

# Ontario Construction Groups Call for 3-Year HST Holiday to Revive Housing Market

[Construction Links](#) February 25, 2026

Ontario's residential construction sector is calling for urgent tax relief to address the province's deepening housing crisis. The [Residential and Civil Construction Alliance of Ontario](#) (RCCAO) and the [Residential Construction Council of Ontario](#) (RESCON) are urging both the Government of Ontario and the Federal Government to implement a three-year HST holiday on new home construction.

Backed by economic analysis from the Canadian Centre for Economic Analysis (CANCEA), the proposal argues that temporarily removing the Harmonized Sales Tax (HST) on new homes would be statistically revenue-neutral for all levels of government while delivering significant economic and employment benefits.

According to RCCAO and RESCON, high taxes on new home construction are compounding affordability challenges and slowing housing supply across Ontario. The organizations warn that without immediate intervention, prolonged job losses in the skilled trades could create long-term structural damage to the province's construction workforce.

CANCEA's independent analysis outlines several projected outcomes of a three-year HST holiday:

- Preservation of approximately 26,000 direct construction industry jobs
- Stimulation of new housing starts by encouraging builders to re-enter the market
- Increased buyer activity driven by short-term purchasing incentives
- An estimated \$3.9 billion contribution to Ontario's GDP
- Revenue neutrality across federal, provincial, and municipal governments

Industry leaders argue that removing the HST on new home construction would create immediate economic urgency in the market. By lowering upfront costs for buyers, the policy is expected to unlock demand, improve project viability for builders, and accelerate housing supply at a critical time.

RCCAO Executive Director Nadia Todorova emphasized that skilled trades workers require immediate government action to stabilize market conditions and prevent further employment losses. RESCON President Richard Lyall underscored the broader economic implications, noting that homes are currently taxed at levels comparable to alcohol and tobacco products—an approach the industry considers counterproductive during a housing crisis.

The proposal calls for implementation in the upcoming 2026 Ontario provincial budget, with the Federal Government acting in coordination. Industry stakeholders also stress the importance of advancing Bill C-4 through the Senate and securing Royal Assent to support broader housing and tax reform objectives.

As housing affordability remains a top policy concern in Ontario, proponents argue that a temporary HST holiday represents a practical, economically sound measure to restore confidence in the residential construction market. By protecting jobs, incentivizing buyers, and accelerating supply, the measure aims to bring stability and renewed momentum to Ontario's housing sector.