



December 2, 2018

Timothy Bryan
Committee Clerk
Standing Committee on Finance and Economic Affairs
99 Wellesley Street West
Room 1405, Whitney Block
Queen's Park
Toronto, ON M7A 1A2
Via email

RE: *Bill 57, Restoring Trust, Transparency and Accountability Act, 2018*

The Residential Construction Council of Ontario (RESCON) is pleased to provide comments on Bill 57, *Restoring Trust, Transparency and Accountability Act, 2018*, which is the accompanying legislation of the Fall Economic Statement.

RESCON represents over 200 residential builders of high-rise, mid-rise and low-rise buildings in the province. The focus of RESCON's work is on technical standards; labour relations; industry research and innovation; health and safety; regulatory reforms; training and apprenticeship.

RESCON is pleased to see a strong focus on increasing housing supply as part of Bill 57. In the Greater Toronto Area there is a chronic housing supply problem which is evident by the fact that in 2017, new housing demand was estimated to be 55,000 new homes, but only 44,000 were supplied. The shortfall of about 10,000 units per year is a chronic problem. Currently, statistics for 2018 note that low-rise sales have decreased by 80 percent.

RESCON has consistently noted that the lack of housing supply relative to demand results in artificially high prices and affordability problems. This has significant impact on the province's competitiveness and ability to attract investors and their employers. RESCON believes that the Housing Supply Action Plan being launched by the Ministry of Municipal Affairs and Housing will provide an opportunity for industry to give its perspective on the current barriers that are negatively impacting the development of ownership and rental housing.

The reintroduction of the rent control exemption that will apply to new rental units will address the very serious purpose-built rental supply problem in Toronto and the region. The proposed policy change will stimulate more construction than we have today while protecting existing tenants. Building more ownership and rental housing in Ontario is an essential component to a strong and vibrant economy. The various initiatives highlighted in Bill 57 are steps in the right direction.



Measures aimed at speeding up approvals should include the following concepts:

- Reduction of development approval **timeframes** such as improving compliance with regulated timeframes, reducing regulated timeframes that are too long (e.g., official plan, zoning updates, site plan control) and introducing new agency service level standards where none exist.
- Initiating regulatory **system improvements** to achieve shorter approval timeframes such as having more regulatory agency transparency supporting more complete and compliant professional applications; client centric agency checklist for provincial, municipal agencies for better service; and expanding e-permitting and BIM among municipalities, regulatory agencies, to speed up communications and approvals.

Other important measures to enhance housing supply in the GTA include:

- Addressing out of date planning including out of date zoning that does not align with the growth plan which calls for intensification around transit stations and avenues
- Addressing the huge transit deficit in the GTA through innovative financing such as land value capture – similar to the government's approach with the GO Mimico station

Further, RESCON would like to provide some commentary on the *Construction Act*, which was included in Bill 57. The mandatory adjudication process is a significant departure from the current dispute resolution process in North America. While adjudication is used in Great Britain, there is no jurisdiction anywhere that has both a parallel lien process and prompt payment/adjudication. Therefore, RESCON would like to see an extension of the implementation of adjudication for an additional year to October 1, 2020 so that all parties understand the new contractual environment and have time to adjust to the required payment certification practices.

The implementation of the adjudication process should be overseen by a group of industry experts that represent stakeholders in construction. There is no representation from residential construction and there is no representation from non-lawyers. We believe the composition of the panel is driving certain outcomes since the legislation and now regulations are overly complex, administrative, process-driven and inconsistent with contractual realities outside large institutional/commercial/industrial contracts. An example of this was the expert recommendation which would mandate liens be applied to the entire subdivision on disputes related to one or two houses.

The adjudication process as envisioned in the regulations does not make any distinction between sectors, types of contracts or size of contracts. Additional work should be done to



ensure that all sectors have adjudicators that have expertise in those specific areas. For instance, the adjudication expertise for a dispute between a home owner and a contractor over a yard fence will likely not be as rigorous as a multi-billion-dollar public sector contract.

The previous government essentially allowed for Infrastructure Ontario and Metrolinx the ability to contract out of major provisions of the Act including the payment timelines. It did this by providing alternative financing and procurement/public private partnership construction projects with the ability to delay invoicing until all the work has been certified as complete. We believe that all contracts should have this option.

RESCON is looking forward to working with the provincial government on these and other matters.

Regards,

A handwritten signature in blue ink, appearing to be 'R. Lyall', written in a cursive style.

Richard Lyall
President