



February 6, 2019

The Honourable Victor Fedeli
Minister of Finance
c/o Budget Secretariat
Frost Building North, 3rd Floor
95 Grosvenor Street
Toronto, Ontario M7A 1Z1

Dear Minister Fedeli:

RE: Residential Construction Council of Ontario's 2019 Pre-Budget Submission

The Residential Construction Council of Ontario (RESCON) is pleased to submit its 2019 Pre-Budget Submission. The comments in this document mirror RESCON's presentation before the Standing Committee on Finance and Economic Affairs, which took place on January 29th in Toronto.

RESCON represents over 200 residential builders of high-rise, mid-rise and low-rise buildings in the province. Our goal is to work in cooperation with governments and related stakeholders to offer realistic solutions to a variety of challenges facing the residential building industry which also have wider societal benefits. The focus of RESCON's work is on technical standards; labour relations; industry research and innovation; health and safety; regulatory reforms; training and apprenticeship.

The Greater Toronto Area is experiencing 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 homes were supplied. The shortfall of about 11,000 units per year is a chronic problem reflected in a recent study that pointed to an overall shortage of 160,000 units. 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. Toronto has been ranked the tenth least affordable city in the world, which coupled with the transportation issues facing the city, is not conducive to growth, competitiveness and ability to attract investors.

Therefore, RESCON has been pleased by the actions of the government in the form of the Housing Supply Action Plan for which RESCON submitted its comments on January 25th. RESCON is also pleased by this government reintroduction of the rent control exemptions for new rental units, which addresses the very serious purpose-built rental supply problem in Toronto and the region. That measure will stimulate more construction while protecting existing tenants. We are also happy by the steps taken by this government to reduce red tape and streamline regulations; elements that are essential in addressing the current housing supply issues.



I appreciate the opportunity to provide you with our recommendations on this very important topic. Please do not hesitate to contact me if you want to further discuss these ideas.

Sincerely,

Richard Lyall
President



In terms of specific issues that RESCON would like to see in the budget and as policy direction going forward, these include:

1. Reduce and streamline development approval timeframes

Ontario's development and building approval processes are much slower and less innovation friendly than many other advanced jurisdictions. Research shows that site plan control approvals that should take one month often take more than nine months, with follow up research indicating that this timeline is now more than two years for residential buildings. Challenges remain in other parts of the province outside the Greater Toronto Area, with respect to approval timelines and housing affordability.

- **Development approval timelines should be modernized and risk-based like review timelines under *the Building Code*, in order to better target resources.** For example, site plan control we recommend a risk-based timeline of somewhere between 20 – 30 days and 40 or more days, based on project risk and complexity. Similarly, timeline for other largely technical municipal and external agency approvals also need to be risk based.
- Development applications can be approved much more quickly when applications are complete and compliant with regulatory and other requirements, from the very beginning. This is only possible if the regulatory agencies are totally transparent with respect to their requirements.
- ***Province should endorse common data platform supporting expanded e-permitting and 3D BIM.*** We need to greatly expand the use of e-permitting in the planning, engineering and building permitting areas. Not only must all municipal approval departments be linked together through a comprehensive e-permitting system but also external commenting agencies such as the conservation authorities, and relevant ministries. The e-permitting system should allow 3D GIS BIM (allowing for 3D location specific representations of buildings) to be transferred to all agencies to facilitate planning approvals as well as building code approvals. Builders should be able to informally test development ideas for regulatory compliance prior to a formal submission. Establishing a comprehensive e-permitting system to facilitate file transfers, while allowing for competition among vendors, requires a common information and data platform. A working group composed of building officials from the Ontario Building Officials Association (OBOA) and from Ontario's large municipalities, are currently developing such a platform. ***Since this platform will also need to connect provincial agencies, we need the Province's support and endorsement of the current effort led by municipal building departments and industry to create an Ontario-wide platform.***

2. There should be much faster municipal zoning updates that align with provincial plans

- ***The Province needs to exercise leverage to achieve up to date zoning that reduces unnecessary red tape.*** This means no transit investment is approved until updated zoning is



in place. Since transit investments serve a broader public good (less congestion, more housing supply, more economic competitiveness), and since we already have a substantial transit deficit, the Province should consider multiple transit line options and have municipalities compete via updated zoning for the privilege of a getting new provincial transit investment.

- **The Province should remove Section 37 density bonusing provisions that delay municipal zoning updates.** Under Section 37 of the *Planning Act*, a municipality can permit increased building heights or densities, in return for the provision of facilities, services or matters (including money) as set out in the bylaw. This provision, when combined with the fact that the Province allows municipalities eight years to update zoning to align with the provincial growth plan and does not penalize municipalities if this timeframe is not met, has the effect of encouraging, if not almost endorsing, a municipal practice of chronic under-zoning. This in turn provides a platform for extracting substantial financial benefits from developers who just want to comply with the approved provincial growth plan. Site plan control already addresses site specific requirements for larger buildings, while development charges are intended to address the incremental impacts of new development on services, infrastructure, etc. Therefore, there should be no need for section 37, since these impacts can be addressed in a more standardized way through existing planning tools (site plan control and development charges).

3. Provide funding to support training and apprenticeships in the residential building workforce

The provincial education system needs to be overhauled and a quantitative analytical deep dive needs to be performed on value-for-money relative to skilled training given the shortages that our industry has and the fact that only two percent of high school graduates are registered apprentices.

The success of our industry is dependent on attracting and retaining a skilled and stable workforce. However, our industry over the next decade is facing a skills shortage that has continued to grow worse as skilled workers retire without adequate replacements.

RESCON has been addressing this shortage through several partnerships. Our Career Ready Fund Program, with Humber and George Brown College, places recent college graduates from various skilled trades programs in residential construction trades with our employer/association partners. The successful placement of graduates has created a blueprint which can be expanded throughout the residential sector and civil/infrastructure sector. The program has created the infrastructure needed to supply builders and trades with a skilled workforce.

Given the importance of a skilled workforce for the residential building industry, which is the largest employer in all of construction, RESCON would like the Province to:



- ***Continue funding the current Career Ready Fund Program that RESCON has with Humber and George Brown College which will allow for the cost-effective creation of real jobs for Ontario's Youth.*** As the government may be aware, each sector of construction is distinct, therefore unless funds for workforce development are dedicated to the residential construction sector (and not just construction in general), there will be impacts related to the supply of labour, which will have a profoundly negative impact on housing affordability and supply.
- ***Dedicate funds to promote skilled trades as a career of choice, remove the social stigma that still exists ensuring all of Ontario's students are provided adequate resources when deciding their future careers.*** Currently, provincial school systems do not adequately prepare young people for jobs in the trades. By creating a third wall and providing information (like what is provided currently for Universities and Colleges), the Ontario government can address the skills gap.