

## Toronto city council votes in more red tape

by Neil Sharma 22 Apr 2019



Toronto City Council voted 21-4 in favour of rescinding a noise bylaw exemption the construction industry has enjoyed for the last 12 years—and while a last minute amendment may have averted crippling the city’s construction industry—it begs the question: Could additional red tape result in worsening housing affordability?

The motion was amended to include a permit application for continuous concrete pouring, rather than the outright proscription initially proposed. However, by including additional red tape, another element of risk is added and consumers will ultimately bear the cost.

“When a builder has to apply for a permit, there’s no doubt that risk is reflected in the contract,” said **Richard Lyall, president and CEO of the Residential Construction Council of Ontario**. “A contractor will say there’s uncertainty here and they can’t do things within certain periods of time, so a contingency fee is put into the contract in case they get jammed up by something beyond their control.”

Moreover, an extended construction period—which is still possible, even with the amendment—would be yet another cost for which consumers are on the hook.

“That cost gets passed onto the consumer,” continued Lyall. “As soon as you delay one project, you delay the start of other projects—and remember there’s only so much equipment we can access. That creates another element of risk for new projects. A lot of new projects in the pipeline are all contingent on certain estimated timelines and then you throw a big risk element in there.”

Toronto is already hampered by slow housing delivery, largely because the approvals process takes at least a couple of years when it should take no more than a few months, and in a city struggling with affordable housing, this could worsen the problem.

“The condo market thinks it’s the affordable option, and quite frankly, we are,” said Scott McLellan, senior vice president of Plaza Corp. “When you load stuff like this on, at the end of the day it reflects in an increase to the construction costs. It will exacerbate affordability struggles.”

Given the recent spate of cancelled condominium projects in the Greater Toronto Area, Canada’s second-most expensive region for housing, could superfluous regulations on the construction industry result in yet more cancellations?

“We’re worried about cancelling projects, and the more delay you put in at the outset—whether caused by a market slowdown or red tape and bureaucracy—it can result in cancelled projects if builders aren’t meeting their targets and their schedules,” said McLellan. “Any time there’s more regulation, it has an impact on affordability. The costs are passed through to the purchasers, and is that what we’re trying to do? We don’t want to do it and the consumer doesn’t want it.”