2026 GOVERNMENT OF CANADA BUDGET

PRE-BUDGET SUBMISSION
FROM
THE RESIDENTIAL CONSTRUCTION COUNCIL
OF
ONTARIO
(RESCON)

AUGUST 2026

Submission E-mail: yourbudget-votrebudget@fin.gc.ca

RESCON 2026 FEDERAL BUDGET SUBMISSION

About Us

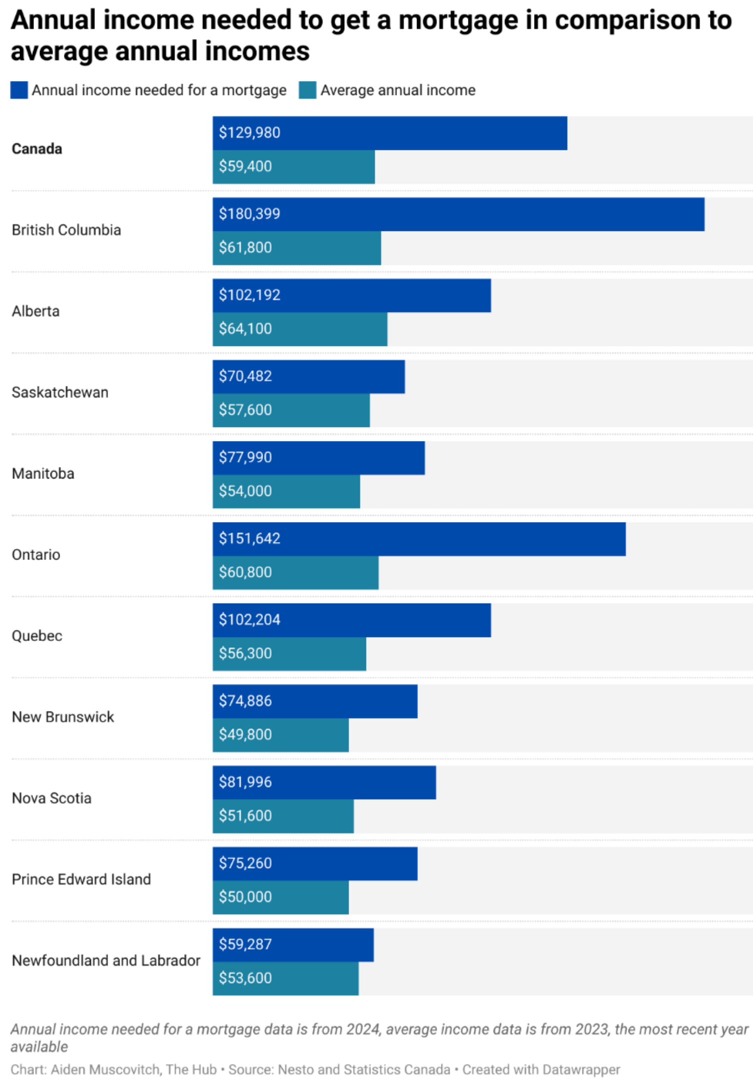
The Residential Construction Council of Ontario (RESCON) is Ontario's leading association of residential builders who construct over 70% of the new homes across the province. *(more detailed summary at the bottom of the document)*

RESCON's Mission Statement

We work in co-operation with all levels of government and related stakeholders to offer realistic solutions to a variety of challenges facing the residential building industry.

Market Overview - Context

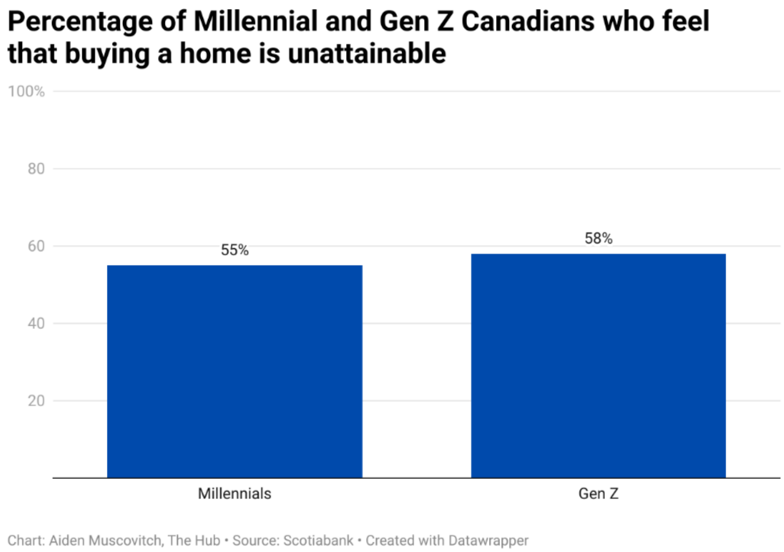
RESCON presents our budget submission recommendations at a time when the new homebuilding sector continues to contend with a challenging market environment not experienced in generations. New home purchasers and renters continue to face challenges in terms of their ability to manage costs associated with acquiring new homes or paying affordable rents. While the situation varies across the country, the markets within the Greater Toronto Hamilton Area (GTHA) and the British Columbia lower mainland are focal points in terms of the most acute affordability and supply pressures. By way of example, the annual income required to be able to secure a mortgage is incompatible with the realities on the ground where the required income level far outpaces average incomes. We would note that this is also in the context of the federal government's nation building agenda which includes areas ranging from energy to defence infrastructure and beyond. Common to the successful advancement of this broader agenda is the need for housing supply that is affordable and available in the numbers required.



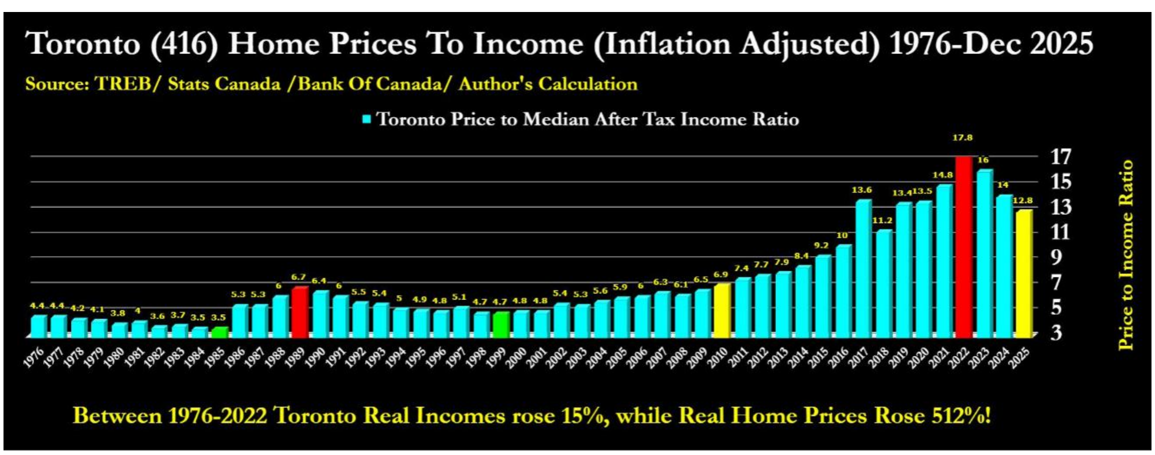
Nesto and Statistics Canada

Additionally, the timelines required on average to save for a downpayment represents enormous challenges for those who are new to the housing market. In many respects, these savings timelines will undoubtedly represent for many potential new purchasers a mountain that is insurmountable. Many will relocate to new markets, either within Canada, or more commonly outside the country if they conclude that the prospect of home ownership is simply too elusive. It is these kinds of determinations that we want to avoid as we face the prospect of losing the “best and the brightest” in terms of our economic future.

One of the most distressing impacts of the housing affordability and supply crisis is the perceptions of younger people who like their predecessor generations had hoped to live the so-called “Canadian dream,” which is very much premised upon the ability to afford their own homes. The percentage of these younger generations who believe that home ownership is realistic has sadly diminished.



Another major indicator is, of course, the home prices to income ratio. The Toronto market provides a stark portrait of the emergence of unaffordability for many purchasers as this ratio continues to move out of any kind of balance.



Interim Measures

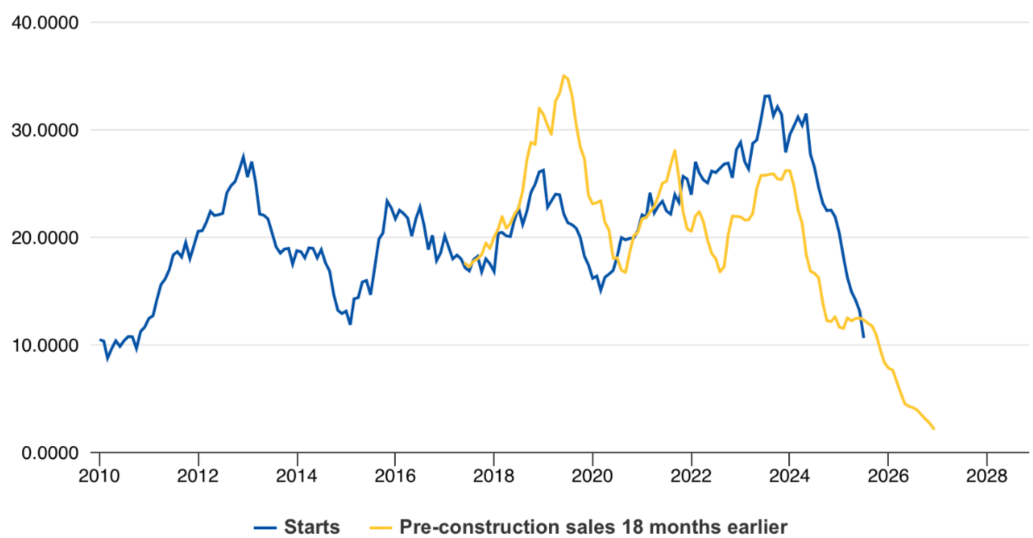
RESCON has been strongly advocating for measures to address issues affecting housing affordability and supply including stifling taxation, rising material costs, unpredictable market forces, labour costs, high interest rates, cumbersome planning approvals processes and overly restrictive regulatory policies that have created a progressively worsening environment where building homes that purchasers can afford to buy is largely illusory.

We are of course grateful and encouraged by the recent public policy decisions undertaken by the federal and provincial (Ontario) governments regarding the interim Harmonized Sales Tax rebates (first-time and enhanced), the commitments made to support on a time limited basis actions on development charges and other measures encouraging housing affordability and supply.

It is crucial to note that the measures put in place are designated as “interim,” and have sunset dates entrenched within them. While these measures remain needed in the short-term, long-term (*not time-limited*) measures that create predictability, stable funding and functional program parameters do must be developed as interim measures do not serve long-term housing affordability and supply objectives.

As noted, the housing construction sector was pleased to witness the interim measures when they were introduced. However, a lack of clarity manifested in months long delays in releasing directives, forms and instructions from governments essentially consumed many months of potential home sales so that in reality, effective program delivery has been constrained to a much shorter period of implementation and application. This is particularly applicable to high-rise multi-unit projects where the interim timelines for construction commencement and completion preclude the ability of homebuilders to advance these projects. In effect, program eligibility is constrained to existing unsold inventory (in the case of high-rise) for the most part and does not provide the desired effect for high-rise condominium construction, which has literally plummeted off the proverbial cliff. The overall three-year timeline for large complex projects is simply not sufficient.

Toronto New Condo Starts Have Plunged 68% From Peak, Set To Fall Even Lower on Weak Sales



CMHC/Altus/RBC

We maintain that in order to realize meaningful and sustained housing affordability and supply, both the national and provincial governments, along with municipalities, must implement permanent, predictable and functional long-term reforms. In the absence of these undertakings, the housing affordability and supply crisis in this country, particularly within the GTHA and lower mainland BC, will unfortunately endure and most likely worsen. At its core housing must be made affordable for consumers.

Savings timelines for mortgage down payments for earners over $100k, by city

Region	Average Price	Minimum Down Payment	Minimum Down Payment Savings Timeline	20 Percent Down Payment	Savings Timeline for 20% Down Payment
Greater Vancouver	$1,239,988	$98,999	6 years, 11 months	$247,998	17 years, 3 months
Greater Toronto	$1,093,254	$84,325	6 years	$218,651	15 years, 7 months
Victoria	$988,012	$73,801	5 years, 2 months	$197,602	13 years, 9 months
Hamilton-Burlington	$874,137	$62,414	4 years, 6 months	$174,827	12 years, 6 months
Ottawa	$695,327	$44,533	3 years, 2 months	$139,065	9 years, 11 months
Calgary	$653,870	$40,387	2 years, 11 months	$130,774	9 years, 6 months
Montreal	$635,274	$38,527	2 years, 11 months	$127,055	9 years, 8 months
Halifax-Dartmouth	$601,250	$35,125	2 years, 8 months	$120,250	9 years, 3 months
Edmonton	$454,791	$22,740	1 year, 8 months	$90,958	6 years, 7 months
Quebec City	$449,882	$22,494	1 year, 8 months	$89,976	6 years, 10 months
Winnipeg	$420,743	$21,037	1 year, 7 months	$84,149	6 years, 5 months
Saskatoon	$402,666	$20,133	1 year, 6 months	$80,533	5 years, 11 months
Regina	$365,630	$18,282	1 year, 4 months	$73,126	5 years, 5 months
Saint John	$357,636	$17,882	1 year, 4 months	$71,527	5 years, 4 months

Representing earners saving 20 percent of their after-tax income (roughly $14,000 annually)

Table: Aiden Muscovitch, The Hub • Source: Zoocasa • Created with Datawrapper

Budget Policy Primary Recommendations

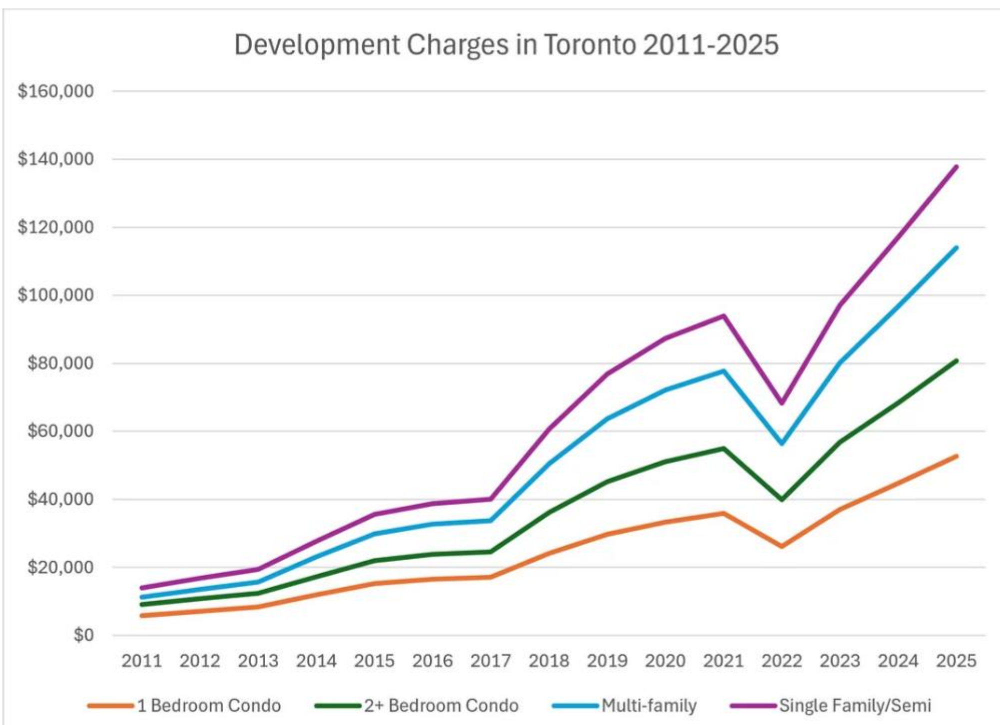
Recommendation 1 – Harmonized Sales Tax - Housing

As noted above, the temporary HST rebate (both first-time buyer and enhanced) is a welcome move. However, the interim nature of the HST rebate is problematic. Additionally, its delayed impact due to unavailable regulations, forms and directives was an added significant concern that weakened the potential advantages associated with the initiative. Furthermore, upon its conclusion there will be a direct effect on new projects, and we will undoubtedly witness a return to increased affordability pressures associated with excessive taxation measures, in this case a 13% cost impact for the consumer on what constitutes the largest purchase of their lives. There is no jurisdiction in the world outside of the GTHA (and Vancouver) which we are aware of where a consumer of a required product (*housing – a place to live*) is paying a tax of $130,000 on a $1 million home. It is worth noting that the HST is not collected on re-sale homes and that at its inception (GST) in January 1991 a mechanism of adjustment to prevent the impacts we have seen on housing costs was included. This adjusted to inflation provision did not occur and successive governments failed to apply this measure. In the current context, notwithstanding the interim tax relief measures, federal and provincial governments relying upon funding from the collection of the HST on new homes are in reality not realizing these revenues simply because with the application of these taxes many Canadians in the most impacted regions of the country cannot afford to purchase a new home nor can builders construct them in a financially viable manner.

Therefore, it is critical that taxation placed upon an economic need (housing) be transformed into a permanent cut on a long-term basis. The Harmonized Sales Tax should be permanently withdrawn from new home purchases or at the very least the original indexing mechanism included in the Good and Services Tax should be implemented fully.

Recommendation 2 - Municipal Development Charges

The well-intentioned introduction of the federal/provincial Development Charge Reduction Program (DCRP) constitutes a clear recognition by all governments that development charges create substantial and enduring cost pressures for new homes affecting housing affordability and ultimately supply for consumers. Homebuilders, who construct Canada's homes, have no option but to pass these costs (DCs) along to consumers. While some narratives identify development charges as costs to builders, they are in fact a consumption tax for purchasers. The DCRP, as with the HST rebates programs, offers relief of sorts through municipalities for a period of 3 years. While participating municipalities will, through collaborative reductions in DC's at varying percentages, be able to advance infrastructure projects to assist with residential housing project advancement, the time-limited nature of this initiative shares the same drawbacks as the taxation relief measures.



Uptons – Canada Housing

In essence, DC's were introduced as a mechanism for municipalities to pay for infrastructure, however over the last decade, at least in Ontario and particularly in major municipalities like those in the GTHA including Toronto, they have evolved into a runaway train with increases coming in at levels equating to 1000% increases. Their application has also expanded in many instances beyond required infrastructure to support residential homebuilding covering projects not associated in any way with their stated objective. Ultimately, these amounts are being borne by the end user, the new consumer of housing products, and this is an inequitable and ill-advised method of raising funds for municipal infrastructure. We recognize that municipalities must be able to secure funds to pay for new infrastructure but laying the burden almost solely upon new home purchasers is neither fair nor sustainable. The very fact that this practice is not pursued in most other jurisdictions across Canada, or the North American continent for that matter, is implied recognition that this is not a functional or sustainable approach to funding municipal infrastructure.

RESCON recommends that a more equitable, predictable and sustainable approach to municipal infrastructure funding be implemented that would realign funding sources from new home buyers to the broader tax base at all levels of government.

Recommendation 3 - Digitization of Planning and Development Approvals Processes

Cumbersome and unnecessarily complicated planning approvals processes are amongst the most significant cost drivers in relation to new home projects. While principally associated with municipal and provincial governments, the federal government has at its disposal tools (General Spending Power) which could be used to advance the adoption and implementation of modern planning processes in the form of digitization, Prop Tech and ConTech technologies.

RESCON recommends that Budget 2026 consider the implementation of initiatives funded by the federal government, in collaboration with provincial authorities, that will advance expeditiously mechanisms to encourage, support, finance and implement advanced modern planning approvals processes and reviews including digitization, building information modelling (BIM), standard designs and more expansive as-of-right building modalities.

Recommendation 4 - Labour Supply:

"Apprenticeship completions have been stuck since 2013 at roughly 20% of registrations, with excess demand for these skilled workers abundantly clear. The resulting economic damage includes multi-billion dollar losses in Gross Domestic Product, worker incomes and tax revenues." Richard Lyall – President – RESCON – "Are We Ready to Build Canada?" (2026)

Labour supply is crucial to future efforts to meet residential housing demand when sector recovery occurs, as it must. Continued investment in both Labour Market Information (LMI) forecasting and the creation of responsive programs to ensure a domestic supply of labour in the skilled trades is required to build Ontario and Canada. The need to effectively and substantially address the major ineffectiveness of the apprenticeship system in Canada is urgent and long overdue. Budget 2026 should provide leadership at the national level in terms of support for an all-government approach for renewal of the apprenticeship system.

RESCON recommends an increased focus be placed on behavioral economics, last mile programs and completion rates. By identifying future needs, supporting Canadian youth and focusing on placements and program completion Canada can boost completion rates while reducing the average age of an apprentice.

Budget Policy Secondary Recommendations

These secondary recommendations, along with those noted above, are referenced within the context of Budget 2026 and a renewed National Housing Strategy which will be developed over the coming months into Spring of 2027.

Recommendation 5 - Multiple Unit Residential Building Program

"The revival of the MURB would be a major signal to the market that the government is committed to purpose-built rental as an important component in its goal to improve housing affordability. Combined with other measures such as lower development charges and deeper CMHC rental financing, aimed at attracting institutional investors into that space, we might see the needle actually moving." CIBC Thought Leadership - 2025

The federal government should restore the Multiple Unit Residential Building program (MURB) providing incentives for homebuilders to undertake a large number of homebuilding projects. During previous residential housing affordability and supply crises this initiative contributed substantially to a recovery process that witnessed one of the most significant surges in homebuilding ever recorded in Canada.

RESCON recommends direction be contained within the federal budget to re-implement the MURB/Limited Dividend model offering long-term 90% mortgages to homebuilders through the Canada Mortgage and Housing Corporation or Build Canada Homes which would support rental housing construction projects, creating rental units with stable and affordable rents for consumers and a reasonable return on investment for builders.

Recommendation 6 – Office of the Superintendent of Financial Institutions Stress Test

"This overtightening (stress tests) has contributed to rapidly falling homeownership rates over the years. According to the 2021 Census, Canada's homeownership rate dropped 2.5% between 2011 and 2021. That translates to roughly one million more Canadians renting instead of owning homes they can reasonably afford. Given that Canada's housing affordability challenges persist, that figure is likely higher today. This decline is not the result of reckless borrowing being curtailed. Rather, it reflects how increasingly restrictive mortgage rules are preventing capable buyers from qualifying, even

when they have stable incomes, strong credit histories, a track record of responsible financial management, and growing household incomes ahead." Affordability.ca

It's clear that this disconnect between policy assumptions and real-world affordability is pushing homeownership further out of reach for some well-qualified buyers.

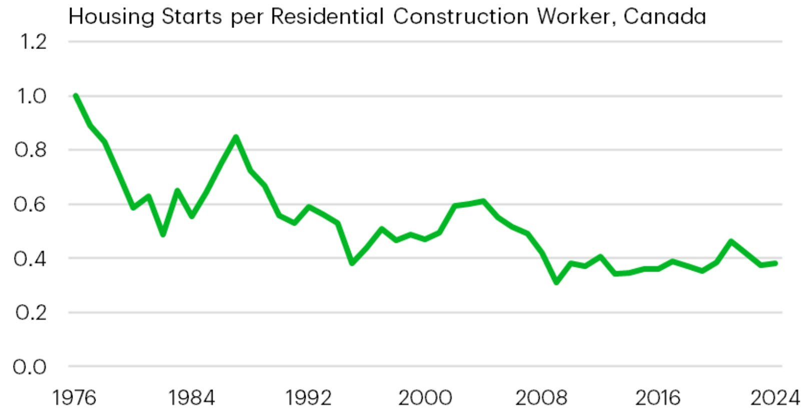
OSFI's stress tests are excluding otherwise eligible buyers from the market and this is impacting homebuilding. The parameters of the OSFI stress test is simply too restrictive when considered within the context of current market realities. During periods of housing surges these measures were designed to cool the market – a reality that simply does not exist currently or for the foreseeable future.

RESCON recommends that Budget 2026 should require OSFI to restore practicality and reason to the stress test system so that more flexible parameters are put in place which support the ability of new homebuyers to qualify for required financing. The long-term aim should be stable rates that are aligned with consumer capacity.

Recommendation 7 – Support for New Approaches to Homebuilding

Consistent with the mandate of Build Canada Homes, and federal policy, RESCON supports efforts to expand the implementation of measures to encourage new methods of construction focusing on off-site construction. It is crucial that the federal government, along with provincial and municipal partners, recognize the unique requirements associated with energizing the off-site construction sector. The character of off-site construction requires supplemental assurances of back-stop order levels and associated approaches that will rationalize for producers the substantial costs of scaling up production. Also of significance are broader issues of productivity by workers which impact the off-site construction sector as it does the broader market.

Chart 4: Flagging Canadian Construction Sector Productivity



Source: CMHC, Statistics Canada, TD Economics.
Note that the number of residential construction workers is estimated by TD Economics.

RESCON recommends that Budget 2026 facilitate and expedite implementation of the federal government's commitments, as reflected in proposals and the evolving strategic plan for Build Canada Homes, to support extensively Canadian off-site and innovative homebuilders with purchasing guarantees, shared-risks associated with expansion and production levels, favourable terms on loans and incentivizing investment in this sector through public and taxation policy. Additionally, Budget 2026 should invest in actions to support and improve worker productivity within the sector which can be activated with broader off-site construction.

Recommendation 8 - Foreign Buyers Policies

"Three years of real-world experience have confirmed what many of us predicted: Canada's foreign buyer ban has had a negligible impact on home prices, but it did help bring on the deep freeze in the condo market. The net impact has been to make things worse rather than better." Yousaf Iqbal – Real Estate Magazine

The introduction of a foreign buyer's prohibition occurred in an economic environment that in no way reflects the current realities of the residential construction sector and the homebuyer market. The policies of the current government in Ottawa, in the context of trade pressures, supports the overall encouragement of foreign investment into Canada and we would maintain this should extend to the residential housing market. At the very least the foreign buyer's prohibition should end for high-rise projects.

RESCON recommends that the foreign buyer's prohibition should not be renewed upon the current expiration date of this initiative (January 1st, 2027) or be removed earlier than this date as part of Budget 2026. This should only apply to new construction homes.

Recommendation 9 – Immigration:

Declining birthrates across Canada clearly have significant impacts on the labour market and in particular with respect to the construction sector. It is essential that immigration policy, supported by budgetary considerations, continues and expands existing programs to ensure the residential construction sector has the pipeline of skilled trade workers required to build the homes Canadians need.

RESCON recommends that the federal budget includes funding and direction for successful programs including the Canadian Labour Congress sponsored out-of-status worker program and the Ontario Immigrant Nominee Program. Workers from NOC codes 75110 and 72310 should be prioritized and provided extra points to ensure successful candidates fit the skills needed on construction sites.

Recommendation 10 – Partnerships with Private Sector

Consistent with the Build Canada Homes Market Sounding Guide, and subsequent policy announcements, it is crucial that this federal agency and the Minister of Housing, Infrastructure and Communities, facilitate collaboration, cooperation and expanded partnerships with private market homebuilders.

RESCON recommends that Budget 2026 facilitate and support the financial viability and expedited realization of market and non-market home construction with flexible financial considerations, direct funding, and availability on reasonable terms of federal land for development and financing vehicles that encourage immediate project advancement.

Conclusion

While housing affordability and supply continues to be a pressing challenge for many consumers and homebuilders, governmental actions have contributed to improved circumstances. These interim measures have contributed to somewhat positive outcomes with respect to the housing crisis. However, in particular the two markets most affected, the GTHA and lower mainland BC, continue to manifest acute and enduring challenges. The numbers of new home purchases have increased but not substantially and only with respect to low-rise housing.

As noted above, the residential construction sector deeply appreciates the efforts by all levels of government to work to address the housing crisis. However, the recommendations above we have enunciated represent a broad understanding that in order to manifest enduring and sustainable recovery and stability, interim measures will need to be supplanted with long-term predictable and sufficient initiatives by all levels of government. Ultimately, remediating the housing crisis is a requirement to realize economic development and prosperity.

In the absence of affordable housing options, most other factors that constitute the foundations of a successful economy and society will remain elusive. RESCON's Budget recommendations form an approach that is based on an informed and deep understanding of the housing market and system in Canada. As we work as a country to meet the challenge of unprecedented trade issues, it is critical that the housing affordability and supply crisis also be addressed in a long-term manner or a measurable and enduring Canadian economy that is growing and prosperous will simply not be achievable.

We appreciate the opportunity to submit these recommendations for consideration and, as always, we would welcome any questions you may have and additionally our commitment to cooperating with all levels of government remains. We hope that what we have recommended for inclusion in Budget 2026 will form the basis of a renewed, innovative and effective approach to end the housing crisis in a manner that is not cyclical but rather presents an enduring path forward.

About RESCON – Detailed Information

Since the 1960s, our members have built millions of homes efficiently, sustainably and affordably. We have constructed the homes that have created new communities, supported broader economic growth across Ontario, and in other regions of Canada, and we are one of the main sectors contributing to the prosperity that has been the hallmark of Canada's national economy in the post-war era. RESCON's members in Ontario employ well over 100,000 workers directly and over 200,000 when indirect industries are included. The total size of our industry as an employer far exceeds other sectors such as steel, aluminum and auto manufacturing. The residential construction sector enormously impacts other construction sectors including those working in infrastructure related to homebuilding such as roads, water and sewers, schools, hospitals and other community projects. Our impact on the broader economy in Ontario and across the country is enormous. RESCON is committed to providing leadership and fostering innovation within the industry. Our areas of focus include government-imposed costs (taxes, fees and levies), processes and red tape, building science and innovation, technical standards, labour relations and supply, training, health and safety and collaboration with all levels of government. RESCON's members and our broader sector are integral to the economic success of Ontario and more broadly the country now and in the years to come. We have built the homes that people live in today and will reside within for years to come. We are crucial to Ontario and Canada's future as we strive to build the homes that Canadians need and deserve.