From Forests to Housing: Modern methods of construction – Roundtable consultation

CanadaWest Foundation

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Acknowledgements

Wood-based Modern Methods of Construction (MMC) offer a clear pathway to increasing sustainable, long-term wood demand in Canada's domestic market, particularly in the context of persistent trade barriers and the housing affordability crisis. Conversations like the MMC industry consultations are essential for identifying shared barriers, aligning priorities across sectors and advancing practical solutions. While the challenges are complex, they are achievable with sustained collaboration between industry and all levels of government.

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CONTENTS

Modern Methods of Construction – Roundtable consultation

Background

On December 2, 2025, the Canadian Wood Council (CWC) and the Forest Products Association of Canada (FPAC) convened an industry consultation to discuss the opportunities and challenges for wider adoption of Modern Methods of Construction[1] (MMC) using wood to address the housing and affordability crisis.

The consultation focused on how to increase sustainable, long-term wood demand in the domestic market with trade barriers and market uncertainty at the forefront. With housing being the largest volume opportunity for the forest products industry and wood's applicability to MMC, this can be a significant advantage.

The emphasis was on activating the entire supply chain from forest and primary producers (sawmills) to prefab and modular component manufacturers, to developers and builders. The goal was to share information that all parties may not be privy to, with the first half of the sessions convening industry experts to provide context, and a pre-event survey identified priority topics and knowledge gaps amongst participants. The second half of the event was comprised of rotating roundtables where participants had in-depth discussions.

Of Canada's approximately 250,000 annual housing starts (new housing projects), most are built using traditional stick-built construction. This method involves assembling the building frame piece by piece on site. MMC[2] complements this work through off-site manufacturing of components such as walls, floors or even completed modules, which are transported to the site for final assembly. While stick-built construction will continue to be utilized, MMC can help address the housing shortfall, improve affordability and productivity in the sector by using innovative technologies.

CWC and FPAC gathered input from a broad range of stakeholders, including off-site manufacturers (28 per cent), government officials (17 per cent), forestry industry (12 per cent), engineers (13 per cent), builders (3 per cent) and representation from finance, educators and architecture to create a cross-sectoral dialogue. The goal was to inform policies and actions that will support near-term stabilization and long-term growth in Canada's construction and housing supply chain.

[1] MMC is a broad term that refers to any innovative building method that improves how we design and construct buildings. It includes both off-site approaches (like prefabricated panels and modular units) and on-site innovations (like digital tools, robotics or faster assembly methods).

[2] Refer to the University of New Brunswick Modern Methods of Construction document appendix for consistent definitions and context.

The group was asked to consider this question:

What changes in the policy environment will need to occur to activate and expand the use of Canadian wood in residential multi-storey construction using Modern Methods of Construction (MMC), which includes prefabrication, modular, panelized methods and other "manufactured" components?

Key themes identified

The following themes emerged consistently across all three sources – formal presentations, roundtable discussions and survey responses, reflecting shared priorities and concerns throughout:

Sustained demand

The importance of creating predictable, long-term demand (possibly with government backing and procurement) to ensure that existing capacity is fully used and the risks associated with scaling up are reduced and increased demand is not temporary. This is relevant to the expansion of MMC capacity needed to meet incremental housing demand, as well as certainty for the sawmills to retool their product mix and processes to meet MMC needs.

Communication

The need for better communication between sawmills, off-site construction, developers and other players along the value chain. Many upstream suppliers are unaware of downstream MMC requirements (panels, slabs, pre-fabricated components etc), while manufacturers lack visibility into upstream production constraints (financial fragility, skills shortage etc), creating inefficiencies that better information sharing could resolve.

Education

The need to educate the housing market and the value chain on the advantages of MMC and provide training on MMC techniques in the field. To enable wider MMC adoption, consumer perception barriers (concerns about prefab quality) and workforce skill gaps (unfamiliarity with assembly methods) must be addressed.

Prioritize funding for MMC delivery

The need for public funding for developers to adopt MMC and for incentives for off-site manufacturers to scale up production were suggested as priorities. The group emphasized repeatable residential projects using wood in MMC applications, with one- to six-storey multi-unit buildings being identified as the largest area of interest.

Prioritize funding for forestry

The need for capital investment incentives for primary producers to expand their ability to produce lumber products that meet the size, grade, moisture content and sustainable volume appropriate for MMC.

Break down regulatory barriers

Addressing technical and regulatory barriers across jurisdictions (provincial and local), including variations in building codes, development rules, insurance regulations and financial regulations. This also includes improving policy and regulatory coherence and eliminating duplicative forest management policies at the federal-provincial interface.

Share research and development

The need for greater industry co-operation on research and development, including capital equipment, standardized connections for modular components and standardization on dimensions to allow scaling and other incentives for growth.

Prioritize regional solutions when needed

The group identified regional challenges, particularly in Eastern Canada, where size of tree and supply limit mass-timber applications. In these cases, regional solutions may be more effective than some nationwide actions.

Collect more data

Participants identified the need for better data collection and demand forecasting to align supply chain capabilities with housing targets, realistic construction capacity (i.e., achievable housing starts) and the requirements of MMC in various locations across Canada.

Work collaboratively with governments

The value of a data-driven, transparent and collaborative approach involving all levels of government and the industry value chain to realize the potential of MMC and the forest products sector.

Roundtable discussion insights

Concurrent roundtable discussions were held focusing on four topics:

1. how to better understand sawmill capacity and output, with a view to aligning production with market needs
2. how to sustainably scale industry capacity
3. how to account for regional differences in housing needs, storey classes and demographics in housing target setting
4. how to make the value chain from forest to manufacturers and builders more efficient

The preconceived premise of the discussions was that improvements along the value chain would drive expansion. However, the biggest takeaway from the roundtables was that the main issue is not one of supply, but rather one of demand.

Participants highlighted that:

- There is existing production and upstream supply capacity available, and many manufacturing facilities are operating well below capacity. Capacity levels differ substantially among panelized, modular, mass-timber and stick-built suppliers. To meet housing targets efficiently, new housing projects must be strategically distributed across all of these construction methods, leveraging the distinct capabilities of each sector rather than expecting any single method to absorb all demand. The need for a sustainable pipeline remained a priority.
- High demand for housing in major urban centres does not necessarily result in increased housing starts. This disconnect impacts the expansion of the industry.
- Cyclical fluctuations in demand make capital investments (e.g., automation, machinery) risky and therefore less likely.

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Actions to take

Upon analysis of the roundtable discussions, potential actions were organized into two broad groupings: 1) industry-led actions and 2) actions that require cooperation with federal, provincial and municipal governments.

Action Group 1: Industry-led actions

These items are mostly within the control of the industry, with no regulatory impediments to action, and are relatively easy to implement, provided a majority of the industry is willing. These actions would aim to improve the efficiency and agility of the industry value chain, resulting in better margins and certainty. Few of these actions will have any impact on the demand for MMC.

Recommended actions

- Research shows that increasing automation in manufacturing processes leads to efficiency and productivity improvements. Explore where this can be leveraged and implemented.
- Encourage methods to match the desired fibre supply to end-user markets in a sustainable way for the supplier and the user.
- Develop innovative products using all available fibre supply to improve efficiency.
- Encourage better communication along the supply chain to remove friction and improve efficiency and agility.
- Identify opportunities for standardization of MMC components to improve efficiencies and lower risks.
- Develop and support education programs to improve perception around potential defects such as wane (missing wood, bark, rounded edges, or knots or surface variations at the edges and corners of boards), and the impact those defects do or do not have on structural strength. This would be targeted at consumers and developers to improve confidence in MMC component lumber.
- Develop and support education and awareness campaigns on the value of MMC for builders and developers, as well as end-users. The goal is to change the current perception of the quality of a modular home.
- Facilitate co-ordination among associations, organizations and other interested parties to address the opportunities around MMC to ensure limited resources achieve maximum impact.

Action Group 2: Actions that require cooperation with federal, provincial and municipal governments

These actions may increase the demand for MMC for certain types of residential housing within the jurisdictional authority of these levels of government. The potential to activate new markets for currently uneconomical fibre harvest and "waste" products through regulatory change is included in this group.

Recommended actions

- Identify the roadblocks to standardization and strive to reduce the regional differences in building codes and standards to enable standardization, increase economies of scale and increase fibre utilization.
- Develop working groups to address incorporating new technologies to add value to primary forestry operations, including bioenergy with Carbon Capture and Storage (BECCS), biochemical product diversification, "black gold" products (i.e., biochar and similar carbon-rich materials) for rehabilitation and agricultural enhancement.
- Work with the federal government to reduce the amount of time needed to approve materials and products through the Canadian Construction Materials Centre (CCMC) process and provincial governments to permit alternatives to CCMC where appropriate (SCC-accredited certification agencies).
- Work with federal and provincial governments to ensure that priority is given to the use of MMC and wood construction in multi-storey residential (rental) housing projects being undertaken on Crown lands; precedent exists in several countries to have procurement preference or incentives given to carbon-friendly materials. This can have a major impact on populating a sustainable pipeline of projects.
- Streamline forest management regulations where federal and provincial requirements overlap, and ensure the federal government recognizes provincial frameworks and approvals.

Develop innovative products using all available fibre supply to improve efficiency.

- Identify and implement ways to improve access to funding and support for the development of new markets for Canadian forest products, including research and development on new processes, materials and techniques.
- Develop grants, loan guarantees or other creative financing vehicles that facilitate investment in new (and expansion of existing) plant operations and equipment.
- Work with local governments to remove roadblocks to MMC within their jurisdictions; for instance, changes to development fees and other charges to encourage MMC.
- Work with municipal governments to improve zoning, permitting and other local regulations to encourage MMC in residential projects.
- Develop and collaborate to deliver and improve training programs, grants and incentives to develop skills at every level of the value chain. Ensure that training programs are accessible and responsive to small and large companies and their varying needs. This can include on-site construction using MMC, production of MMC assemblies and components, and production work in primary facilities (e.g., sawmills, plywood mills).
- Identify and implement changes to regulations impacting insurance, financing and other areas that can discourage wood-based MMC.
- Identify methods to ensure there is red tape reduction to shorten the timeline between land acquisition and occupancy.
- Develop co-ordinating mechanisms between industry (e.g., CWC and FPAC) and government agencies (e.g., Build Canada Homes) to ensure that policy aligns with industry capability and capacity. There may be a need to establish an industry-government liaison office to inform policy and regulations.

Work with municipal governments to improve zoning, permitting and other local regulations to encourage MMC in residential projects.

Conclusion

Wood-based modern methods of construction present an opportunity for Canada — one that could help revitalize the forestry sector while making a real impact in the country's housing shortage. The two challenges, often treated as separate issues, are closely linked and can be addressed through shared solutions.

A key insight from this roundtable is that the bottleneck is not supply — it is demand. Existing production capacity is underused, and manufacturing facilities across panelized, modular, mass timber and stick-built construction are operating well below their potential. The priority, then, is not building new capacity from scratch but unlocking the capacity that already exists. That means distributing new housing projects strategically across all construction methods, letting each sector contribute what it does best rather than expecting any one approach to carry the full load.

Regulatory barriers remain. Building codes, development rules, insurance requirements and financing conditions vary across provinces and municipalities in ways that slow down projects and raise costs. At the federal-provincial level, overlapping forest management policies add another layer of friction. Harmonizing these rules — or at minimum, reducing the inconsistencies — would have an outsized impact on what the industry can deliver.

The solutions are complex but appear to be achievable. The path forward runs through sustained collaboration between industry and all levels of government, with policy and regulatory reform as the highest-leverage intervention.

Canada is facing a housing shortage, and the forestry sector is in search of new momentum. Rarely do two problems align so neatly into a single solution. The tools, the capacity and the expertise are already here. CWC and FPAC will continue to facilitate further industry consultation to ensure MMC opportunities are best leveraged to expand domestic wood use.

Appendix: Possible topics for additional research

1. How can building codes and standards be updated and harmonized across provinces to facilitate the wider adoption of finger-jointed lumber and other engineered wood products?
2. What specific procurement policies and government programs have proven most effective in creating sustained demand for MMC in comparable international markets?
3. What models of supply chain integration between sawmills, distributors, manufacturers and builders could be adapted for Canada to reduce inefficiencies?
4. How can standardization balance with architectural and engineering innovation while enabling mass production and cost efficiencies?
5. What are best practices in workforce training and micro-credentialing to prepare workers for modernized industrialized construction roles?
6. How might technology investments (e.g., AI, automation, robotics) increase throughput and optimize use of variable Canadian fibre supplies?
7. What financing mechanisms or incentives can reduce risk and encourage capital investment in manufacturing equipment for MMC?
8. How do regional housing demands and urbanization patterns influence the design and implementation of MMC-based housing solutions?
9. What specific role(s) can different levels of government play in helping to co-ordinate data collection and demand forecasting to better align sawmill production with industrialized construction needs?

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