

July 30, 2025

Hon. Niki Sharma
Attorney General and Deputy Premier
Parliament Buildings
Victoria, BC
V8V 1X4

Re: Industry Feedback on Prompt Payment Legislation

Dear Attorney General Sharma:

On behalf of the Canadian Home Builders' Association of British Columbia (CHBA BC) and the Urban Development Institute (UDI), we would like to thank your Ministry's staff for meeting with us on April 30th to discuss industry questions regarding the progress of prompt payment legislation in British Columbia (BC).

At the request of Ministry staff, we have compiled our detailed feedback outlining the potential impacts of prompt payment legislation on housing development in BC. As noted in our previous correspondence dated [May 22nd](#) and [September 17th](#), we continue to have significant concerns about the implementation of prompt payment legislation and its unintended consequences for the building sector, particularly in the face of current economic conditions.

The Cost Of Delivery Crisis

The [Canada Mortgage and Housing Corporation \(CMHC\) estimates](#) that between 2022 and 2030, the country "... needs about 3.5 million additional housing units by 2030 to restore affordability." They have also projected Canada would miss this target by 1.4 million homes. The gap has since grown to 1.8 million homes due to the "... the current shortfall in housing construction." Purchasers and renters have "*hit a wall*" in terms of what they can afford to pay for housing, as our members can no longer deliver new housing at purchase prices or rents that British Columbians can afford. The industry is in a cost of delivery crisis.

Unsurprisingly, market activity is declining:

- *“In metropolitan Vancouver, there are currently 2,500 condo units completed and unsold and that number could climb to 3,700 by the end of the year;”*¹
- According to [CMHC](#), *“...In 2024, condominium apartment unit cancellations were 5- and 10- fold higher than they were in 2022 in Toronto and Vancouver, respectively;”*
- Avison Young [shared](#) that 22% of land sales over \$5 million in Q1 2025 were court-ordered, more than double the rate from the same period last year; and
- *“The BC Financial Services Authority ... is monitoring the challenging environment impacting the development industry as a consequence of economic uncertainty and rising construction costs.”*²

The problems impacting the industry and resolving them are not going to be short term. In May of this year, rennie, one of the largest condominium marketing companies in Canada, laid off 25% of their workforce citing the declining market. Their President, Greg Zayadi, stated *“The shifts we’re seeing in real estate aren’t temporary, they’re structural. And yesterday is never coming back.”* Other companies in the sector, including [many builders](#), are also laying off staff – not only diminishing our economy, but also the capacity of the industry to provide new housing. These challenges also impact non-profit developers and senior governments, who have even greater capacity and resourcing challenges.

All levels of government will need to work together in order to resolve the cost of delivery crisis BC is facing. This includes reviewing government policies and standards being imposed on new housing so new requirements that make the development process even more challenging not only need to stop being added, but they also need to be reduced.

Phased Implementation: Public-Sector-First Approach

We understand that advancing prompt payment legislation is a priority for your Ministry and generally support efforts to improve payment certainty for the construction sector. However, with the economic challenges outlined above, the implementation of prompt payment would add another layer of complexity that could negatively impact already struggling projects.

We strongly recommend the Province consider a public-sector-first rollout of prompt payment, wherein the legislation initially only applies to public sector projects, before expansion to private sector projects is considered. Anecdotally, we have heard from contractors and subcontractors that payment delays of 90+ days are most common for large public infrastructure projects. Phasing in public sector projects first could be effective in

¹ <https://www.theglobeandmail.com/canada/british-columbia/article-new-condo-market-in-greater-vancouver-in-dire-shape/>

² [Ibid.](#)

addressing delays for large public infrastructure projects, while also providing transition time for builders in the residential construction sector to adapt to new requirements.

This approach is consistent with Quebec's implementation of prompt payment. In 2022, Quebec conducted a [public sector pilot](#) for prompt payment with a future commitment to consider its application for other project types. **During the initial public-sector implementation period, we recommend the Province monitor outcomes and provide education, training, and guidance to support potential expansion to the private sector.**

An example of a multi-year implementation approach in BC is the *Pay Transparency Act reporting requirements*, which applied to the public sector first and then was rolled out over multiple years based on employer size:

- By November 1, 2023: the BC government and BC's six largest Crown corporations (BC Hydro, BC Housing, BC Lottery Corp., BC Transit, ICBC, and WorkSafeBC);
- By November 1, 2024: all employers with 1,000 employees in BC or more;
- By November 1, 2025: all employers with 300 employees in BC or more;
- By November 1, 2026: all employers with 50 employees in BC or more.

Phased implementation would allow the private sector time to update internal processes and software systems, as well as manage changes in staffing requirements. A phased timeline based on employer size would also provide the most transition time for small- and medium-sized builders that have limited administrative capacity– for many smaller builders, compliance with prompt payment timelines will likely require hiring additional staff to support payment processing.

In addition to our recommendation for phased implementation, we have outlined below several key areas that we urge the Province to consider.

Payment Timeline

We recognize that there is precedence for a 28-day payment period from other provinces that have adopted prompt payment legislation. However, the 28-day payment window is inconsistent with the realities of existing internal accounting processes and construction mortgage draw timelines.

While timelines often vary based on the size and scale of the builder/developer, project, and lender financing the project, generally key processes like mortgage draw approvals, third-party inspections, and reviews routinely extend beyond 28 days. With existing accounting processes, if an invoice is submitted right before the cut-off deadline, it may be paid in **as few as 35 days**. If an invoice is submitted right after the cut-off deadline, that period will be **closer to 60+ days**. This process could involve coordination across multiple departments such as development

managers, project managers, administrative personnel, accounting staff, etc. as well as external approvals with Quantity Surveyors (QS) and payment certifiers.

Based on input from 3-4 builders/developers, a typical accounting process has been outlined below. More detailed examples have also been outlined in **Attachment A**.

- **Day 0: Invoice Cut-Off Date.**

Invoices are typically due at a specific “cut-off” date each month.

- **Day 1-10: Internal Review & Approval Process.**

Once invoices are received, they are logged, coded, and reviewed by internal staff. This stage involves a number of people such as Project Managers (PM), Construction Manager (CM), Development Manager (DM), junior staff and administrative assistants, accounting/bookkeeping team and approving officers. Each invoice is verified against contractual milestones, delivery receipts, or work progress. This internal routing and approval process typically takes 7-10 days.

- **Day 10-27: Draw Report Preparation and Submission to QS.**

Once internal approvals are complete, the developer prepares a draw report, summarizing all approved costs for that month. This report is usually finalized within 10-17 days, depending on the firm’s internal capacity. Payment for many construction projects is tied to lender funding, and lenders require a verified draw package before releasing funds. Once the draw report is prepared, it’s submitted to the external Quantity Surveyor for review.

- **Day 27-37: QS and Lender Review.**

The Quantity Surveyor reviews the submitted draw report, cross-checks it with work completed on-site, and then prepares their own certification or summary for the lender. This typically takes approximately 10 days. Once complete, the QS submits their report to the lender, who then conducts its own internal checks. Only after the lender is satisfied is the release of funds authorized, often happening around the end of the month.

- **Day 37-44: Lender Releases Funds and Invoices are Paid.**

Once funds are released by the lender, the Owner can issue payments to suppliers, trades, and consultants. Depending on how quickly the accounting team processes payments after the funds arrive, it takes approximately 7 days. If an invoice is submitted past the cut-off date for that cycle, it may take 60+ days to process and receive payment.

Please note: This timeline represents the upper limit for each phase of the payment process and may vary depending on internal capacity and external approvals. Our members generally try to issue payments by the end of the subsequent month, thus following an approximately 35-45 day payment timeline.

We recommend that the Province consider a more flexible model, such as a 45 day payment window from the invoice “cut-off” date set out in the contract. This would better reflect operational realities while still advancing the goal of timely payments. An alternative option would be to mandate a 60 day payment timeline from the invoice submission date.

Transition Measures

To avoid disruption to in-stream projects, **we recommend the Province include transition measures so contracts entered into prior to the effective date for each phase are exempt from any new requirements.** These transition measures would minimize administrative barriers to implementation by eliminating the need to re-issue existing contracts across all of the various contractors/subcontractors engaged in a project.

It would also provide time for builders/developers to assess financing options and engage with lenders with mortgage draw approvals timelines more likely to align with the new mandated payment timelines. There are many lenders that may not be able to approve and release funds within the timelines mandated and financial arrangements are secured early in the development process– it is difficult (and in many cases impossible) to alter them later when contracts are already in place.

Proper Invoice Requirements

Errors in invoicing generate additional paperwork and administrative processing time, which ultimately delay payments. With mandated payment timelines, this additional time is even more challenging as this added processing time will mean less time for approvals required to release funds. **We recommend the Province provide clear guidelines for what constitutes a “proper invoice”.**

Ontario’s prompt payment legislation mandates seven elements in a proper invoice: contractor details, work dates, contractual authority, itemized scope, payment terms, payee contacts, and prescribed conditions. With mandated payment timelines, standardized invoicing templates could support payments being processed in a timely manner. An example of a proper invoice has been included below in **Attachment B**.

We hope you will take our feedback into consideration. We value this opportunity to work together on prompt payment and remain committed to advancing solutions that reflect the realities of housing delivery and payment timelines. Please do not hesitate to reach out if you have any questions.

Sincerely,



Neil Moody,
Chief Executive Officer
Canadian Home Builders' Association of BC



Anne McMullin,
President and CEO
Urban Development Institute

cc: Hon. Christine Boyle, Minister of Housing and Municipal Affairs
Mark Hosak, Chief of Staff, Ministry of Housing and Municipal Affairs
Katie Armitage, Legal Counsel, Ministry of Attorney General

ATTACHMENT A: Payment Process Examples

Please note: These examples are based on an invoice “cut-off” date of the 25th of every month with invoices paid at the end of the following month. These timelines may vary depending on the builder/developer and contract.

Example 1: Invoice submitted just before cut-off date.

# of Days from Invoice Submission	DESCRIPTION	EXAMPLE DATES
0	Proper invoice received from contractor.	Sep 24
1	Invoice cut-off date.	Sep 25
8	Internal review and approval process.	Sep 26-Oct 2
18	Draw report preparation and submission to Quantity Surveyor.	Oct 3-12
28	Quantity Surveyor and lender review of draw report.	Oct 13-22
35	Lender releases funds and invoices are paid.	Oct 23-29

Example 2: Invoice submitted just after cut-off date (to be processed at the next cycle).

# of Days from Invoice Submission	DESCRIPTION	EXAMPLE DATES
0	Proper invoice received from contractor.	Sep 26
30	Invoice cut-off date.	Oct 25
37	Internal review and approval process.	Oct 26-Nov 2
47	Draw report preparation and submission to Quantity Surveyor.	Nov 3-12
57	Quantity Surveyor and lender review of draw report.	Nov 13-22
64	Lender releases funds and invoices are paid.	Nov 23-29

As the invoice was submitted after the September 25th cut-off deadline, it was not processed in the current cycle and rolled over to the October cycle resulting in a longer payment timeline.



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