

Housing costs, red tape and new-home buyers



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New-home buyers pay for the costs of bureaucratic inefficiency, duplication and delays.

Few people are aware of the enormous list of rules and regulations that must be contended with to build new homes and condominiums in Ontario — arguably the most complex and difficult jurisdiction within which to build in North America.

RESCON's director of technical Standards, Michael Steele, recently reviewed this and identified 45 government entities that have a direct role in the process. Forty-five!

So what does that mean for you as you consider purchasing a new home? More red tape, more costs.

This probably isn't a shock to anyone involved in residential construction. There have been many reports rolled out in recent years to try to understand and deal with this situation that's increasing the cost of a new home.

A housing industry coalition in a 2008 report entitled "Poverty Reduction and Affordable Housing" called for a Housing Affordability Impact Audit to examine how planning and building regulations affect the supply and cost of new housing.

Subsequent reports in 2011 addressed the consequences of government-imposed costs on new housing, reducing hidden housing costs and the impact of restricted land supply. At that time, the costs were estimated to be as high as

\$80,000 per unit in some parts of Ontario.

Then, in 2013, a report prepared for our friends at the Building Industry and Land Development Association by Altus Group estimated the cost of government fees and charges amounted to more than one-fifth of the cost of a new GTA home.

That means a \$500,000 new home would include \$100,000 of government fees and charges.

That was two years ago. Certainly costs are higher, but the implications are for the region are unknown.

To date, no coordinated government action has been taken to examine these costs even though housing affordability has been correctly identified as a critical issue.

New-home buyers face a supply of new housing that has been restricted by these added costs, helping to drive housing prices continually higher.

Moderate income families often can't enjoy the many benefits of new housing. Those that can afford new housing must typically amortize any associated costs over many years. Has the time finally come for action?

Here's what I think our industry needs: we need one

body, not 45 entities, tasked with ensuring the supply of new housing that is affordable which can then support economic growth.

Readily available innovative measures could reduce administrative and hard costs enabling the construction of more affordable housing in the province, such as streamlining the

permit process and improved coordination of applicable laws.

We must embrace innovation to construct affordable, sustainable and environmentally resilient housing in the future. Cutting red tape won't cost you a penny.

For a partial list of the regulatory instruments and authoritative bodies

that impact Construction in Ontario, go to rescon.com/blog.

— Richard Lyall, who has represented Ontario's residential building industry since 1991, is the President of RESCON. Contact him at @RESCONprez or lyall@rescon.com.

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More red tape means more costs, and to date, no action has been taken to examine these costs even though affordability is at issue.

