Accelerating Military Housing Delivery Through Industrialized Construction

Recommendations from the Canadian Industrialized Construction Coalition (CICC)

Prepared for:

Build Canada Homes (BCH)
Canadian Forces Housing Agency (CFHA)
Defence Construction Canada (DCC)
Department of National Defence (DND)

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Purpose

On February 24, 2026, the Government of Canada announced Phase 2 of the national military housing construction program, which will deliver approximately 7,500 new Residential Housing Units (RHUs) across 27 Canadian Forces Housing Agency (CFHA) locations.

The announcement confirmed that CFHA will work alongside Build Canada Homes (BCH) and leverage Modern Methods of Construction (MMC) to accelerate housing delivery.

The Canadian Industrialized Construction Coalition (CICC) welcomes this commitment.

CICC is a national industry coalition bringing together manufacturers, developers, builders, technology providers, researchers, lenders, and public sector partners working to accelerate industrialized construction in Canada. Coalition members represent a broad range of approaches, including volumetric modular construction, panelized systems, mass timber construction, prefabrication, advanced manufacturing technologies, and digital delivery systems.

Drawing on input from coalition members and industry participants, this memorandum identifies several systemic barriers that may limit the successful deployment of industrialized construction within the military housing program and offers recommendations to support faster, more efficient delivery.

The intent is to help ensure that procurement, design, manufacturing, and construction systems are aligned with the realities of industrialized housing delivery.

Background

Canada faces an unprecedented housing challenge while simultaneously confronting labour shortages, productivity challenges, and rising construction costs.

Industrialized construction offers an opportunity to address these challenges by shifting significant portions of construction activity from job sites into controlled manufacturing environments.

Industrialized approaches can provide:

- Faster delivery schedules
- Improved quality consistency
- Reduced material waste
- Greater cost certainty
- Improved workforce productivity
- Enhanced safety outcomes
- Reduced disruption at project sites

These benefits have already been demonstrated internationally through military housing, public housing, and institutional building programs in jurisdictions including Sweden, Japan, the United Kingdom, and the United States.

The federal government's decision to incorporate modern methods of construction into the military housing program therefore represents an important opportunity to accelerate housing delivery while helping build Canada's domestic industrialized construction ecosystem.

However, realizing these benefits requires procurement and project delivery systems that are designed to support manufacturing-based construction rather than conventional site-built approaches.

Current Challenges

1. Limited Ability to Integrate Manufacturing Expertise into Design-Build Teams

Current Design-Build procurement structures were developed primarily for conventional construction.

Under existing Defence Construction Canada Modified Design-Build contracts, restrictions on "Own Forces" participation can unintentionally limit the ability of industrialized construction manufacturers to participate fully in project delivery teams.

Industrialized construction depends on early integration between:

- Design teams
- Manufacturers
- Logistics providers
- Construction teams

Unlike conventional construction, manufacturing decisions influence design decisions from the earliest stages of project development.

Where manufacturers cannot participate meaningfully during design development, projects risk being optimized for conventional construction and only later adapted to industrialized approaches.

This can result in:

- Increased redesign costs
- Reduced manufacturing efficiency
- Longer timelines
- Higher project costs
- Reduced innovation

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2. Standard Building Archetypes Are Not Yet Optimized for Industrialized Delivery

The current archetype housing designs provided through procurement processes were largely developed with conventional construction in mind.

While industrialized construction providers can adapt these designs, doing so often requires compromises that reduce manufacturing efficiency.

Industrialized systems perform best when designs are developed around:

- Standardized dimensions
- Manufacturing constraints
- Transportation requirements
- Assembly sequencing
- Digital production workflows

This applies across multiple industrialized construction approaches including:

- Volumetric modular systems
- Panelized systems
- Mass timber systems
- Hybrid manufactured building systems

Without optimization for industrialized delivery, some of the productivity gains associated with factory production may be lost.

3. Approval Processes Create Uncertainty for Manufacturing-Based Delivery

Industrialized construction relies on earlier design and production decisions than conventional construction. Manufacturers and project teams often need to reserve factory capacity, procure materials, schedule production, and coordinate transportation months before construction activities begin.

Current project approval processes can create extended periods between early design approvals and final construction approvals. While this approach functions reasonably well for conventional construction, it introduces additional challenges for factory-based delivery models that depend on predictable production schedules and stable design assumptions.

Industrialized construction achieves its greatest benefits when design, manufacturing, and construction activities are coordinated as an integrated system. Significant changes between early approvals and final project authorization can disrupt production schedules, reduce opportunities for standardization, and require redesign or re-sequencing of manufactured components.

For project owners, this can result in longer schedules, reduced productivity gains, and increased project risk. Divergence from early approved designs undermines the predictability that offsite manufacturing relies upon to optimize cost, schedule, and delivery outcomes.

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4. Lack of a Repeatable Procurement Pathway for Industrialized Construction

Coalition members consistently report that industrialized construction projects are often procured as exceptions within conventional construction processes rather than through procurement models specifically designed for manufactured building systems.

As a result:

- Each project requires unique negotiations
- Lessons learned are not consistently captured
- Manufacturers face uncertain demand pipelines
- Production capacity cannot be efficiently scaled

The military housing program presents a unique opportunity to create a repeatable delivery pathway that could be deployed across multiple sites and projects.

Recommendations

Recommendation 1

Modernize Procurement Frameworks to Enable Industrialized Construction

DCC and CFHA should review procurement requirements to ensure that industrialized construction providers can participate meaningfully during design development.

Potential measures include:

- Greater flexibility regarding integrated manufacturing participation
- Early contractor and manufacturer involvement models
- Alternative delivery approaches that support design-manufacturing integration
- Performance-based procurement requirements
- Clarified guidance regarding industrialized construction participation

The objective should be to preserve accountability, transparency, and competitive pricing while enabling manufacturers to contribute during the stages where they create the greatest value.

Recommendation 2

Develop an Industrialized Housing Delivery Platform

The military housing program should be leveraged to create a repeatable delivery platform for industrialized housing.

Key elements could include:

- Pre-qualified industrialized construction suppliers
- Standardized technical specifications
- Optimized building archetypes
- Digital design standards
- Repeatable procurement pathways
- Performance benchmarking frameworks

This approach would allow projects to move more efficiently from concept to construction while reducing duplication and improving consistency.

Recommendation 3

Establish a Joint Industry-Government Advisory Forum

CICC recommends establishing a formal working group involving:

- Build Canada Homes

- CFHA
- DCC
- DND
- Industrialized construction manufacturers
- Builders
- Technology providers
- Design professionals

The purpose would be to:

- Identify implementation barriers
- Share lessons learned
- Improve procurement approaches
- Support continuous program improvement
- Accelerate adoption of best practices

The military housing program represents one of Canada's largest near-term opportunities to advance industrialized construction. Continuous industry-government collaboration will help maximize program outcomes.

Recommendation 4

Use Military Housing as a Catalyst for Domestic Manufacturing Growth

The scale and predictability of military housing construction can provide the market certainty required for manufacturers to invest in:

- Factory expansion
- Automation
- Workforce development
- New production technologies
- Domestic supply chains

This aligns with broader federal objectives related to:

- Housing supply
- Productivity growth
- Economic competitiveness
- Advanced manufacturing
- Climate objectives

Military housing can therefore serve not only as a housing program, but also as a platform for industrial development.

Conclusion

Canada's military housing program represents a significant opportunity to demonstrate how industrialized construction can accelerate housing delivery while improving productivity, quality, and cost certainty.

Industrialized construction represents a shift toward a manufacturing-based model of housing delivery.

To fully realize its benefits, procurement, design, manufacturing, financing, and construction systems must operate as an integrated delivery ecosystem.

The recommendations outlined in this memorandum reflect the collective experience of industry participants working across Canada's industrialized construction sector and are intended to support the successful implementation of the Government of Canada's housing ambitions.

With the right procurement and delivery frameworks in place, the military housing program can become a national example of how industrialized construction can help solve Canada's housing challenge while building domestic manufacturing capacity for the future.