



Ontario development industry deemed essential under coronavirus restrictions

Shane Dingman Real Estate Reporter
Toronto – March 25, 2020

Ontario has decreed that residential construction is among the essential businesses in the province that will be allowed to stay open while many other enterprises must close to combat the coronavirus pandemic.

On Monday, Premier Doug Ford announced his government would order the mandatory closure of thousands of non-essential workplaces. In the list of “Essential Workplaces” the province published hours after the announcement, sectors vital to the maintenance of life were prominent, but so too were workers on “critical provincial infrastructure” such as transit, transportation, energy as well as industrial, commercial and institutional builders. In that same list, residential construction – focused on constructing condominium buildings and single-family homes – was also deemed essential.

It was a move predicted last week by Richard Lyall, president of the Residential Construction Council of Ontario (RESCON). “The industry will continue working unless government orders a shut down. But we are not seeing that,” he said. He’s been working from home, even though he acknowledges most in the construction trades cannot. Among the actions RESCON has taken is to compile a nine-point guide to working during a public health crisis that contractors can follow.

“We have to learn to work with this as it is not going to be over in a month,” he said.

The guide has tips for social distancing on work sites – “staggered start times, staggered breaks, awareness of total number of people on-site and where they are assigned to work” – and also for on-site sanitation of commonly touched surfaces (hoists, site trailers, equipment). One suggestion was to “limit unnecessary on-site contact between workers and between workers and outside service providers. (i.e.: remove coffee trucks from site).”

Mr. Ford also took aim at “bad actors” in the sector who he accused of failing to keep workers safe after hearing stories about sites with over-flowing toilets and no hand sanitizer or running water. Workers who see unsafe conditions should “leave the site and don’t come back” Mr. Ford said.

“It is the builder who has ultimate responsibility for safety, the buck stops with the builder,” Mr. Lyall said. “We’re just trying to keep things going.”

On March 17, one of the country’s largest builders, Mattamy Homes Canada went in the other direction, announcing it would shut down all its work sites until March 31. “It kind of surprised everyone, there was no communication to the industry about why,” Mr. Lyall said. “There were rumours about that. It went around that if Mattamy shut down then everybody is going to shut down.”

On Monday, the Carpenters District Council of Ontario, representing 30,000 tradespeople, called for a halt to all construction in the province. But the provincial list suggests the government is not ready to down tools yet.

The Ontario General Contractors association, members of which cover much of the industrial and institutional construction sector projects issued a bullish statement from its board ahead of the publication of the “essential” list. “Overwhelmingly, they believe they can and should continue to operate with the understanding the situation continues to change, and they must continue to provide for the health of their workers,” it read.

Fernbrook Homes followed Mattamy’s lead in closing its sites, and while Mr. Lyall said he knows of maybe 10 others across the Greater Toronto Area that have stopped construction work, some have also closed sales centres (though some had allowed for appointment-only visits) and sent head office staff home to work remotely, some with indefinite timelines to return.

The impact of shutdowns on the red-hot condominium sector could be significant, according to Shaun Hildebrand, president of Urbanation Inc. “The current schedule calls for approximately 29,000 condo completions this year – which is aggressive but most of which [18,500] are scheduled for the first half of the year. So, even if we do see the usual delays and some further loss of productivity, we could still see between 20,000 and 25,000 units.” The unknown is short of a full shutdown, how much productivity will be lost due to higher absenteeism, staggering work hours and sub-contractors pulling out. “More developers are starting to halt or really slow construction, which will extend out occupancy dates.”

Property analysts at Altus Group published a set of projections on Monday, predicting the pandemic impact across Canada with a range of possible scenarios. If there is minimal impact, it expects perhaps 200,000 housing starts nationwide in 2020 (which would be down from 2019’s 208,000 starts). If there’s prolonged supply and labour disruption along the line of the 2008-2009 financial crisis starts could fall to 150,000. It’s final ominous projection has no figures attached: “Uncharted territory. No explanation necessary.”

Mr. Lyall said the industry is taking its cue from international efforts, pointing to the continuation of construction in Hong Kong and South Korea (which also imposed strict testing requirements to trace cases of COVID-19). “Most jurisdictions deemed construction an essential service. ... Boston shut down, but in San Francisco they shut down ICI [industrial, commercial and institutional projects] but kept residential going,” he said.

Some of those examples are changing quickly: by March 19 California had a shelter in place order statewide and Pennsylvania recently shut down all work that's not "life-sustaining."

The regulatory partners the industry needs are also stepping back. The City of Toronto has cancelled all on-site inspections, except for emergencies. The Tarion Warranty Corporation has said it will no longer insist that pre-delivery Inspection – viewed as a critical consumer protection step – include both builder and buyer prior to closing the new-home transaction. Enbridge Gas has published a bulletin that it will stop providing new site-heating hookups, but it will provide service to connect recently finished homes.

Like other sectors learning to work around social isolation, Mr. Lyall thinks this could be a moment where long-sought innovations in e-permitting and approvals might be implemented.

"Sometimes good things can come out of disasters," he said. "We were already working on a bunch of measures. In a funny-tragic way this will accelerate those efforts going forward."