to participate. Can we invite Ms. Rabaa to reappear at the committee for one hour? We can easily accommodate this. The committee agreed last week to leave the study open, pending the appearance of the minister for an hour. Therefore, the study is still open and we can easily have an additional hour scheduled for Ms. Rabaa.

One suggestion could be, so that it doesn't take away from other committee business.... We have other times in the future when we'll be looking at drafting instructions. Maybe we can tighten that meeting up or even ask for written submissions, because drafting instructions.... It's really just getting feedback from committee members about how we want the analysts to write the report. That might be a way of adding in that extra hour very easily.

Thank you, Mr. Chair.

Mr. Michael Coteau (Don Valley East, Lib.): I completely agree with the member. Thank you for bringing this forward.

I have two suggestions.

The Chair: I don't want this to get into a debate.

Mr. Michael Coteau: Number one, I think we may want to formally request, through the House of Commons, a snapshot of what's actually going on. Why is this occurring with different technologies? Let's get the House of Commons to look into building more compatible systems that work with our system, collaborating with CNIB and other groups to see what technology we should incorporate.

The second thing I would suggest, Mr. Chair, is that we add the vice-chairs of the committee to the letter that comes from you, so they know it's not only from the chair. It's from the vice-chairs as well.

Mrs. Rosemarie Falk (Battlefords—Lloydminster, CPC): I just have a quick thing to add.

I noticed in that letter that the witness mentioned she was in rural Canada. I think that's something, Chair, you could maybe make note of.

If we're requesting testimony from those who live in rural Canada, sometimes we don't get a headset in a day. Sometimes it takes, unfortunately, up to seven business days for them to receive that, so that should be taken into account as well.

The Chair: I don't want to belabour this—we have witnesses here—but there seems to be consensus.

I, as your chair, am agreeable. Mr. Coteau has a good position. It will come from the full committee, including the vice-chairs. We will prepare it and I'll circulate that with the vice-chairs before it goes out. We don't need a formal motion. There is agreement on this.

Thank you, Mrs. Gray, Mrs. Falk and Mr. Coteau.

Now we have Mr. Royer.

You have five minutes for your opening statement. I will advise when your five minutes are up.

Mr. Gaetan Royer (Chief Executive Officer, Massive Canada Building Systems Incorporated): Thank you, Mr. Chair.

My name is Gaetan Royer and I am the CEO of Massive Canada.

In my 40-year career as a military engineer, a city manager and an urban planner, I've worked on tens of thousands of housing units. I worked with many general contractors who somehow managed—

Mr. Michael Coteau: I'm sorry to interrupt, Mr. Chair. There's a loud noise like a fan. I think it's this projector or something that's making it hard to hear.

• (1110)

The Chair: We'll continue, Mr. Royer. It will be adjusted.

Mr. Royer, please start over.

Mr. Gaetan Royer: My name is Gaetan Royer. I'm the CEO of Massive Canada.

In my 40-year career as a military engineer, city manager and urban planner, I worked with tens of thousands of housing units and with many general contractors who somehow managed the chaos of a construction site. Almost every project faced mistakes and delays. Hundreds of times I shook my head, saying, "There has to be a better way." Three years ago, with Massive Canada, I decided to work on delivering a better way to build.

We need 3.5 million homes. We have all levels of government, including the Canadian government, providing direct investments, assistance and grants and loans. We have the highest demand ever and the highest government incentives for decades. In any sector, this would be a fantastic opportunity, so why aren't we building faster? The answer is low productivity.

Productivity flatlined 60 years ago. We bring a million pieces to a construction site and we assemble them by hand. The industry is fragmented, with too many subcontractors and suppliers crowding each site, making site coordination a nightmare. We can't keep us-

ing the same slow methods and expect faster results. That would be insanity.

It's not far-fetched to compare modular construction to cars and rockets. Ford went from one car per month to one car every 93 minutes in 1914. NASA took eight years to build one rocket and SpaceX builds four rocket engines per day.

Those who disrupt an industry that way use the same recipe: They spend as much time designing the industrial process as they spend designing the product.

Massive Canada spent three years designing our assembly lines and three years in designing our new products. We're the first to combine the remarkable strength of mass timber with the speed of modular construction. We trademarked a series of products called "Condo Core" to build modular apartments. We moved every part of an apartment that's time-consuming to build into a factory environment. Condo Core is the kitchen, bathroom, water heater, electrical panel, wiring, heating, ventilation, air conditioning, smart home system and kitchen cabinets. We move everything that's tough to build inside that box.

Think about this. The wall between the living room and the bedroom in a condo apartment costs nearly nothing to build, but for the core, the mechanical systems, that's where trades spend months—on their knees to install plumbing and on ladders to wire lights. Seventy per cent to 75% of the value of an apartment is inside that core.

We pack all that into a module that is roughly the size of a shipping container. Condo Core units are load-bearing, and we can stack them up to 12 storeys, just like Lego blocks. Our first plant will produce 2,500 units per year by the end of 2026. You can imagine that large machines and automation at that scale will never be available on a construction site.

The catch is that off-site manufacturing requires huge capital investment. We secured a \$10-million grant from the B.C. government, and we applied for a matching federal grant. Massive Canada achieved national brand recognition earlier this year, when I was featured in the Maclean's "Power List" of 100 Canadians shaping the country. Thanks to my team for that.

One of our directors operated a plant that produced over a million appliances per year. Through his eyes, a 15-minute construction task is 5,000 hours to take away from the assembly line. Studies show that mass timber and precast can save months from framing the structure. Condo Core can save 10 to 12 months on site.

I urge Canada to invest in industrialized construction. Our company has an approved, shovel-ready, 124-unit rental housing building waiting for our manufacturing plant. We need federal government support right now to de-risk our manufacturing equipment for our first plant in B.C. and our second plant in Ontario.

That's my five minutes. I'd be happy to answer questions.

• (1115)

The Chair: Thank you, Mr. Royer, for being under time.

Mr. Searles, you have five minutes.

Mr. Darrell Searles (President, Lodestar Structures Incorporated): Good morning, everybody.

My name is Darrell Searles. I'm the president of Lodestar Structures and the co-inventor of the Lodestar building system.

I would like to thank, first of all, the team at Lodestar for entrusting me with this meeting, and I would like to thank the committee members for having me here today. It's a great honour for me to be able to share my perspective on the housing crisis that's gripping our nation and that is causing so much of our population to come under stress.

Lodestar is a company driven by a mission to transform the building industry. The mission is rooted in our belief that every human being deserves a warm, safe, affordable place to call home. Our core values emphasize responsibility, and we are committed to developing scalable building solutions that not only address our current challenges but also foster resilient and inclusive communities.

At Lodestar, we are laser focused on a first principle design approach and on the use of advanced manufacturing. Our goal is to enable every community with the opportunity to have access to high-quality, rapidly produced housing solutions.

As we confront the pressing housing crisis in Canada, we must do so responsibly, protecting our environment and driving down costs, committing to the highest bars regarding environmental and social governance.

Recent government initiatives, including the national housing strategy, have laid the groundwork for addressing these issues through strategic plans and supportive legislation. Unfortunately, we're not seeing a sufficient increase in progress nationwide, affirming that much more is needed from our leaders.

With millions struggling to find adequate housing, current processes and methods of construction are inadequate to supply the demand. Of the millions in need of adequate housing, many of these would be considered gainfully employed citizens, which means the crisis cannot be solved with just more homes. It has to reduce costs.

If we are going to successfully solve this crisis, an immediate and aggressive approach to implementing rapid housing solutions is

critical. The growing demand for affordable housing is compounded by rising material and labour costs and shortages. Our skilled workforce is depleting, and the need is growing. Therefore, our response must be multi-faceted.

Lodestar's innovative building system directly addresses these challenges. Our projects prioritize affordability and responsibility. By utilizing our building system, we can collapse construction time by up to 60% and can reduce costs, making it possible to deliver affordable housing solutions at a scale that could solve Canada's housing crisis within three years with the proper support. Systems like Lodestar are the solution, and without them, we don't stand a chance.

Moreover, we are committed to environmental stewardship. Our approach reduces greenhouse gas emissions, minimizes waste and reduces energy consumption, aligning with Canada's broader goals of sustainability. Through eco-friendly materials and efficient construction practices, we are setting a new standard for what it means to build responsibly.

Government support has been pivotal in our efforts. Past bills and strategies have paved the way for some innovations in housing, but a different approach is needed. We must ensure that regulatory frameworks evolve to embrace advanced technologies, making it easier for companies like ours to implement innovative solutions.

The future of homebuilding must embrace advanced technologies and innovative practices. Traditional construction methods are no longer sufficient to meet the growing demands of our population. We envision a paradigm shift towards modular prefabricated systems that allow for quicker on-site assembly and reduced labour costs. This will give regulatory confidence, allowing for a vast reduction in government interference. For this shift to occur, collaboration among government, industry and stakeholders is essential. We must invest in creating new jobs and training the workforce to support these new technologies.

In conclusion, Lodestar and other advanced technologies represent viable solutions to the housing crisis we face. By investing in and by adopting innovative building systems, we can responsibly enhance housing affordability, availability and sustainability for all Canadians.

Most Canadians are aware of the current state of our housing market. Some are benefiting, and some are not. Those who are benefiting are doing so greatly, and those who are not are experiencing struggles that were not thought possible in this great country. This makes me not only sad but also very determined. I would like to encourage this committee to join in my determination to use every influence that you have, every means that we have, to solve this situation and to help Canadians get into homes.

Thank you.

• (1120)

The Chair: Thank you so much, Mr. Searles.

We now go to Paul De Berardis from the Residential Construction Council of Ontario.

You have five minutes, please.

Mr. Paul De Berardis (Vice-president, Building Standards and Engineering, Residential Construction Council of Ontario): Thank you, Mr. Chair and members of the committee.

My name is Paul De Berardis, and I am the VP of building standards and engineering with RESCON. We are the leading association of residential home builders in the province of Ontario, and we build a majority of new housing across Canada's largest province.

The motion before the committee today seeks to address issues related to emerging homebuilding technologies and materials, along with construction methods, energy efficiency systems and innovation. We believe that, in the midst of the most pressing housing affordability and supply crisis that Canada has ever seen, we must view all associated issues through the lens of prioritizing housing that is affordable for most Canadians.

Housing is a human right, the most fundamental right of every Canadian. It is difficult, if not impossible, to be a good employee, a successful student or a fully participant member of any community if you do not have a stable, comfortable and affordable place to live.

With respect to advancements in homebuilding technology, our industry is at the forefront of modern building practices. Examples of our leadership in modern building technologies are the vast array of engineered wood products, manufactured roof assemblies as well as off-site panelized wall and floor systems. The voluntary application of energy efficiency programs has improved the sustainability of Canada's housing stock, and we continue to advance new approaches in recognition of the climate challenges we face in the country and around the world.

The private sector homebuilding industry in Canada has embraced modern digital approaches, spanning from the design stage through to final product construction. However, most municipalities in Canada are far behind their contemporaries around the world in terms of digital innovations. It is an endless source of frustration for our industry that we are unable to digitally engage with municipal planning and building authorities in a manner that reflects electronic approval services readily available in other jurisdictions.

Our industry already has the ability and capacity to perform three-dimensional building design and comprehensive building in-

formation modelling with clash detection, practices that are being used across the world successfully. However, these digital technologies cannot be fully exploited much beyond the design stage, as municipal approval authorities do not have the ability to integrate these technology platforms into their existing workflows. These digital limitations and lack of data transparency with municipal authorities that have jurisdiction play a role in the lengthy development approvals process.

CMHC research finds a correlation between the speed of development approvals and housing affordability. Vancouver and Toronto have the slowest planning approvals and, in turn, have the worst level of housing affordability. Municipalities need to be accountable for the impacts of their approval timelines on the cost of delivering new housing, and approvals must be streamlined through digitization.

The committee's motion makes specific reference to building code issues. Our prevailing concern is that, in an attempt to develop a comprehensive model national building code, the result is a sequence of ever-expanding requirements that have a compounding effect on construction costs, leading to new homes that Canadians simply cannot afford to purchase. The code has always represented a minimum standard with the objective of ensuring fire, health and safety, and structural integrity. Mandating measures far beyond these parameters is neither realistic, nor does it consider the cost-benefit realities of delivering housing products to Canadians that they can afford to purchase.

Current and future planned updates to the model national building code are attempting to implement a multitude of social objectives, using the code as the enabling regulatory mechanism. It is ill-advised that building codes are increasingly being used as a vehicle to implement a wide array of social policies now rather than focusing on the primary need to facilitate the construction of housing that consumers can afford.

The code cycle priorities being carried forward include code harmonization among construction codes across Canada, climate change mitigation through greenhouse gas reductions, climate change adaptation solutions against overheating indoors, alterations to existing buildings, expansion of accessibility requirements, fire and life safety of emergency responders and protection against future anticipated extreme weather events.

We note that the committee seeks to explore policies promoting the adoption of innovative homebuilding technologies and supporting the growth of the construction and homebuilding industry. The reality is simply that, if the objective is to support growth and the construction of the homebuilding industry across Canada, it is not possible under the given framework, as every five years the goalposts are moved in an unpredictable and drastic manner that is not sustainable.

We cannot do both—build more homes people can afford while, at the same time, make regulations that preclude the ability to deliver on the overarching responsibility of providing places for people to live.

As noted, we as an industry are among the most advanced in the world in terms of sustainability, modern technology applications and construction techniques that deliver on all of these objectives while seeking to maintain affordability for Canadians. We hope that the committee shares our commitments in this regard.

I am happy to take any questions. Thank you.

• (1125)

The Chair: Thank you, Mr. De Berardis.

I also want to welcome MP Morantz, who is joining us this morning as well.

We'll begin with the first round of questioning for six minutes each.

Mr. Aitchison, you have six minutes.

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

Thanks to all the witnesses for being here.

I actually get very excited when I hear from inventors and innovators like you gentlemen in the room here. There's no question in my mind that the solution to this housing crisis must include innovations like you are both involved in. Thank you for your commitment to that.

I'd like to talk a little bit about some of the challenges faced. The concept of manufacturing homes and manufacturing panels in a factory and putting them on site is itself not new, but some of the techniques that are being used are new and innovative, and that's amazing.

We've also learned that one of the biggest challenges facing any homebuilding in this country right now is in fact the approvals process to get a place to put the home, as well as the cost related to that and all that kind of stuff.

I'd like to focus today, though, on the regulatory system. We have a national building code. Provinces have their own building codes, and then sometimes municipalities have different rules on top of those rules.

I'll start with Mr. Searles and Mr. Royer. Could you speak briefly to the challenges that you have with the regulatory system?

You build something in a factory. You go put it on site, and sometimes there's some confusion about who's responsible for what's correct or not.

I'll start with you, Mr. Searles.

Mr. Darrell Searles: Sure.

In our experience, the holdup or the thing that's stopping progress is the municipal planning side of things. The process for that is so long that it inhibits progress. For example, we've had one particular structure built in the city of Kingston for several months now, but I think it's pushing around the two-year process for planning. We were supposed to start installing that back on May 1, and now it's pushed until November 1. That difference in time is considerable.

On our end, we have a predetermined or precertified plant for which all of the rules and regulations are already in place, so we don't necessarily meet a lot of building code issues or that type of regulatory stoppage. We do see that the duration of that, you know, from the time somebody says that they want to build X building on Y site to the time that they can actually even apply for a building permit is the big holdup here. It is sometimes years.

Mr. Scott Aitchison: Thanks for that.

Mr. Royer, would you like to comment as well, please?

Mr. Gaetan Royer: I was a city manager for 11 years, and I know what happens behind the counter. During that time, the City of Port Moody had the highest percentage of construction of any municipality in British Columbia. We need bureaucrats to adopt an entrepreneurial attitude, to be cognizant of the housing crisis and to get out of the way.

One of the recipes would be to have a single list of requirements at the start of a process, not a multitude of committees turning the crank and adding requirements as you go or people behind the planning counter making decisions about what they like and don't like. Somebody would bring an application and receive a list of things to do to get an approval. It should not be about what you like. It should be about delivering housing quickly and efficiently, and making sure that, as you do so, you don't cause issues for the neighbours—you know, things like the water from a site draining onto somebody else's property. Those are technical issues, and they should be addressed clearly and simply.

• (1130)

Mr. Scott Aitchison: Thank you for that.

Mr. De Berardis, you've written quite a bit on the overly regulated building industry, particularly in Ontario. You've talked a lot about compliance fatigue, which is described as one of the burdens in the regulatory requirements. I'm wondering, though, if we can focus on the affordability piece of housing.

Does the national building code take into consideration, speak to or prioritize affordability in any way?

Mr. Paul De Berardis: In the 2025 code priorities, affordability or cost of construction is not anywhere to be found. This is something that differs from the provincial jurisdiction. I know that, in Ontario, cost benefit and affordability are prime concerns when developing code proposals but, at the national level, unfortunately, it's absent.

Mr. Scott Aitchison: Can you tell me very quickly the one biggest change you'd make if you ran the federal government? What would you change in the national building code today?

Mr. Paul De Berardis: I would implement much more rigorous cost-benefit criteria before bringing forth proposals. It's really just a bit of a runaway train now. In the midst of a housing affordability crisis, to not be considering cost at all is just completely unrealistic.

Mr. Scott Aitchison: I appreciate it.

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

Mr. Michael Coteau: Thank you very much, Mr. Chair.

Thank you to our witnesses today.

Like my colleague opposite, I think it's pretty exciting stuff when you see technology and innovation brought into a sector like home-building, because homes, I'm assuming, have pretty much followed the same formula for the last hundred years, and you're disrupting the industry.

I'd like to speak to all three witnesses, because I thought all of the information that was provided was very valuable.

I'll start with Mr. Royer.

You talked about capital costs, the investment necessary to start an operation like yours. When you're at full capacity, what are you talking about to make transformative changes? Are we talking about hundreds of millions of dollars? How much does it cost to really build a full system at its full maximum potential?

Mr. Gaetan Royer: In a limited way, for our first plant, we needed to invest about \$50 million, and the second plant would be much larger capacity. We wanted to go from 2,500 units per year to 20,000 units per year, and that would be north of \$100 million.

The problem with the investment is the fact that every capital project in the development industry is funded by one owner, and that owner wants to build 100 units of housing pro forma, and that developer cannot afford to invest in manufacturing equipment on top of that. That manufacturing equipment needs to be amortized by 1,000 units of housing.

Mr. Michael Coteau: Right.

Mr. Gaetan Royer: The fact that the industry is not advanced is because of the way projects are being financed. Each project is an individual business.

Mr. Michael Coteau: Then the system that you've developed is basically the guts of the house. Is that correct?

Mr. Gaetan Royer: That's correct.

Mr. Michael Coteau: You build the concrete frames of homes. You send the shipping container over, and it may have one unit or several units inside of it.

Is it just one unit per container?

Mr. Gaetan Royer: One unit fits on a truck with all the walls flat-packed behind it, so one truck is one apartment.

Mr. Michael Coteau: Okay. It's one apartment.

Mr. Gaetan Royer: In our 124-unit project, we're going to build 124 boxes like this, Condo Core, and ship them to site.

Mr. Michael Coteau: Regarding the incorporation of your technology, is it more about speed, or is it about saving for the developer and the end-user?

Mr. Gaetan Royer: It's both. We're going to shave a project from from 30 months to 12 months with that technology, and we're going to save money.

• (1135)

Mr. Michael Coteau: Would you be able to share with the committee some information about what that package looks like? You can give it to the clerk, and we'll include it. That's great. Thank you so much for being here.

Mr. Searles, the company that you own or you work with in Kingston, the frames that you build, are they just the concrete modular frame of the home, or do you build everything inside as well?

Mr. Darrell Searles: We don't finish out the projects, but what we do have is a complete system right from footings to dry shell, including all of the structural components and all the exterior components. When we hand it over, it's essentially out of the environment. We've focused our time on rapid construction in that regard. For an example, we have a 16,000-square-foot building going up in Kingston that we expect to build in three days.

Mr. Michael Coteau: Wow.

Mr. Darrell Searles: We have two six-storey buildings with a parking structure in between that will house 144 units plus full parking and full amenities. We would expect that it would be done in less than 60 days.

We're focused on speed of delivery and speed of closing the product in, and then hand it over to the developer from there.

Mr. Michael Coteau: Hypothetically speaking, if I was purchasing one of your products, what would I get at the end?

Mr. Darrell Searles: It depends on what you agree with, but we're focused on the dry shell.

Somebody would excavate on site and put down a compacted granular base, based on the parameters that we would set out in an engineering design. We would give the engineering design and all of the install work for a closed building.

Mr. Gaetan Royer: We want to work together.

Mr. Michael Coteau: I was going to say, you guys seem like a good fit. I was thinking the same thing.

How much time do I have left? I have one minute.

I'm sorry to our friend online. I had a lot of questions to ask you, but I'm just going to end here.

Is there a mechanism that allows innovative companies like yours to connect with each other?

Mr. Gaetan Royer: We connected here last night and certainly we want to explore collaboration.

Mr. Michael Coteau: You can say our committee helped in forging this relationship.

Mr. Darrell Searles: Absolutely.

Mr. Gaetan Royer: Absolutely.

Mr. Michael Coteau: I think one of the recommendations that may come out of this is that we should look for ways, as a committee, to advise the government perhaps on a mechanism we can put in place to better connect companies like yours.

Thank you very much for being here.

The Chair: You have 10 seconds. Are you ceding?

Mr. Michael Coteau: Thank you again. It's back to you.

The Chair: Thank you, Mr. Coteau. That's good. It keeps everybody on time.

[Translation]

Ms. Chabot, you have the floor for six minutes.

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

I'd like to thank the witnesses for being with us today. Sometimes we don't know a lot about certain subjects. That's why we invite them to come and answer our questions to clarify what we're studying.

I want to talk about modular construction and the use of solid wood, which we heard about from another witness.

My colleague said innovation is in the air right now, that we're seeing it emerge in various sectors, but that's nothing new. I'm thinking of the ads in Quebec with those well-known concrete blocks used for foundations.

In your opinion, what's your market share in the vast construction sector, both in the residential sector and in collective housing?

What are the roadblocks? You talked about municipalities. Other than that, what other roadblocks have you encountered when it comes to innovation or labour?

These questions are for Mr. Searles and Mr. Royer, but I'd like to hear what Mr. Royer has to say first.

Mr. Gaetan Royer: We're focused on affordable housing. We chose the six to 12-storey apartment building market. We don't want to make luxury condos or custom-designed buildings. Our product is standardized to lower the cost of housing and speed up construction. Those are our two main objectives.

We will deliver a high-quality product that will be sustainable, particularly for rental housing. We will deliver it at a reasonable price to give young families who want to make buying a condo a priority the opportunity to buy one.

Our products are also very small in size. To start with, our apartment building will have 124 units. Those with a bedroom have 514 square feet of living space. So the units are compact, because larger, more luxurious housing is more expensive. We deliberately opted to focus on the biggest possible market so we could help as many struggling families as we could.

• (1140)

Ms. Louise Chabot: Mr. Searles, do you have anything to add about market share and the challenges you face?

[English]

Mr. Darrell Searles: A type of market...?

[Translation]

Ms. Louise Chabot: Mr. Chair, I hope that the time lost won't be counted in my six minutes of speaking time.

Mr. Searles, I'm going to ask you another question. If I understood you correctly, you feel that things aren't moving fast enough when it comes to the materials you're using. You also want to make affordability a priority, but affordability is also about sustainability.

How are you helping to make that happen?

[English]

Mr. Darrell Searles: I think when we really look at where the housing crisis started, it wasn't that long ago when houses were actually affordable. It was in the last probably six to eight years that housing prices really started to climb. That is also when the supply of housing started to drop. When we look at the R and D, or the research and development, phase of the new technologies of products like Condo Core with Gaetan beside me and Lodestar and many others, there's a design phase that has to take place.

I know I've been doing this for about six years straight on the development of Lodestar. Then when you get it finally to where it's ready for market and you have that big long stretch of time where you have to go through the planning processes and permitting processes and all of that, you're now talking six, seven years, which is about where we're at right now. Affordability is going to happen naturally when we manufacture these buildings in a manufacturing-type setting.

Again, just like the implementation of building cars in a factory, with building homes in a factory you're going to start to see a lot of efficiencies and you're going to see a lot of challenges overcome by design and by professionals. I think the affordability aspect is going to be looked after as these things progress and as we get pumping these things out of the factories. If we continue to focus our efforts on just that, on doing it smarter and faster, I think that it should solve the issue.

I hope that answers your question.

[Translation]

The Chair: Thank you, Ms. Chabot.

[English]

Ms. Zarrillo, you have six minutes.

Ms. Bonita Zarrillo (Port Moody—Coquitlam, NDP): Thank you, Mr. Chair.

It's a very exciting meeting today. I thank all the witnesses.

I'm going to use my time for witness Royer. I'm going to ask all of my questions up front and then if he could respond it would be wonderful.

Witness Royer, I've heard you speak many times. You are well recognized and well respected in the community in B.C. widely. I wanted your opinion on a couple of other items as well.

One was about the precarious work for tradespeople right now, how it's precarious work and how it's not work that's particularly appealing to young people. Why is it that they're not choosing it as a career path in your experience? Also, how can your product address accessibility? It was mentioned at the beginning of this meeting, and I know I've heard you speak before around accessibility, not just for your product and what you build but also for jobs within organizations like yours.

Then the environmental impacts are very interesting. How does something like prefabrication help us meet our climate goals? Then I would also ask if you have had the opportunity to meet with the housing minister federally. If not, I would certainly ask that the Liberal parliamentary secretary who sits on this committee make that happen.

Go ahead, witness Royer.

• (1145)

Mr. Gaetan Royer: Thank you very much.

As a young military engineer, I worked building trenches and worked in the rain. There's something really rewarding about physical work, and it's attractive to young people.

What's not attractive to young people is the fact that construction jobs are part of a gig industry. They are hired by a subcontractor for a specific project. These young folks, who have gone through institutes of technology to learn their trades, end up working for a month on a particular job, and then they're laid off for a few weeks while the subcontractor looks for another project. Subcontractors get asked to lower their bids for the next jobs they take, and they offer lower wages. In some cases, they ask those young folks in the construction industry to bid for the work they're going to be doing. They're going to end up working a 10-hour shift and invoicing for eight hours. It's a difficult, highly competitive industry. In our plant, we're going to offer permanent jobs with benefits, and we're going to offer a clean and stable work environment.

I think, as well, as we grow we want to get to the point where the standardization and industrialization of housing is such that we can build a plant for 20,000 units per year. Then that offers a career path for these young folks within a company or within the modular industry. We hope to be copied by others.

To address the other question about accessibility, in our 124 units, five units are fully accessible. We do have different types of condo cores, some with fully accessible bathrooms. All of our units are going to be adaptable, and we're working with the Rick Hansen Foundation on the design.

Within the plants, the construction sites typically are unwelcoming and treacherous. It's muddy. There are ladders to climb to get to the next floor. In our plant, we offer a welcoming environment. We're going to have jobs that are dealing with the preassembly of components, for example. Those jobs are going to be at a workbench, making it easy to accommodate a person with disabilities. There are no ladders and no heavy lifting. This is done by machines. We can certainly modify a workstation to accommodate a person so they can still work with their specific physical ability being looked after.

I know you didn't ask, but the other feature bringing equity is that we have a "first nations first" procurement policy.

Lastly, I'm going to say that our use of and our focus on mass timber as the structural element of what we do is going to help lower the carbon footprint. Inside a plant, we're going to utilize every bit of wood and every bit of material we can and reduce waste. Construction sites are typically really wasteful. There's a project, the BCIT housing project for students, that's been completed re-

cently. One of the things that every contractor remarked upon was they had just one bin for the project, as opposed to having all kinds of garbage being picked up every day with packaging material. That's because they used a mass timber structure.

Similarly, I think my colleagues, with their product, they're not going to have any forms to take apart and throw away. It's a product that's going to be much more sustainable.

• (1150)

The Chair: You have seven seconds, Ms. Zarrillo.

Ms. Bonita Zarrillo: Thank you.

Have you had the opportunity to get to the housing minister or has a presentation been able to happen?

Mr. Gaetan Royer: I haven't yet.

The Chair: Thank you, Ms. Zarrillo.

Ms. Bonita Zarrillo: Mr. Chair, I'll add to Mr. Coteau's comments that it would be great to be able to maybe hook up all of these witnesses with our housing minister. As I said, the PS sits on this committee, so I'm sure they can help make that happen.

The Chair: Thank you.

Mrs. Falk, you have for five minutes.

Mrs. Rosemarie Falk: Thank you so much, Chair.

Mr. Searles, I want to follow up on a comment you made on an earlier question. You mentioned that housing prices have been up in the last six to eight years. From your perspective, what were or are the factors that have contributed to the drop in housing construction?

Mr. Darrell Searles: From our perspective, recently it would obviously be financial reasons: interest rates and banking issues. Then, I guess, it's return on investment for developers.

I talked with a developer the other day. For two five-storey buildings to house 144 people, similar to the one I spoke about earlier, he's looking at development costs and building permit fees of over a million dollars. That's the issue, as far as I'm concerned.

Mrs. Rosemarie Falk: Thank you for that.

In a previous meeting, we heard from a witness that the biggest barrier to innovation for home builders was the risk related to taking on new technologies. I'm just wondering: Would you agree that home builders are risk averse towards new technologies for this reason?

Mr. Darrell Searles: The current climate adds to that risk. I think that home builders or developers are not really risk averse. I think it's the nature of the business that they're in, but I do think that when they go to CMHC or when they go to their financiers that's where the risk aversion comes in. I think it's more at that level.

I think the institutions—the banks, the government institutions like CMHC—need to get their heads around what it is that they're willing to insure and what they're not and to not put everything in the same category. For example, our system is no different from a cast-in-place concrete system. It's strong, it's rugged and it's built in plants, but it's labelled, in the CMHC's eyes, the same as a construction trailer or something along those lines for modularity. It is not the same at all. It's a completely different system. I think we need more education on that front: more clarity with some of the bigger institutions.

Mrs. Rosemarie Falk: When you refer to the recent climate, are you referring to high interest rates and the unpredictability that we're in right now?

Mr. Darrell Searles: I would say that it's the time to get something done. If you're investing as a developer, for example, you're doing architectural drawings and engineering and all of this stuff, and you're developing the land, so you're paying surveyors. You're paying all of the entities that it takes to get something ready for the planning stage and then through the planning stage. When that money is sitting out there for one year, two years or three years before you can even put a shovel in the ground, that is where a lot of the problem is.

That's where a lot of the risk is. People would rather do different things or take on quicker projects or even different projects altogether than invest that amount of money for that amount of time before they can even look at getting a return on their investment.

Mrs. Rosemarie Falk: That's a lot of capital that's tied up.

Mr. Darrell Searles: It's huge.

Mrs. Rosemarie Falk: It's just waiting behind red tape and bureaucracy.

Mr. Darrell Searles: It is what's stunting our growth, yes.

Mrs. Rosemarie Falk: Chair, I would like to pass my remaining time to MP Aitchison, if possible.

Thank you.

• (1155)

Mr. Scott Aitchison: Thank you, Mrs. Falk.

Thank you, Mr. Chair.

Mr. Searles' comments were actually a perfect segue to what I'd like to do next. I'd like to move a motion that's on notice, and that motion reads:

That, with respect to her recent appointment as President and CEO of the Canada Mortgage and Housing Corporation (CMHC) on June 14, 2024, the committee hold one meeting for two hours with the following witness from the CMHC:

Coleen Volk, President and CEO of CMHC.

The Chair: The clerk has advised me that the motion had proper notice.

Mr. Aitchison has moved a motion to the floor.

Is there discussion?

I have Mr. Fragiskatos.

Mr. Peter Fragiskatos (London North Centre, Lib.): We have no problem with that. That's quite reasonable. I would just say, though, that the committee has already agreed to a program in terms of focus, and we don't want to have CMHC come before we've had the chance to look at the other issues that we've already agreed to study. I wouldn't give it priority is what I'm saying.

The Chair: Next is Mrs. Gray and then it's Mr. Aitchison.

Mrs. Tracy Gray: Thank you, Mr. Chair.

The motion doesn't say that it takes priority over anything else. It's just that it goes with what we're discussing. We know that we have a planning meeting coming up, so it goes in that discussion. We know that we have other business that we've agreed to, like ministers coming and all of that, but this would then be one of those studies that we would look at afterwards.

That's just for clarification. Thank you.

The Chair: Okay.

Mr. Aitchison.

Mr. Scott Aitchison: I was going to say the same thing that Mrs. Gray said, but maybe I'll just read the motion again to point out that it didn't actually prioritize this over anything else. I'm not sure sure why Mr. Fragiskatos thought that. Mrs. Gray said it very eloquently.

Mr. Peter Fragiskatos: Yes, she sure did.

The Chair: Seeing no further discussion, we'll have a recorded vote on the motion moved by Mr. Aitchison.

(Motion agreed to: yeas 11; nays 0)

Some hon. members: Oh, oh!

The Chair: Order, members. Hold your enthusiasm.

Just for the benefit of the witnesses, it was within the prerogative of Mr. Aitchison to do that motion, so we'll return.

I'm going to conclude, as we go on, with Mr. Collins, Madame Chabot and Ms. Zarrillo.

Mr. Collins, you have five minutes.

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

Welcome to the witnesses.

Mr. Royer, I'll start with you. You talked, in your opening, about how the off-site concept requires huge capital investment. You talked about the cost of your first plant, and your second plant in Ontario seems to be a bit more ambitious with a larger price tag.

I compare the situation we're dealing with, the housing crisis, to what we're doing on the environment. We have climate crisis, and all levels of government have looked to invest in changing the way the automotive industry builds their vehicles and the types of vehicles that they build. We've made huge investments, in partnership with our private partners, to make that shift.

I don't want to diminish or downplay the investments that we've made in the area of encouraging industrialization in the housing sector. There have been recipients in my riding of some companies. One is Faro Industries. We provided, I think, just over \$3 million to assist with the capital requirements that they have as well as with new employment, and BECC is a local provider that has received resources as well, in the Ancaster area, from FedDev Ontario.

I highlight those to advise and to advertise that it's already happening, but I think it has to happen on a greater scale. When I compare the automotive industry investments with the housing crisis and the investments we're making there, they pale in comparison.

Can you relay to the committee—because this meeting is all about driving recommendations and looking to change the way we do business—what recommendations you have for the government as it relates to making investments in those strategic areas in terms of whether it's plant operations or whether it's making the plants that you currently have larger than they are to increase capacity?

What recommendations do you have in that regard?

• (1200)

Mr. Gaetan Royer: One of the recommendations that we've talked about internally in my company, and also with colleagues, is that most of the grant programs are reimbursements. It relies on the private sector to make the expense, and then you get reimbursed. It's always a portion of the investment that you've made that gets reimbursed until you make further investments.

For young companies with ideas that are really disturbing the industry in terms of the advancement, having the government provide more funds up front and not to wait for—

Mr. Chad Collins: From a grant perspective, not a loan, is what you're saying.

Mr. Gaetan Royer: From a grant or a loan, it would not really matter. However, to provide more money up front would allow these companies to do demonstration projects or would allow them to do proof of concept. That is the part that is the most difficult for private investors of venture capital to consider. You can only do so much with a business plan until you have a unit that people can walk in and can see what's happened.

Secondly, I think the amounts that are required for modular manufacturing are of a scale, as you pointed out, that is very large. For the \$10 million from the B.C. government that we received, we're highly appreciative of that. We think it was courageous for them to provide this under the manufacturing jobs fund, but we need more than that. My colleagues in the industry would agree that the investments need to be bigger than that.

Mr. Chad Collins: I'll switch gears.

Once you have those plants, you need some business certainty in terms of people purchasing those units. One thing the national

housing strategy has done is that it has certainly delivered in that regard, at least to many suppliers in southern Ontario, where I'm from.

It relates to the rapid housing initiative, of course, which has flowed through municipalities and non-profits. Then they've turned to your sector to purchase units and dip their toes in the water in the modular area.

I think the affordable housing fund has done that as well. However, there's no certainty with a change in government, which happens once in a while. The national housing strategy may or may not be there. Of course, our government has shown a commitment to providing those programs on an annual basis.

How important are they, from a business certainty perspective and a revenue perspective, maybe not necessarily just to your business but to the industry as a whole, in order to ensure that you're going to be able to turn the lights on next week because people are purchasing those modular units?

Mr. Gaetan Royer: I don't think that in the current climate you need to worry about the pipeline of projects. We have a very strong pipeline of projects. We do have a first demonstration project that is funded.

One thing I heard yesterday as well was that the rapid housing initiative is not accepting applications anymore. We would welcome it if it were to reopen to applications. Not to repeat myself, but the amounts are something that need to be looked into as well.

The Chair: Thank you, Mr. Collins.

[*Translation*]

Ms. Chabot, you have the floor for two and a half minutes.

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

Mr. Royer, I'd like to talk about workers. The committee heard from an FTQ-Construction representative I had invited to appear. You know that in Quebec, there are rules, boards and so on. You're advocating for innovative construction, and workers have really stressed how important it is to help the workforce adapt to innovation by upgrading people's skills. So workers need training.

Workers are part of the solution. They're often cast aside. New plans and innovative practices are brought in and then workers are asked to carry out the work, but there's no coordination. It seems to me that the goal should not be to reduce labour costs, but rather to upgrade workers' skills so they can fully contribute to that growth.

Is that the kind of value you bring in terms of construction innovation and workers' role in it?

• (1205)

Mr. Gaetan Royer: I don't know what's happening in Quebec, but one problem is that all the provinces are saying so many construction workers are set to retire that the industry is going to have a major issue on its hands. People won't be able to find any construction workers, since fewer students and young workers are going into construction. So there's a problem.

In urban areas, contractors have a lot of trouble finding employees to do construction. We're trying to move jobs from urban areas to Williams Lake, a rural community where people are looking for work. Many trained workers could work in construction in a factory. We therefore offer a solution that's well aligned with current labour priorities.

[English]

The Chair: Thank you, Madame Chabot.

We'll go to Ms. Zarrillo for two minutes to close.

Ms. Bonita Zarrillo: Thank you.

In my last two and a half minutes, I'm going to ask witness Royer a question.

I thank all of the other witness. There has been so much great information today.

You introduced the rapid housing initiative and how desperately municipalities are interested in more of that rapid housing. I think about social housing and the opportunities on the federal land sites. We know we have one in Port Moody—45 Mary Street—which was a post office.

What are the opportunities for modular on these federal lands in regard to partners and opportunities?

Is there anything else you'd like to share with this committee before we close today?

Mr. Gaetan Royer: I think that there are many individuals in various levels of government who are taking a look at their own lands and seeing a number of projects. It starts in smaller municipalities. The District of Sechelt is looking at road ends, roads that are unopened that could become a construction site for new housing as well as, on a larger scale, large areas, large parking areas at B.C. Ferries that are being considered for housing and large federal lands that are being considered for housing.

That's most welcomed by the industry because it lowers the cost. If you don't have to pay for the land and then pay for the holding costs of that land for the two or three years it takes to plan a project, that's a huge savings for the construction industry, and that's an opportunity for us to build more public housing and affordable housing.

Ms. Bonita Zarrillo: Thank you so much.

I will ask Mr. Searles if there is anything else he would like to share with this committee before we end today.

Mr. Darrell Searles: I would just like to encourage everybody.

When Mr. Coteau gave me a call and asked if we would like to speak, I thought it was a great honour. I also thought it was a great burden to share what I feel or my experiences and why our country is under this pressure right now. There are families out there who are doing everything right. They're working. They're taking their kids to day care. They're taking them to gym classes and everything else, and they can't afford a home right now.

I would just like to encourage everybody to find a solution, whatever it is. Get rid of the roadblocks in construction. The private sector is the one that's going to solve this problem. They're the ones, like Condo Core and Lodestar, that are going to invent the products. They're going to build the homes. They're going to build the buildings, but it's up to our leadership, and that's this committee or folks like those on this committee, to clear the way and let us do it.

That would be my final statement.

The Chair: Thank you.

Thank you to our three witnesses for appearing today.

With that, we'll suspend while we transition to the business portion of this meeting.

Ms. Zarrillo, you will have to log in again.

Again, thank you to all three witnesses for appearing.

We'll suspend for about four minutes.

[Proceedings continue in camera]

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