



A housing fairy tale with no happy ending

Richard Lyall – RESCON – April 21, 2017

Have you ever wondered how Toronto's housing supply crunch started? Let me tell you the story that I have recounted many a-time over the last 10 years ...

Once upon a time, in a land called Trillium, the ruling Pipers - elected by the Minions - decided a green space had to be created to preserve land for future generations. Within Trillium's main village, in place of green lands, the Pipers demanded taller buildings to be constructed.

This would accommodate the population as it continued to grow by 100,000 each year, including migrants - some of whom were encouraged to invest in property. The Minions' children - the Young Ones - rejoiced when told life would be better in a wonderful, high-density world.

But they were too young to realize many would be denied their own home one day unless their parents were rich or won the lottery.

At the same time, trickery was afoot! Tasks to ensure high-density housing could be built were postponed. The Piper rules on new supply became more complex and progressively took much longer.

Additional transportation needed to move Minions more efficiently was not built. Many Minions liked the green space but opposed the construction of more housing in their neighbourhoods.

Housing supply could not keep up. Rather than imposing their plan for fear of annoying the Minions, the Pipers relied on a tribunal where disputes could be heard as per the Pipers' rules.

Many Minions didn't understand it and hated it: hearings were long and costly, but the tribunal kept some supply moving.

Eventually, investors were attracted and prices rose faster and faster. Village Canaries sang concerned songs louder and louder, but the Pipers could not hear them over their pipe playing.

The list of Minions and Young Ones without housing grew progressively longer, as did the Piper speeches saying something would be done.

Well-paid jobs became scarce as education and care costs rose. Many Young Ones shared housing until they wanted children of their own. Meanwhile, the Minions who had housing relished their rising home values - not immediately realizing the consequences.

It soon became clear most Minions would be house poor or would have to move to other villages far away and commute long distances. This clogged the roads to other villages.

The Pipers had trouble deciding on what transportation to build first and how to pay for it. Funding was difficult, as they had already borrowed so much money in the names of the Young Ones and their children. So, taxes and fees on new housing and services rose rapidly too.

Soon, Minions and Young Ones who rented faced pressure from a lack of supply. The Young Ones were especially frustrated as they still wanted low-rise housing like their parents.

Piper apologists said the housing situation was the same in bigger villages far, far away. (But they didn't mention other villages of the same size that didn't have this problem.)

Some said demand problems would have to be "fixed" before supply issues could be addressed. Many were confused. If the problem is a lack of supply, why focus on demand?

Clearly, if the Pipers don't address the causes rather than the symptoms, this fairy tale will not have a happy ending as Young Ones leave to seek a better quality of life.

The End?

Richard Lyall, president of RESCON, has represented the building industry in Ontario since 1991 (and has told this story since 2006). Contact him @RESCONprez or at media@rescon.com