CREA
THE CANADIAN REAL ESTATE ASSOCIATION

Pre-Budget Consultation

August 2025

Summary of recommendations:

Recommendation 1:
Keep pathways to homeownership open.

Recommendation 2:
Strengthen Canada's prefabricated housing industry.

Recommendation 3:
Encourage "missing middle" development through building code and zoning reform.

Recommendation 4:
Develop a seniors housing strategy.

Introduction

We are writing to provide feedback to the Department of Finance for its pre-budget consultations for 2025. We do so on behalf of our membership of more than 160,000 real estate brokers, agents and salespeople working through 61 real estate boards and associations across Canada.

REALTORS® have long advocated in support of drastically increasing the supply of housing available to Canadians across the entire housing system. REALTORS® believe that housing is first and foremost shelter that provides a safe, sustainable, and quality living environment for Canadians. It also helps create communities. Recognizing housing as a human right means understanding its profound impact on the lives of people. It is essential to approach the solutions to the housing crisis from a systems lens – from supporting young Canadians that hope to own their own home one day to building diversified non-market housing and investing in the policy solutions needed to end homelessness.

As partners in the Housing Canada Coalition, the Canadian Real Estate Association (CREA) works collaboratively with organizations across the housing sector, including the Canadian Alliance to End Homelessness, the Canadian Housing & Renewal Association, and Habitat for Humanity Canada. In the face of our worsening housing crisis and trade pressures, we released the Sovereign Housing Plan, laying out a roadmap for the government to respond to immediate housing needs while building resiliency for the future.

Canada currently faces a generational housing affordability crisis, largely driven by a lack of appropriate housing supply – homes that are not only affordable, but also the right type and size to meet the needs of individuals, families and communities. Resolution of this crisis will require an all-hands-on deck approach in partnership with the private sector, community housing providers, non-profits, and all levels of government that build, regulate and finance housing supply. It is within this context that CREA wishes to share its recommendations.

RECOMMENDATION No. 1:
Keep Pathways to Homeownership Open

Keeping pathways to homeownership open for younger and middle-class Canadians—those whose economic engagement will shape the electorate and define the country's future prosperity—strengthens the housing system and ultimately means a more equitable and resilient future for all Canadians. Abacus Data reports that **90% of Canadians** are worried about housing affordability, with **89%** believing homeownership is becoming increasingly out of reach. More importantly, **74%** of young families with children that do not own a home, have expressed a strong desire to eventually become homeowners one day.[1]

GST/HST New Housing Rebate

We encourage and anticipate the swift passage of the GST/HST rebate for first-time home buyers embedded in Bill C-4 during the fall session of Parliament. If the First-Time Home Buyers GST Rebate (FTHB GST Rebate) does not help to stimulate new housing starts, the federal government should consider extending the FTHB GST Rebate to all owner-occupiers who purchase a newly built primary residence (i.e. seniors looking to downsize) and sell their existing home to another owner-occupier. Extending the rebate to any purchaser of a newly built home in this manner would temporarily reduce the cost of new homes by up to 5%, encourage new construction, and free up existing housing stock for families. Making the measure time-limited (2-3 years) would cap overall costs, allow the program to expire if ineffective, and create an incentive for quick action, while the additional fiscal cost–estimated at up to $1.6 billion–would be partly offset by taxes from increased building activity, particularly in high-cost markets like the Greater Toronto Area and the Greater Vancouver Area.

Downpayment Assistance Program for First-Time Home Buyers

The federal government should introduce a program to help young Canadians purchase homes by providing a downpayment assistance program. To avoid driving demand for existing homes,

[1] Abacus Data, Housing Affordability Hits Home: A closer look at Canadian families' financial stress; Canadians Want Housing Policy Reform, Highlighting the Need for Faster Development and Innovative Financing

eligibility should be limited to first-time home buyers. Assistance could be delivered either through low- or no-interest loans (similar to programs in Prince Edward Island and New Brunswick) covering up to 5% of a home's cost for qualified first-time home buyers, or by reducing minimum down payment requirements–potentially cutting them in half–for first-time buyers with a strong record of on-time rent payments.

Eliminate Tax on Development Charges

In line with the federal government's commitment to lower development charges and help keep municipalities whole, the government should address the 'tax-on-tax' caused by development charges by exempting them from GST/HST through a transparent billing model. If development charges (and other related fees) were treated like other taxes and charged at closing, it would save buyers thousands of dollars in interest costs (paid by the developer during the construction period). Moreover, making them into a separate line item would allow governments to exempt development charges from GST, eliminating the development charge 'tax-on-tax.' While the federal government cannot impose this directly, it could make this a condition of federal housing and infrastructure funding to encourage provinces and municipalities to adopt it.

RECOMMENDATION No. 2:
Strengthen Canada's Prefabricated Housing Industry

CREA welcomes the federal government's intention to catalyze the prefabricated housing industry through Build Canada Homes. To leverage and strengthen this emerging industry for the benefit of all Canadians and the entire housing system, the federal government should consider the following:

Build Canada Homes Mandate

As the federal government defines the mandate for Build Canada Homes, it must consider the full spectrum of housing needs—both affordable and market-based. A targeted focus on only one segment risks marginalizing innovative solutions and reinforcing stigma around an emerging industry in housing. For this initiative to truly make a difference, it must serve the entire housing system, unlocking the full potential of the industry to help resolve Canada's housing crisis.

Building Code Harmonization

It is recommended that building code harmonization—to improve affordability and innovation[2]—be paired with a further requirement of the CSA A277 standard to be adopted by provinces and territories to ensure compliance, facilitate faster approval and processes, and create consistency.[3]

Financing and Insurance

To ensure home buyers can obtain financing and insurance for prefabricated housing, it is recommended that the government work to ensure there are no undue barriers to obtaining financing and insurance. For instance, traditional mortgage lenders or insurers may be reluctant to finance or insure prefabricated homes, especially if they are classified as personal property (e.g. mobile homes) rather than real estate.

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[2] EcoHome, Opinion: Canada Must Adopt Prefab Homes and Different Construction Techniques to Address the Housing Crisis

[3] Canadian Architect, Leveraging Standards to Seize the Modular Construction Opportunity

Government Procurement and Scaling

The government's procurement process should actively support and incorporate prefabricated housing technologies. This would enable public initiatives to benefit from the speed, cost-efficiency, and quality improvements of prefabricated construction, while also helping to scale the industry more rapidly. Such approaches could be especially valuable in addressing urgent housing needs, including military accommodation and solutions for homelessness.

RECOMMENDATION No. 3:
Encourage "Missing Middle" Development Through Building Code and Zoning Reform

Density, particularly accessory dwelling units (ADUs), townhomes, multiplexes, and small low-rise apartment buildings, can increase housing stock and affordability for both ownership and rental housing.[4] Densification can lead to lower construction costs compared to high-rise buildings, which could result in lower housing prices for Canadians.[5]

"Missing Middle" housing also provides environmental benefits. Multi-unit housing provides, on average, greater energy efficiency than single-detached housing.[6] It also reduces greenhouse gas emissions and can use lower-carbon building materials.[7] Notably, densification creates walkable neighbourhoods with access to public transit, reducing emissions from personal transportation. Densification also relies on existing infrastructure. Finally, densification reduces sprawl and protects surrounding natural areas.[8]

CREA is encouraged by the government's intention to accelerate reform and simplify the National Building Code (NBC). For instance, allowing single egress buildings would improve the viability of multiplexes and low-rise apartment buildings.[9] Allowing single exit stair buildings has several benefits including greater suitability for infill housing, greater airflow between units, lower energy consumption, and more manageable costs.[10] The government can look to British Columbia for an example on how this change can be paired with greater fire safety measures.[11]

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[4] Canadian Urban Institute, m ddl, Alberta Real Estate Foundation, Making the Case for the Middle

[5] Ryerson City Building Institute, Density Done Right

[6] Ryerson City Building Institute, Density Done Right

[7] Carolyn Whitzman, School of Cities, Eight Ways to Enable Missing Middle Housing: New resources from the School of Cities

[8] Construction21, High-density construction is better for the environment

[9] Missing Middle Initiative, Eight Pieces of Housing Advice to the Prime Minister

[10] Carolyn Whitzman, School of Cities, Eight Ways to Enable Missing Middle Housing: New resources from the School of Cities

[11] Architectural Institute of British Columbia, BC Building Code Update: Enabling Single Exit Stair Buildings

To ensure that updates to the NBC are implemented effectively and consistently across jurisdictions, it would be strategically beneficial to align these changes with the development of a National Zoning Code (NZC). Currently, zoning in Canada can be disorganized, interfering with effective decision-making.[12] This coordinated NZC approach could streamline compliance and planning processes but also help harmonize land use policy and construction standards across the country. This code could include provisions to allow for "missing middle" development along major residential streets and near transit, maximizing the benefits of densification.[13]

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[12] Missing Middle Initiative, Canada's Housing Crisis Needs a Map

[13] LGA Architectural Partners, SvN Architects + Planners, The Mid-Rise Manual

RECOMMENDATION No. 4:
Develop a Seniors Housing Strategy

Introduce targeted measures to support seniors in transitioning to appropriately sized housing within their existing communities—by enabling aging in place, facilitating home-sharing or rental of secondary suites, supporting downsizing, or allowing property severance to create additional housing units—thereby unlocking family-sized homes and generating retirement income while addressing the housing needs of younger Canadian families. For instance, to further encourage the development of secondary suites and expand housing supply, the rental income derived from these units could be exempted from income calculations for Old Age Security (OAS) eligibility. This approach would reduce the disincentive for seniors to create and rent out secondary suites by safeguarding their access to OAS benefits. As a longer-term strategy, this policy could be explored through a pilot initiative to assess its effectiveness as an incentive for senior-led housing diversification.

Conclusion

The backbone of a healthy housing system is a reasonable supply of housing units for Canadians. From measures to end homelessness to support for homeownership and increasing rental stock, CREA emphasizes the importance of measures to build supply across the entire housing continuum. To build a housing system that works for everyone, Budget 2025 must advance bold, coordinated solutions that address needs and opportunities for all Canadians. REALTORS®, CREA and the Housing Canada Coalition stand ready as partners to build a Canada where everyone has a safe, affordable place to call home.

CREA

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