

Single-family detached market crushed under weight of bureaucracy

[HomeNews](#)

by [Neil Sharma](#) 12 Sep 2018



That the Greater Toronto Area’s single-family detached market is in steep decline is no secret, but according to the president of **the Residential Construction Council of Ontario**, it’s worse than originally thought.

“We’ve got a serious problem in the marketplace, where if you go back to 2003-04, we were putting up 35,000 units of housing,” said Richard Lyall. “We’ll be lucky to hit 5,000 units in 2019, and that’s a real problem for obvious reasons. The city hasn’t gotten smaller, it’s continuing to grow and when you have that kind of discontinuity in the marketplace, there’s nothing replacing it. So the question is: What does that mean for millennials and the next generation coming along?”

While not everybody can realistically expect to live in single-detached homes with a backyard, Lyall says townhouses and larger condo apartments are not out of the question. However, the current system is both inefficient and devoid of accountability.

“The development and building approvals process is so gummed up; there’s a serious lack of accountability and transparency, and it’s remained unexamined to this date,” said Lyall. “The Planning Act says site plan approvals are supposed to take one month, but site plan approvals take, on average, 18 months. Who pays for that delay? We need 10,000 more units a year than

we're building for housing, across all housing types. There's already a housing deficit because we haven't been doing that for a number of years."

Lyall's point appears valid. The Canada Mortgage and Housing Corporation yesterday released its housing start numbers for the month of August and, unsurprisingly, single-family detached homes are a languid segment of the overall market. In Toronto, housing starts are in decline, a direct result of fewer condos and single-family detached homes coming to market. Moreover, escalating price points and land constraints have established a downward trend in the single-family market going back a few years.

"The demand is still there but the two main things being reflected in the numbers are, one, price point: It will cost over a million dollars to buy a single detached home and that's keeping more buyers away," said Dana Senagama, CMHC's manager of market analysis in Toronto.

"Secondly, there's just not enough land or space out there to build these big subdivisions and we're not seeing much activity. Both of those, and the B-20 rules that came into effect on January 1, have also made it less affordable for many homebuyers who previously might have been able to qualify. There isn't one reason; it's a combination of reasons."

Senagama wouldn't say the single-family detached market is in completely in the doldrums, though.

"But I wouldn't say it's dead; it's always been robust. If you look at the resale market, single detached homes account for roughly 50% of sales."