



URBAN
DEVELOPMENT
INSTITUTE

SUITE 650
1050 W PENDER STREET
VANCOUVER, BC V6E 3S7

October 3, 2025

The Honourable Christine Boyle

Minister of Housing and Municipal Affairs
Government of British Columbia
Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Boyle,

I would like to take this opportunity to follow up on several issues we raised at our previous meeting and highlight some that have recently come to our attention.

First, there is a widespread misinterpretation of the recent upward trend in housing starts since March. A “housing start,” as defined by CMHC, is not recorded at building permit or excavation. It is counted when the concrete foundation is poured, well after the project has launched. A strata project recorded as a start this past summer would typically have been marketed roughly two and a half years earlier.

Government should instead monitor new home sales. In Metro Vancouver, new home sales have declined by approximately 80 percent since the 2021 peak. This indicates a very thin pipeline for new projects. The reality is it now costs more to build than people can afford. It is imperative that we work together on the following priorities:

- The collapse of the condominium presale market;
- Escalating development charges;
- Ongoing and frequent changes to the Building Code;
- The need to limit inclusionary zoning (IZ) requirements;
- The importance of continued federal engagement through programs such as MLI Select and the Apartment Construction Loan Program to ensure the delivery of new rental housing; and
- Pause changes to the *Heritage Conservation Act*.

Foreign Buyers

The collapse of the condominium presale market is directly reducing the number of homes UDI members can deliver. The federal ban on foreign buyers was introduced to cool a highly competitive market. That market no longer exists. A more balanced approach to non-domestic investment is now warranted.

UDI does not support a return to the previous model in which offshore-sales drove demand for luxury units. We recommend reintroducing foreign buyers under clear, regulated conditions. Specifically, require that these homes be placed in professionally managed rental programs for a minimum of five years. This would channel investment into new supply, support provincial housing targets, expand rental options for British Columbians, prevent empty homes, and curb speculation.

We were encouraged by your recent comments: “We are...mindful of the federal government’s ban on foreign homeownership, but we are willing to listen to industry experts and find a balance where we can leverage investments and deliver more purpose-built rental homes for people.”

Development Charges

A five-year freeze on development fee increases is necessary to restore project viability during a period of economic strain and policy-driven cost escalation. Across British Columbia, the sector is contending with declining revenues, high interest rates, material cost inflation, and increasingly stringent building standards. Layered on top of this are substantial increases in senior government taxes and municipal fees, including Development Cost Charges (DCCs), Amenity Cost Charges (ACCs) and density bonusing, which now account for a significant share of project budgets – up to 29 percent of unit costs in some jurisdictions.

With homebuyers and renters already at their affordability limits, further fee hikes will push more projects out of feasibility. A temporary freeze would provide stability while government undertakes robust financial testing and coordinates infrastructure planning – both of which are desperately needed. It would also give investors and builders the certainty needed to proceed with more projects and support provincial and federal housing supply targets.

Building Code

We urge the Province to pause further changes to the *BC Building Code* and to work with the federal government to re-evaluate the *National Building Code* development

process. Policy must remain grounded in economic realism and avoid inadvertently restricting supply. The pace and scale of recent code updates, including seismic, accessibility, and green building requirements, have increased complexity and cost, particularly for wood-frame and mid-rise concrete housing. According to a [Provincial Report](#), the seismic standards that came into effect this year, alone, have increased construction costs by as much as 10 percent in the Lower Mainland and 15 to 20 percent in the Victoria area for sites with poor soils, which are prevalent – especially in high growth areas.

These changes are rarely accompanied by rigorous feasibility testing or transitional supports, which have led to delays and cancellations. Builders across the province report that even well-intentioned regulations can undermine viability when introduced without regard to market conditions or municipal capacity. Australia has responded to similar pressures by pausing non-essential updates to its National Construction Code until 2029. British Columbia and the Federal Government should consider a comparable approach.

Step Codes and Standardization

The Province needs to reassess the *Energy Step Code (ESC)* and *Zero Carbon Step Code (ZCSC)* implementation to begin to address building code related cost increases. In today's high-cost environment, these added burdens can determine whether a project proceeds or is shelved. At this time, the step codes need to be capped at Step 2. BC should focus on achievable, province-wide climate targets which are phased in at a slower pace that aligns with what British Columbians can afford.

In addition, municipalities should not be permitted to exceed provincial standards for the *ESC* and the *ZCSC*. Allowing stricter local requirements creates a fragmented regulatory environment that undermines both housing delivery. Developers then face inconsistent performance standards that complicate design, add cost, delay approvals, and erode economies of scale.

More broadly, a uniform provincial building code framework would provide the predictability and standardization necessary to plan, invest, and deliver homes at scale – as envisioned by Build Canada Homes. Ontario has taken a similar approach by prohibiting municipalities from exceeding the provincial building code.

Inclusionary Zoning

Limiting Inclusionary Zoning requirements to a maximum of 5 percent for strata housing would help restore project viability while maintaining an affordability contribution that

projects can realistically absorb. At the very least, the Province needs to ensure local governments that impose IZ requirements have completed and aligned their bylaws to the robust financial analyses mandated in the legislation.

IZ requirements need to be removed for Purpose-Built Rental (PBR), as these projects rely on long-term operating income to service construction loans and satisfy lender tests. Large shares of below-market units erode rental revenue and reduce the net operating income required to secure financing. In the current environment of high interest rates, elevated construction costs, and rising fees, adding an IZ requirement to almost any PBR project would make it unviable. Metro Vancouver has released study that notes the difficulties of imposing IZ for PBR projects.

Federal Support For Rental Housing

Two CMHC programs, MLI Select and the Apartment Construction Loan Program (ACLP), have underpinned much of the PBR housing delivered or now under construction in British Columbia. If these programs are not available or are deprioritized for BC, we will see a sharp decline in new rental delivery. These tools provide long-term, fixed-rate financing at below-market rates, with favourable terms such as higher loan-to-cost ratios, interest-only periods, and extended amortizations. Without this support, many projects will struggle to secure financing and will stall.

Heritage Conservation Act

UDI recognizes the importance of archaeological conservation. However, engagement with key stakeholders who are significant economic drivers has been inadequate. While the Ministry of Forests has engaged with First Nations on the *Heritage Conservation Act* Transformation Project since 2021, the development industry and critical stakeholders, including local governments, were not made aware or engaged until August 2025, ahead of proposed legislative changes for the upcoming session.

UDI urges the government not to proceed with changes to the Act until:

- Meaningful consultation occurs with the development sector, other key industries, and local governments.
- Robust testing and economic analyses are completed to determine the cost, risk, and schedule impacts on housing projects. These impacts are likely substantial and would occur when the sector is already facing significant challenges.

UDI's Executive Committee would welcome the opportunity to discuss these issues with you in more detail.

Sincerely,

A handwritten signature in black ink, appearing to read 'Anne McMullin', with a stylized, flowing script.

Anne McMullin
President and CEO
Urban Development Institute