

Hidden Housing: Unlocking Untapped Potential Through Build Canada Homes

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Purpose

This briefing note presents the case for Build Canada Homes (BCH) to adopt The Shift's Hidden Housing approach as a core strategy for delivering on its mandate. Through unlocking Canada's existing underutilized built environment, this approach offers a faster, cheaper, and more impactful path forward to increasing the supply of affordable housing.

Context: The Structural Limits of Building New

In Canada, dominant narratives frame the housing crisis as a simple matter of supply. In that vein, BCH has been positioned as a vehicle for scaling affordable home building by building faster, better and smarter. The underlying theory underpinning federal investments is that if we flood the market with new homes: housing availability will trickle down, prices will fall, and affordability will return. However, the evidence strongly suggests that new construction alone cannot deliver the outcomes BCH is meant to achieve. Since the 1970s, housing stock per capita has increased significantly (from 290 dwellings per 1,000 people in 1971 to 403 in 2023)¹ yet real housing prices have more than doubled, with increased supply making little impact on affordability. The Greater Toronto Area illustrates this plainly. Since 2018, the GTA has led North America in active construction crane counts for nearly a decade, yet rental vacancy rates recently hit their lowest point since CMHC began tracking the data in 1988. Meanwhile, the GTA simultaneously sits on its largest backlog of unsold condo units in seven years, making it clear that the supply being built is not the supply people can access or afford. Most strikingly, housing researcher Steve Pomeroy found that for every new affordable unit built over the past decade, Canada lost ten.²

The reality is that ensuring the Canadian housing system is responsive to housing needs requires far more complex solutions beyond simply building new units. This is also the case if the creation of new units is to be aligned with Canada's climate commitments.

The following challenges are the structural realities of new construction:

- **Too costly and too slow:** High interest rates, inflation, rising land and material costs, and chronic labour shortages constrain construction timelines. Despite the various efforts made to streamline approvals, cut red tape, and lower fees, there is still only minimal movement in prices or timeframes.
- **Too carbon-heavy:** The construction sector accounts for 37% of global greenhouse gas emissions.³ Buildings also carry embodied carbon that is locked in at the moment of construction and cannot be reduced over time, pulling Canada further from its climate commitments.
- **Too unaffordable:** Housing development operates largely as a financialized market, therefore the assumption that creating a favourable policy environment for developers will enable housing to be produced at various price points does not hold in practice. Instead, construction and development are driven by investor returns rather than housing need, incentivizing developers to pursue projects that maximize profitability.

- **Disconnected from the right to housing:** When housing development prioritizes profitability, speed, or scale, it can fall short of ensuring access to adequate, secure, and affordable homes for those most in need. People experiencing homelessness, low-income households, and marginalized communities are disproportionately affected, as new supply often does not align with their needs.

The Shift's Hidden Housing Approach

The Shift's Hidden Housing approach is a proof of concept that demonstrates what is possible when governments prioritize the existing built environment before pouring concrete for something new. Canada's cities hold vast, underutilized housing potential: 1.34 million vacant homes across the country,⁴ a national office vacancy rate of 18-19%,⁵ decommissioned schools, churches, heritage buildings, and publicly owned properties that are sitting idle, and a derelict housing stock that remains untapped. Unlocking Hidden Housing potential requires a robust assessment of the built environment to uncover both public and private residential and non-residential buildings that are vacant or underutilized. With this information, local governments can determine how these assets can be strategically used to create more affordable housing supply.

Unfortunately, most Canadian municipalities do not have a comprehensive, real-time inventory of all vacant and underutilized properties across both residential and non-residential categories. This is a critical gap that Hidden Housing seeks to directly address through a framework that supports local governments in surveying and mapping vacancy data across their built environment.

The Hidden Housing Approach is built for cities that need housing solutions now. It mobilizes local governments to identify vacant and underused buildings that could and should be homes, and brings multidisciplinary teams together to transform overlooked spaces into dignified, affordable housing.

The Shift's Hidden Housing approach is built on four core tenets:

1. **See Potential, Not Just Risk:** This tenet calls on cities to recognize the potential in vacant and underused buildings and spaces. With the right strategies and policies, renovation, adaptive reuse, and repurposing can deliver homes faster and at lower cost than building new.
2. **To Know What's Possible You Need to Know What You Have:** Mapping and assessing vacant and underused spaces allows municipalities to identify realistic opportunities to create affordable housing without starting from scratch.
3. **The Greenest Building is the One Already Built:** Existing buildings contain embodied carbon that is locked in at the moment of construction and cannot be reduced over time. Adaptive reuse and renovation can reduce emissions by 50% to 75% compared with new construction.⁶
4. **Human Rights are the Means and the End:** Hidden Housing is grounded in a human rights-based approach that prioritizes access to adequate housing for those facing the greatest barriers. By using maximum available resources, including land, buildings, and policy tools, municipalities can advance practical, scalable solutions that deliver affordability.

Hidden Housing: Proven in Practice

The Shift has received funding from La Fondation Emmanuelle Gattuso to lead a Hidden Housing Pilot with the City of Halifax, supporting the identification of vacant and underutilized properties and the development of a concrete action plan to bring them online as affordable housing. As part of the project, The Shift assembled a team of Danish architects specializing in adaptive reuse, alongside Canadian heritage specialists, to conduct a

feasibility study on a downtown church hall. The study will produce a technical and business case to convert the property into affordable housing for seniors and families, with lessons applicable to more than 60 similar sites in the downtown core alone. In parallel, The Shift is developing a scalable audit roadmap, a step-by-step framework to help municipalities identify, activate, and maintain underused building stock for affordable housing. Working with local partners, including City Council, Dalhousie University, and data analysis firms, the project will deliver practical recommendations to help Halifax and other municipalities build a comprehensive inventory of built assets across the region.

The Financial Case for Hidden Housing

For BCH, the financial argument for Hidden Housing is straightforward: optimizing, renovating, and repurposing what we already have to deliver the housing that we need is faster, more affordable, and sustainable than relying solely on new construction.

It reduces long-term fiscal and social costs. Chronic homelessness carries enormous downstream public costs across healthcare, emergency services, and social support. Producing deeply affordable housing faster through adaptive reuse reduces long-term fiscal pressure on governments at all levels.

It costs less to build. Conversion and renovation projects avoid the compounding expenses of land acquisition, demolition, foundation work, and full material supply chains. Existing utilities and infrastructure can often be activated directly. Comparative North American analyses suggest adaptive reuse is typically 15–40% less expensive than new construction, depending on building condition and scope. Construction and demolition waste also represents the largest single waste stream in most developed economies, further strengthening the case for reuse and retrofit approaches over demolition and rebuild cycles.⁷

Existing infrastructure is a hidden subsidy. Vacant buildings in established neighbourhoods already sit within serviced urban fabric – transit, utilities, social infrastructure – that would otherwise need to be built or extended at significant public cost.

It's a climate strategy with a financial return. Buildings in Canada generate roughly 18% of national greenhouse gas emissions, rising to nearly 30% when construction materials and embodied carbon are included, making it the third-largest source of carbon emissions nationally.⁸ Reuse avoids the bulk of embodied carbon costs; With Canada's carbon price rising to \$170/tonne by 2030,⁹ high-emission construction is becoming an increasingly expensive default. Targeted retrofits to thermal envelopes, HVAC, and ventilation can bring older buildings to high-performance standards at a fraction of the environmental cost of demolition and rebuild.

Vacancy tools generate real revenue. Vancouver's vacant home tax has produced over \$194 million for affordable housing and driven vacant properties below 1,000.¹⁰ Scaling these tools nationally – and connecting them to activation pathways rather than treating them as revenue instruments alone – significantly expands the financial foundation for The Shift's Hidden Housing approach.

Reuse Generates Returns That Outlast the Project. Dormant structures that once served a community function are restored to life, strengthening local character, attracting residents and businesses, and expanding the tax base. Job creation during and after construction increases local spending, and heritage-related reuse can generate tourism and civic pride.

How BCH Can Lead on Hidden Housing

The following recommendations outline how BCH can integrate Hidden Housing into its mandate to help the federal government achieve its objective to create affordable housing at scale.

- 1. Fund the path to shovel-ready:** BCH should establish a program providing funding, technical resources, and capacity building to move reuse projects from concept to construction-ready.
- 2. Create a municipal property acquisition fund:** BCH should establish a standing pool of acquisition funding that municipalities can draw on quickly to purchase properties for affordable housing when they become available.
- 3. Require municipal vacancy tracking as a condition of funding:** BCH should require municipalities seeking funding to maintain a formal mechanism – registry, vacancy tax, or land information system – to track vacant and underutilized properties. Federal dollars should flow to cities that know what they have.
- 4. Prioritize adaptive reuse before new construction:** BCH should recognize adaptive reuse, retrofits, and conversions as the default strategy, with new construction reserved for contexts where existing buildings cannot meet demand.
- 5. Condition all funding on income-based affordability:** BCH should condition all loans, subsidies, and equity investments on the delivery of rent-geared-to-income housing, establishing a clear, income-based definition of ‘affordable’ that ensures public dollars reach those most in need.
- 6. Establish a Social Housing Revitalization Loan Program:** BCH should create a low-interest, long-term loan stream specifically designed to bring existing but offline or underutilized social housing units back into operation.

Conclusion

BCH has an opportunity to unlock affordable housing supply. But realizing that opportunity requires a willingness to move beyond the conventional approach of building new and look instead at what already exists within our communities that can be repurposed faster, cheaper, and more sustainably. The Shift’s Hidden Housing approach is not an alternative to BCH’s mandate. It is an effective way to fulfill it by maximizing the impact of every public dollar, reaching those most in need as quickly as possible, and demonstrating that the federal government is serious about realizing the right to housing.

Contact Us

The Shift is available to provide further information, discuss partnership opportunities, or present the Hidden Housing approach in detail. info@make-the-shift.org | www.make-the-shift.org

End Notes

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