



## RESCON: Give Ontario's housing action plan a chance

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In an act of political courage, the provincial government kicked off an initiative to increase housing supply – Bill 108. You may have heard it called More Homes, More Choice: Ontario's Housing Supply Action Plan. Opponents were quick to slam the effort, some before reviewing it.

The production of housing is a complex process involving at least 45 approvals agencies and even more applications. The uncertain and risk-fraught process takes an average of 10 years from concept to occupancy if it gets the go-ahead.

Toronto (representing Canada) is 63<sup>rd</sup> out of 190 countries on dealing with construction permits, according to the World Bank's Doing Business rankings. That uncertainty and complexity of the process has a chilling effect on investment.

Housing is a product subject to the forces of supply and demand. In economic terms, equilibrium in the market is when one matches the other. In Ontario, especially the GTA, demand has exceeded supply for some time and it's getting worse.

It was no surprise that prices increased dramatically well beyond income growth. The main problem with this is the more expensive shelter (owned and rented) becomes, the less money many have for other necessities in life; the less investment occurs in businesses and jobs.

This in turn has a direct effect on prosperity which is tied to how well we are doing as a society and what we can afford, including social programs. It also has everything to do with choice and consumer rights: denying supply is essentially a rejection of the right to live in a decent place for disenfranchised young first-time buyers and renters.

The only way to really understand the problem and find solutions is to unpack the housing supply chain and look at where the issues are. Some of us have researched this (see [rescon.com](http://rescon.com)) and predicted the situation would get worse and it did. That is largely because government was not interested at looking at its role in the building approvals process until now.

Until now, government actions and policies have largely just added costs and only addressed demand side issues and effectively did little to encourage supply, or even worse – discouraged new supply, including rental housing.

Bill 108 is particularly gutsy as governments are not typically adept at fixing problems. They often prefer to cut ribbons and announce new programs and subsidies. More fun, less work.

The current government received more than 2,000 submissions and did the math. It correctly realized housing supply had to be fixed to foster an environment where investment and jobs can be created.

The government also acknowledged that housing and transit planning are inextricably linked. It's a refreshing departure from the days when planning for both was considered mutually exclusive. Imagine planning a subway line without considering housing? I kid you not.

The government's plan isn't perfect and still needs elaboration. It will take time, courage and determination. Cities that are bigger than Toronto, including Tokyo, have successfully tackled these issues.

An adequate supply of housing is a prerequisite for the health and well being of our communities, millennials, young families, seniors and others.

(And yes, there will still be a need for social programs for those incapable of supporting themselves through no fault of their own.) Let's give the Action Plan a chance.