

Intensification impacts on millennial consumers

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Report points to gap in spectrum of available residential housing products: **RESCON**



Millennials are on the cusp of becoming the largest group of home buyers and renters, and they are entering a wildly different real estate market than their parents did.

The Consumers Council of Canada struck an expert panel that studied this changed terrain, culminating in a report released last month. [Residential Intensification: The Impact on Consumers](#) contains 24 consensus-based recommendations captured under the categories consumer education, planning policies, building performance and affordable housing.

They run the gamut from building on coming Condominium Act reforms to re-raising problems flagged by the residential construction industry. Recommendation four suggests introducing both new and returning condo directors to building operations, maintenance and energy efficiency as part of mandatory training. Recommendation 10 calls on the province to provide the tools to streamline the planning approval process.

The council, which represents consumers by working with business and government, produced the report with arm's-length support from the Residential Construction Council of Ontario (RESCON). The 12-person panel that made the recommendations included consumer, expert and

industry representatives. The consumer representatives were John Caliendo, co-president of the ABC Residents' Association, Linda Pinizzotto, president of the Condo Owners Association (and a real estate agent), Brian Smith, who was CEO and president of WoodGreen Community Services when the project began, and Sybil Wa, an associate at Diamond Schmitt Architects.

For **Richard Lyall, president of RESCON**, the report served to underscore some of the supply-side factors that are shaping the real estate market — factors he claims no one government entity is looking at holistically.

In the mid-aughts, the provincial policy-driven push for intensification — building up instead of out — fueled the condo boom of the decade that followed. The accompanying record numbers of apartment unit completions have provided millennials with either a foothold in the real estate market or a stopgap in the until recently stagnant purpose-built rental market.

But as the demographic cohort reaches its child-rearing years, its members face a dilemma: stay in compact units in the downtown core or search for ground-oriented homes in the suburbs. And as sustained demand for a declining supply of ground-oriented homes has put upward pressure on prices, millennials have to go farther and farther into the suburbs to find affordable ground-oriented homes.

This, says Lyall, points to a conspicuous gap in the available residential products: mid-rise development and three- and four-bedroom units.

“When [the provincial government] came in with the old growth plan and the green belt, what really happened there was you had a restriction in the supply of land,” he says. “You had a requirement to go higher, but one of the problems was the tools to enable you to go higher weren't created.”

Such tools could include as-of-right zoning and development permit systems. Anything that can be done to free up land in the white belt for redevelopment and cut red tape that drags out project timelines — on average, 10 years — would mitigate the squeeze on the housing stock pipeline that is propelling prices, Lyall says.

“We're hoping the report will show some of these problems and we'll possibly get consumers, maybe even millennials, a little more active in advocating for changes that would increase supply,” he says.

Aubrey LeBlanc, president of the Consumers Council of Canada, explains that the report is intended to act as a conversation-starter in the complex public policy area. Many of the recommendations centre on awareness of the issues associated with intensification.

“Our early use of this report would be with respect to information so that people understand the complexity of what they're acquiring, and it is not just simply a real estate transaction with so many square feet at such a price,” says LeBlanc, “but there are neighbourhood issues, there are quality of life issues in terms of ... neighbourhoods and how well some of them aged and how well some of them didn't.”

LeBlanc is well-positioned to speak to these issues, having previously served as CEO and registrar of the Ontario New Home Warranty Program (now Tarion) and having recently sat on the 12-member expert panel that made recommendations for Condominium Act reform to the Ontario government.

Some of the council's report echoes coming changes, such as its call on the province to provide an updated list of condo owner rights and responsibilities and to adopt disclosure requirements similar to those found in B.C.'s Real Estate Development Marketing Act. The report also suggests that the Ministry of Government and Consumer Services continue to research condominiums and condominium living, as well as seek opportunities to collaborate with condo associations and industry agencies in that work.

The report highlights a handful of points on which the panel failed to reach consensus, including whether voluntary energy efficiency and green building certification programs should be made mandatory and whether municipalities should streamline approvals for low- and mid-rise multi-residential projects in existing neighbourhoods composed of single-family homes.

In LeBlanc's view, the key takeaway from the report ought to be that intensified living will only, well, intensify in coming years, and that it's important for consumers to appreciate its attendant issues.

"So that brings the need to understand all of the new materials, all of the new designs, all of the community consequences of being in an intensified environment, and understanding your municipality's role and attitude toward it and the rules that govern it."

As to next steps, the council is in talks with RESCON to take the research further with a view to untangling some of the unresolved issues.