

Scaling housing building in Canada: Leveraging military infrastructure

By Alan Broadbent

Canada's military needs to build 250,000 units of new housing on its bases across the country to replace aged-out housing for its personnel. What military people and their families want now is not what was built many decades ago, they are looking for more a modern home than a barrack. This housing can be built to contemporary standards of quality and design, and to meet the modern needs of individuals and families. There is an opportunity to anticipate future quality and design standards, particularly factory-built and modular buildings with high efficiency energy systems.

Housing for the military is a strategic mandate. For younger, early career members, it is a stabilizing factor, as is housing generally for residents of a country. The military already has subsidies for off-base housing to ensure not more than 25 per cent of income is spent on housing. Security of tenure in housing helps military staff and their families focus on their work and community. Military salaries are adequate, but not generous, and help to keep housing costs under control is a good idea.

Expenditures on housing as part of general armed forces budgets are part of a nation's military spending, and would be included in calculations like the percentage of GDP spent on the military. The additional expenditures for the 250,000 units, and for numbers above that, would factor into the percentage of GDP calculation.

In meeting this need, the military has significant advantages. It has land under its control, which will remain in public hands long into the future for security reasons. About a dozen bases in Canada are close to major centres. Many more defunct bases and stations hold land with minimal current activities on them, many in and close to major centres. Eliminating land costs from a housing development prospectus significantly helps affordability. And retaining the housing as an asset gives long-term control over rent levels to tenants.

The other advantage is cost of capital. The military can access federal government borrowing rates, which are significantly lower than commercial rates private developers get. This also lowers project costs.

The military should not limit what it builds to the quarter million units, particularly given the severity of Canada's housing shortages. They should build two or three times the needed housing, and rent the other into the non-military market. This would require setting up appropriate security to make sure bases remain secure, a manageable task.

The rents on those market units would be a source of revenue for either the military or more generally the public treasury, a productive asset. The resulting communities would mix military and non-military families, a rounded social environment.

There is a great opportunity here for Canada to accelerate its factory-built and modular housing production capacity as well. A number of private companies are beginning to develop capacity, and it would speed things up if those factories could be built on military land. It might even provide a labour and training opportunity for personnel to take into their post-military life.

The building trades and the military share a history. Joe Maloney, a boilermaker who became a senior labour executive in Canada and in the US AFL-CIO, was a founder of Helmets to Hardhats in the US and in Canada. Helmets to Hardhats takes military veterans into the building trades, supplying training and certification to work on unionized building sites across a broad range of trades. It meets the needs of the building industry in supplying disciplined and trained workers, and of the military in supplying a career path for veterans, many of whom are of working age.

The military itself supplies training in skilled trades, many of them related to conflict-zone deployment ranging from weapons to sophisticated technology. There is also a significant deployment of military personnel to logistics and supply, and to engineering applications like camp construction, road building, and surveying. Learning generally develops transferable career skills, and training in the military can provide specific applicable construction trade skills.

Canada's housing crisis has been decades in the making, as commercial developers have only built what can create good profits. Governments have retreated from social housing development in the expectation that the commercial sector would fill the gap, which it hasn't. The federal government in very recent years has become more active but at insufficient scale. The shortages get worse. Something different needs to happen. The country needs to reconsider what gets built, where it gets built, and how it gets built. Options other than suburban green-field houses or centre-city high rise condominiums need to be developed. Publicly owned land needs to be made available for rental housing, with the land staying in public hands, on the public balance sheet. And, because we are in a crisis, housing needs to be built more quickly.

Factory-built modular housing offers that new approach. Building the components of a house in a factory, walls and ceilings, bathrooms and kitchens, means continuous coordinated building unaffected by weather conditions. It concentrates the supply of building materials and job location for employees. It reduces time the eventual housing

location gets tied up, reducing local traffic and inconvenience, and shortening the time capital needs to be borrowed and therefore its cost. It permits consistent quality control with stable standards.

Factory-built modular housing is in its infancy in Canada. In countries where it is more prevalent, regulations have mattered. Sweden, by far the leader, had its industry spurred by abandoning old and restrictive building codes three decades ago, adopting more flexible codes related to outcomes (safety, sustainability) rather than inputs (materials, specific measurements). Japan has always had looser building codes and taxation regimes, and an odd practice of replacing existing housing relatively quickly, every 30 years or so (although that is changing). It also has in its big cities tightly crowded neighbourhoods that make onsite construction especially disruptive.

Building military housing in this way would take Canada to scale quickly. It would stimulate supply chain development in quality improvements in engineered wood products like mass timber and wood panels, taking Canada's forestry industry further up the value chain. As both the supply chain and the production capacity grow, other builders would be able to take advantage of factory-built and modular housing in their development projects.

Ambition and initiative in building housing for people in the military can create a path for building housing generally, for altering what, where, and how quickly it is built. A determined and energetic national project in military housing can produce dramatic change for other housing as well. The example of a focused effort can extend to related community building areas, like transit, goods transportation, and infrastructure. Legacy housing developers in Canada are among the best in the world, but they should not be expected to build unprofitably, and they will continue to supply the existing commercial market. It is where they don't operate that Canada needs to try something different, and military housing offers that entry point.

Alan Broadbent is Chair and Founder of Maytree, and Chair and CEO of Avana Capital Corporation

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