

INDUSTRY PERSPECTIVES:

What the number 45 means to residential construction

By RICHARD LYALL Sep 24, 2015

Bureaucratic inefficiency, duplication and delays frustrate everyone in residential construction, from builders and developers to contractors and labourers. Everyone in our industry takes pride in their work and wants to see that the best job is completed on deadline at every site.



But 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. While this province is the economic engine of Canada, it is also arguably the most complex and difficult jurisdiction within which to build new homes in North America.

As the president of the **Residential Construction Council of Ontario (RESCON)**, a builders-only association and proud member of the [Construction and Design Alliance of Ontario \(CDAO\)](#), this is something I see on a daily basis all over the GTA (Greater Toronto Area).

I've had this conversation over the years with many colleagues. So has RESCON's director of technical standards, Michael Steele. He made it his quest to find out just how many government entities our industry has to deal with in order to build new homes. Steele identified 45 government entities that have a direct role in the process. Yes, 45. What does that mean for new homebuyers? It has the same impact as it has on our industry: more red tape, more costs.

A recent report paints the picture of Canadian inefficiency in construction on the global stage: Canada is ranked 118th out of 189 nations for dealing with construction permits, according to the Washington-based World Bank Group's "2015 ease of doing business" analysis for Canada. (That's down three spots from 2014.)

There have been many reports rolled out in recent years to try to understand and deal with what's increasing the cost of a new home in Ontario.

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 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.

In 2013, a report prepared by Altus Group for our fellow CDAO member, the Building Industry and Land Development Association, 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.

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

New homebuyers face a supply of new housing that has been restricted by these added costs, helping to drive housing prices continually higher. Moderate income families 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 we need: one body, not 45 entities, tasked with ensuring the supply of new housing is affordable, thereby supporting 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 co-ordination of applicable laws.

Best of all, cutting red tape won't cost a penny.

For our list of 45, go to rescon.com/blog.

Richard Lyall has represented Ontario's residential building industry since 1991 and is the President of RESCON (a member of the CDAO). Send comments and Industry Perspectives column ideas to editor@dailycommercialnews.com.