

Government commits to increased housing supply

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by Neil Sharma 02 May 2019

The Ontario provincial government introduced measures yesterday to reduce the cost of building housing in a bid to increase supply.

In particular, it hopes to catalyze the development of missing middle housing.

“The missing middle is critical,” said **Richard Lyall, president of the Residential Construction Council of Ontario**. “We’re building lots of towers, but not enough medium- and lower-density housing. If you go to other cities in the world, they have large towers but they also have missing middle housing. It’s difficult to do here because, as the government said in its announcement, it takes 10 years to get projects done, and carrying a project through that length of time is expensive, therefore, builders will choose to build 40 or 50 storeys instead of 10 or 20.”

Additionally, development charges for secondary suites, like basements or laneway housing, is being scrapped, and development charges, parkland fees and Section 37 will be rolled into one formula so that there’s more predictability with final costs.

The province will also defer charges on rental and not-for-profit housing for five years, although municipalities can still charge interest.

“Our industry talks about needing certainty around costs to get personal rentals built, and if we can have greater certainty with a formula used to determine what the cost will be, that’s a much more certain environment than the way it’s been working in recent times,” said Tony Irwin, president and CEO of the Federation of Rental-Housing Providers of Ontario.

“Of course growth is supposed to pay for growth, and we understand that, but Section 37 has skyrocketed over the last number of years.”

The Progressive Conservative government will also give the Local Planning and Appeal Tribunal more teeth, in essence allowing it to do what the Ontario Municipal Board—which it replaced—used to do.

There will also be \$1.4 million spent on hiring more adjudicators to help relieve the backlog of cases at the Landlord Tenant Board.

Lyall is pleased to see the government tackle the supply constraint issue, which is preponderantly why housing has become so expensive throughout the province, but especially in its capital city.

“The measure of success is what I’ll refer to as market equilibrium, which is where you balance housing demand and housing supply,” he said. “For at least the last 15 years, we’ve had an imbalance where demand has exceeded supply, and in any market where demand exceeds supply, prices go up. Our supply chain is so messed up that it’s driven costs up.”