RESIDENTIAL BUILDER

A PUBLICATION OF THE RESIDENTIAL CONSTRUCTION COUNCIL OF ONTARIO

RESCON®

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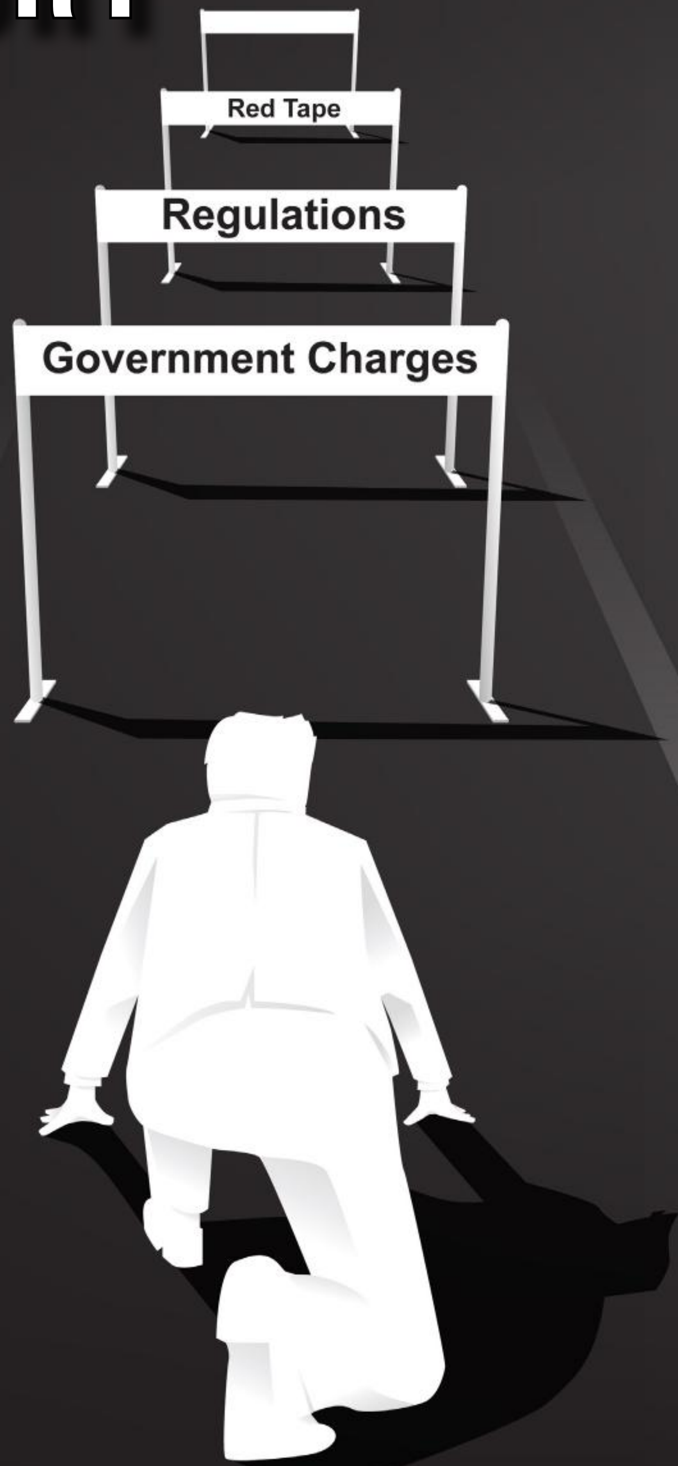

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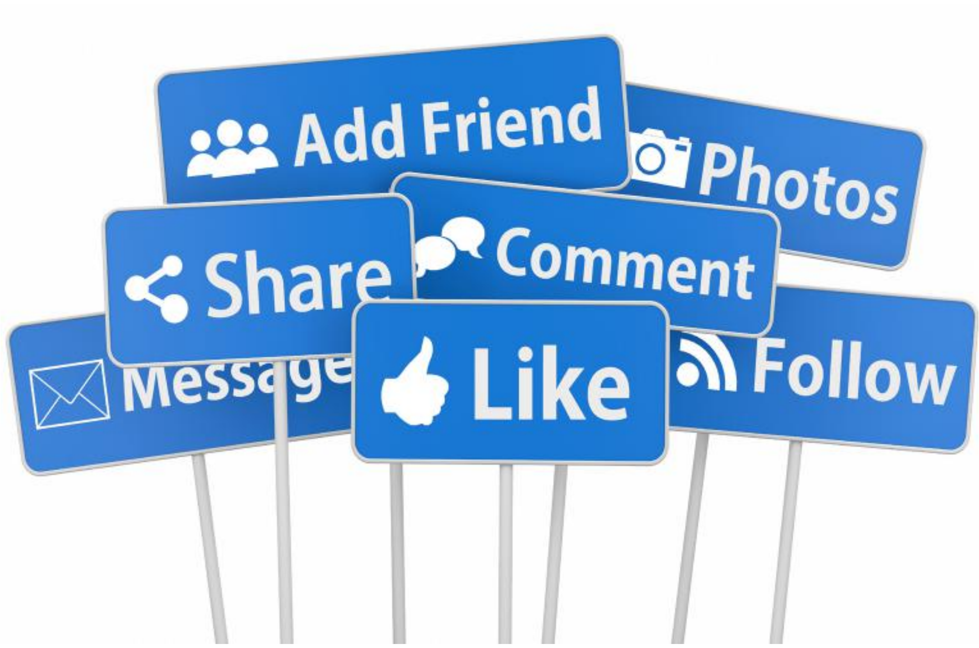

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Builder Briefs

Tarion is accepting feedback on condo bulletins until Sept. 9

Tarion is seeking public input on proposed changes to three condominium-related bulletins to enhance reporting obligations for builders before and during construction, allow for earlier identification and resolution of warranty defects, and better support condominium corporations in their role of managing the condominium.

The bulletins include:

- Registrar Bulletin 02 – Claims Process – Condominiums Common Elements (RB02),
- Registrar Bulletin 18 - Residential Condominium Conversion Projects (RB18),
- Registrar Bulletin 19 - Condominium Projects Designs and Field Review Reporting (RB19).

The documents will set out the key process for warranty claims made by a condominium corporation for common elements issues and how condominium corporations can seek assistance from Tarion, as well as the builder obligations and reporting requirements both before and during construction.

Feedback on the proposed changes can be submitted to submissions@tarion.com by Sept. 9, 2024. Click here for more information.

Housing-enabling infrastructure help

RESCON was pleased that the province has announced the first round of investments from the Housing-Enabling Water Systems Fund (HEWSF).

"RESCON supports the Housing-Enabling Water Systems Fund which focuses on building the critical infrastructure required to support the new construction of much needed low-, mid- and high-rise residential units," RESCON president Richard Lyall said in a prepared statement.

"By investing in drinking water, stormwater and wastewater infrastructure, Premier Doug Ford and Infrastructure Minister Kinga Minister Surma are laying the foundations needed to provide housing for all Ontarians."

The first round will see the province invest $970 million in 54 projects across 60 municipalities to help municipalities develop, repair, rehabilitate and expand drinking water, wastewater and stormwater infrastructure. In response to the high demand for funding, the government is also allocating an additional $250 million for a second round of applications that started August 14, bringing the total amount in the fund to $1.2 billion.

In this year's budget, the province announced more than $1.8 billion in housing-enabling infrastructure funding through the $825-million HEWSF and the $1-billion Municipal Housing Infrastructure Program that complements funding announced previously through the province's Building Faster Fund.

Planning Statement released

Municipal Affairs and Housing Minister Paul Calandra has released a new Provincial Planning Statement that sets out the provincial government's land-use planning rules and directions for municipalities.
The aim is to provide municipalities with the tools and flexibility they need to build more homes.
It enables municipalities to:

- plan for and support development, and increase the housing supply across the province
- align development with infrastructure to build a strong and competitive economy that is investment-ready
- foster the long-term viability of rural areas
- protect agricultural lands, the environment, public health and safety

Click here for the background and more information.

PLANS TO SOLVE THE HOUSING CRISIS LACK FOCUS AND VISION

Richard Lyall
President

This fall will be a make-it-or-break-it time. The big barriers to doubling supply remain unaddressed.

The housing crisis has been examined to death by different levels of government and thousands of planners and policy wonks. There appears to be more navel gazing coming.

In the interim, various levels of government have been running out different programs and policies at the edge of the situation, all hoping for something to break. But, it hasn't and won't work.

When supply, according to all targets, was supposed to double, it's been falling. And that's because the plan is unfocused without specific milestones. Simply put, it lacks vision and equity.

A report from RBC notes that, to meet future growth, housing completions would have to rise from an average of 218,000 in the past three years to about 320,000 annually over the 2023-2030 period. But we aren't even close to that figure. Our all-time peak for completions was 257,000 in 1974.

According to Canada Mortgage and Housing Corporation, an additional 5.8 million homes must be built by 2030 to bring housing back to affordable levels. Nationally, though, new home construction is expected to be 50,000 less this year than in 2023.

This fall will be a make-it-or-break-it time. The big barriers to doubling supply remain unaddressed.

What do you do with the fact that development charges have risen by more than 2,000 per cent in some Ontario cities?

What do you do with land transfer taxes and other charges that have been introduced, substantially raising the cost of housing and shifting the tax base from the old to the young?

What do you do with the HST which was supposed to have been adjusted to inflation?

All these taxes are regressive, inequitable and hurt first-time homebuyers and renters the most – those who can least afford the cost.

And what do you do with restrictive policies and regulations that still make it all but impossible to build affordable family-sized apartment units and nothing even remotely capable of keeping pace with population growth?

There is simply no way around the fact it costs too much to build attainable housing relative to the ability to pay.

The change in starts is staggering and was missed by planners. A recent Vancouver-based YouTube video, called Housing Crisis 101: Why homes don't just happen, could easily apply to Toronto. Just switch out the city name.

In light of an RCCAO-sponsored report that indicated 31 per cent of the cost of a new home is due to taxes, fees and levies, RESCON advocated they be substantially reduced. Others are now calling for this, including a group of developers called the Coalition Against NewHome Taxes, or CANT. They say their members will match any government moves dollar for dollar.

The fact of the matter is that the housing crisis will continue until we stop taxing housing at a higher rate than cannabis and gambling. Taxes are simply too high and brutally unfair.

Unanswered questions remain. Where is the vision? What should housing look like in Canada compared to what it is?

Markets can work in a market economy if they aren't taxed to death and choked with red tape.

> **There is simply no way around the fact it costs too much to build attainable housing relative to the ability to pay.**

WHY THE CN-CPKC STRIKE-LOCKOUT HAPPENED AND WHY IT MATTERS

Andrew Pariser
Vice President

The combination of the pandemic with the spike and fall of inflation has made reaching an agreement harder.

Labour disputes can often be confusing, but the CN – CPKC strike-lockout had even labour experts guessing. Here is a quick summary:

Aug. 9 – Canadian Industrial Relations Board (CIRB) rules that the employer will not be expected to maintain service during a strike or lockout (eg. no work is essential) and sets a strike-lockout deadline for midnight on Aug. 20.

Aug 9-22 – Parties bargain, no deal is reached, both sides give strike-lockout notice.

Aug. 22 – at 12:01 a.m. CN and CPKC lock out the unionized workers.

Aug. 22 – (less than 24 hours after the lockout started) the federal minister of labour declares a fundamental impasse and uses Section 107 of the federal code to direct the CIRB to impose binding arbitration.

Aug. 22 – return-to-work protocol is started at CN. No return-to-work protocol is agreed to with CPKC, so a strike commences and replaces the lockout.

Aug. 22 – the Teamsters: 1) appeal the order at the CIRB; 2) continue to strike at CPKC 3) give 72-hour strike notice to CN.

Aug. 23 – CIRB holds a hearing, dismisses the Teamster's constitution challenge, and issues a decision which imposes arbitration. For the CIRB decision click here.

Aug. 26 – CN-CPKC resume service and Teamsters indicate they will respect the CIRB ruling but file a constitutional challenge.

Why this dispute matters

This dispute touched on a number of key issues that have become less predictable during and since the pandemic, including the definition of essential work/workers, an increase in the number of labour disputes, and the role of the government.

Essential work/workers

Despite popular belief, there is no one concrete definition of what an essential service is. Depending on the jurisdiction (federal or provincial), the industry, and prevailing collective agreement (where applicable), the definition changes and is impacted by various labour laws, regulations and jurisprudence.

Before the pandemic, disputes over the definition were few and far between. This changed with the pandemic as a new list of essential services was created to complement the existing framework. Confusion continues and discussions over essential services continue to impact subsequent rounds of collective bargaining.

Increased number of labour disputes

In 2023, there were more than 700 labour disputes in Canada, which represented a four-fold increase. In 2024, from January to June, there were fewer disputes, but the disruptions involved more employees, including 10,000 employees at the LCBO.

In short, the combination of the pandemic with the spike and fall of inflation has made reaching an agreement harder. In addition, many collective agreements are expiring or have recently expired, including a large number in the public service, the construction industry (spring of 2025), and Air Canada pilots (September 2024).

Role of government

The federal and provincial governments have similar but different forms of labour legislation, roles and industries to regulate.

It is important to note that most businesses are provincially regulated unless they operate in more than one jurisdiction (think trucking) or operate in banking, port services, railways, telecommunications, uranium/atomic mining or energy, or as a crown corporation.

This means that Ontario businesses are under provincial jurisdiction and regulated by the Ontario Labour Relation Act (OLRA) and Ontario Labour Relations Board (ORLB), not the Canada Labour Code (the Code) or CIRB.

While provincial government can and has introduced back to work legislation, the Ontario minister of labour does not have the powers granted under section 107 of the Code which were used to refer the CN-CPKC dispute to the CIRB.

As always RESCON will monitor relevant disputes and provide members with updates as appropriate.

THE DOG DAYS OF SUMMER WERE NOT SO SLOW

Grant Cameron
Senior Director of Public Affairs

We addressed a number of critical issues that are stifling construction of new homes and condos in Ontario.

For the dog days of summer, August was a pretty eventful time for RESCON as we addressed a number of critical issues that are stifling construction of new homes and condos in Ontario.

Columns tackled the issue of what to do about runaway bureaucracy, why cities should be prohibited from implementing their own green building standards, and who should pay for new infrastructure.

We also explained why it is important to remove regulatory hurdles and reduce taxes, fees and levies so that builders can build houses people can afford. Remember, a whopping 31 per cent of the cost of a new home is due to these add-ons. Cutting them would be a start.

While governments have taken some steps to address the housing crisis, we pointed out that they must also be on the same page. Co-ordinated and synchronized action is needed to get us out of the mess.

Runaway bureaucracy

The runaway bureaucracy that is slowing the development approvals process and adding to the timelines and cost of new housing construction was highlighted in a column in Canadian Real Estate Wealth.

We called for an overhaul of the system, noting that people are leaving our cities in droves as they can't find an affordable place to live.

Infrastructure

In a column in The Toronto Sun, we questioned why new home buyers are footing the bill for the cost of infrastructure like water and wastewater lines, roads, sewers and other amenities via exorbitant taxes, fees and levies.

With government charges and taxes in the GTA three times higher than North American cities like San Francisco, Miami, Boston, New York City, Chicago and Houston, we called for a new funding model that would see senior levels of government provide more funding to municipalities for the infrastructure.

Green building standards

In Canadian Contractor, a RESCON column noted that balance is the key to reaching our housing targets while building greener and addressing climate change. We warned that cities going off and creating their own green building standards in violation of the Ontario Building Code will only complicate matters.

The same subject was addressed in a Builder Bites column where it was noted that builders are fully supportive of taking action to address climate change, but if additional green development standards are imposed by municipalities – independent of the building code – the task of building new homes will be all the more difficult – and more expensive.

Regulatory hurdles

To combat the housing crisis and make it possible to build homes people can afford, we suggested in a column in Storeys that significant regulatory hurdles which are contributing to the problem must be removed and myriad taxes, fees and levies imposed on new home buyers must be substantially reduced.

Synchronized action

In a column in Daily Commercial News, we called on governments to get on the same track to solve the housing crisis.

RESCON president Richard Lyall wrote that fixing the situation will require an "all-hands-on-deck approach" by all levels of government.

"There is no time for dithering," he stated. "Governments must be part of the solution and not the problem."

Capital gains hike

In Canadian Real Estate Wealth, we explained in a column how the federal government's decision to hike the capital gains inclusion rate could affect the housing and rental market. Lyall wrote that the path we are on is just not sustainable.

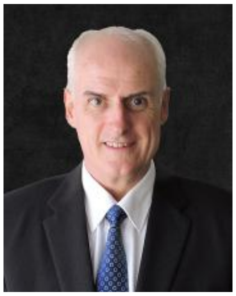
"Taxes, fees and levies are already high enough on new housing," he stated. "Raising the capital gains inclusion rate will only make the situation worse."

Provincial statement

Meanwhile, we commented on the province's latest Provincial Planning Statement in an article in Storeys.

According to Lyall, the province is putting emphasis on the right places but systemic issues that prevent housing from being built in an efficient manner still have not been addressed.

"It's not hitting the chronic inefficiencies in our approvals process, it's not touching the excess costs that have been imposed on new homebuyers and renters in the last 15 years," he stated in the article.



WE MUST FIX HOUSING AFFORDABILITY TO HAVE PROSPEROUS CITIES

Michael Giles
Director of Government Relations

We'd better start getting it done soon or we're all going to pay the price.

Most of us simply take for granted the existence of cities large and small. They just seem to always have been there. Our comprehension of history has us focus on the great cities of the world like Rome, Paris and London, to name but a few. However, they did not always exist; they started and evolved in a very specific manner.

It was thousands of years ago that the first cities emerged in Mesopotamia. They were created on land that was fertile. We also see cities forming around the Nile and in India and China, among other places.

While we could spend hours reviewing why cities started and how they grew, a common factor in all of them was the ability to support the populations that were attracted to them. Residents of early cities could find food, security and shelter. They also found opportunities.

Some of the early cities disappeared from the map but most endured because their populations could survive and, more importantly, thrive. With the arrival of the Industrial Revolution cities grew in population by the millions. Social conditions would improve much more slowly than economic growth, but many of the world's older municipalities prospered and this set the foundation for even greater success.

Foundational to urban success was the ability to retain, attract and support the populations. In more specific terms, enduring success required renewal.

Subordinate to all other concerns is the ability of young people, and of course everyone else, to be able to have a secure, comfortable and affordable place to call home.

A home is the foundation upon which all other success is built.

It is difficult to be an accomplished student, an outstanding employee or a thriving member of a community if you don't have a place to live that is suitable.

It is one of the most important narratives we must promote today.

Affordability, or more accurately lack thereof, is creating an environment where people, especially the young, find themselves increasingly awash in financial pressures, lack of opportunity and a deepening inability to see the future with optimism and hope.

Many young people are compelled by economic circumstances to remain living at home with parents well into their 20s and 30s. Or they find themselves having to live in unsuitable living conditions with roommates or other cramped shared forms of accommodation.

An Angus Reid survey of Ontarians reported in July that four in 10 residents of this province were considering moving away from Ontario because of housing affordability issues. The survey showed that British Columbia had the second highest number of people thinking this way, with 36 per cent saying they were considering leaving.

Even more concerning, 48 per cent of those between ages 18 and 34 were considering leaving because of the cost of housing. That's the population demographic societies rely upon to renew themselves and ensure future prosperity.

For these young people, and increasingly older people too, the average rent in places like Toronto sits at $2,500 a month, and many say, "We're out of here."

Thousands of people have simply packed up and left Ontario and nearly 100,000 have left the Greater Toronto Area for other parts of the province because of affordability issues.

We are continually hearing from political leaders about the housing crisis and what they are doing to address it. However, these efforts have been largely ineffective for myriad reasons.

What is at stake is literally the future of our cities. Economic development, enduring prosperity, growth and ever-improving quality of life are all contingent upon keeping people in our cities, especially the young.

To date, and as evidenced in the realities of our current circumstances, we're simply not doing a good job of this. We'd better start getting it done soon or we're all going to pay the price.

> **"Thousands of people have simply packed up and left Ontario and nearly 100,000 have left the Greater Toronto Area for other parts of the province because of affordability issues.**

TIME WILL TELL HOW MUNICIPAL GREEN PROGRAMS AFFECT HOME BUILDING

Dave Henderson
Senior Manager, Technical Services

Consumers will ultimately determine the success of these programs by choosing to buy where costs make most sense.

As the question of legitimacy surrounding municipal green development programs continues to swirl, two more jurisdictions have joined the group. Outlined below, both Caledon and King Township are imposing conditions on development applications.

Town of Caledon

After a lengthy consultation process and review of options, council members voted in favour of implementing staff's proposed green development standards program at a May 21 meeting. The new program is in effect for all development applications received by the town after July 1, 2024. Being run as a one-year pilot, the requirements will be applicable to all new residential, commercial and industrial development projects. These development applications will now have to demonstrate how the proposed projects meet each metric: minimizing energy consumption and greenhouse gas emissions of buildings; adapting to the effects of climate change; protecting the natural environment; and contributing towards active transportation within the community.

To comply, applicants must examine and integrate components from 20 metrics across three themes of community design and mobility, green infrastructure, and buildings and energy. Because it is a pilot, it is unclear yet what will happen to applications that come up short in their development proposal. The town has indicated that following the initial pilot, staff will re-evaluate the success and take-up of the program, using feedback received from both staff and stakeholders. The town has indicated that there will be no incentives provided to follow the requirements of the program.

In a statement following the council vote, Caledon Mayor Annett Groves said, "This program is a critical tool to ensure new development is green and clean so we can grow sustainably and meet our ambitious environmental targets."

King Township

Meanwhile in King Township, a ThinKING Green Program has undergone a renovation. King has referenced a sustainability checklist of sorts since 2013. However, the previous edition of the program focused on sustainability features of the project site. King's new program now crosses that very important distinction between the Planning Act and the Building Code Act by introducing components attempting to affect the design and construction of buildings.

The program, which was scheduled to come into effect Sept. 1, 2024, will have applicants follow five sustainability metrics, including: "green" infrastructure; energy conservation; the built environment; the natural environment; and healthy communities. Within each of the five metrics, an intent statement identifies the goal and purpose of the metric and each metric sets target levels of "minimum" and "level 1" and "level 2." All development applications must meet the minimum target levels identified in the intent statement, but at least one level 1 and one level 2 goal must also be met. The township has drafted what appears to be on the surface, a complicated points system for these targets which are integrated into three scoring levels of bronze, silver and gold.

Confused? Me too. But the township appears proud of the new scoring system and program. The only catch seems to be identified in a quote from King Township Mayor Steve Pellegrini in an article published by Novae Res Urbis in June 2024. The mayor was quoted as saying, "It's important to note that under this planning regime, you can't mandate (these standards), however all of our site plan approvals have always gone through it and (developers) pride themselves on going through this … ."

There is a lot of "must achieve" and "in order to comply" language within the program documents, so it appears if the mayor is correct in his comment, developers aren't necessarily proud of what they do as opposed to simply agreeing to appease the planners in order to expedite the approvals process.

At a time when sales have fallen off the map and housing affordability is one of the greatest concerns of Canadians, one has to wonder how municipalities can blindly plow ahead with these gold-standard programs.

Time will tell if there is a direct correlation between the implementation of the programs in Caledon and King (and other municipalities) and the level of new home construction in these locales.

In the end, consumers will ultimately determine the success of these programs by choosing to buy where costs make most sense, and not which community has the greenest policy.

CANADIANS CAN'T AFFORD NET ZERO DURING A HOUSING CRISIS

How are we going to reach our housing targets while building greener and addressing climate change?

By Richard Lyall
for Canadian Contractor
Aug. 11, 2024

The federal government has released its Canada Green Buildings Strategy, a plan to reach net-zero emissions from the building sector by 2050. To attain that goal, renovators and contractors will need to achieve a retrofit rate for existing homes and buildings of three per cent a year.

The objective for new building construction is equally ambitious, with the aim to attain net-zero energy-ready buildings by 2030, which will require investing billions in green building technology.

Meanwhile, due to the fact all levels of government have declared we are in a housing crisis, new homebuilding targets have been raised significantly.

The feds have set the goal of building 3.87 million new homes across Canada by 2031 to achieve affordability.

The Ontario government has indicated that we need to get at least 1.5 million homes built by 2031.

Municipalities like Toronto also have their own goals. Mayor Olivia Chow, for example, has pledged to reach 65,000 affordable and rent-controlled units by 2030. The city is even more determined than the feds, targeting community-wide greenhouse gas emissions to be net zero by 2040.

Amidst all of this, we are dealing with the effects of a changing climate, with hotter summers and milder winters, unprecedented wildfires ravaging our forests, and intense rainfall causing floods.

Which begs the question: How are we going to reach our housing targets while building greener and addressing climate change?

We're already in a perfect storm. High interest rates and costs for materials and labour, exorbitant taxes, fees and levies, and excessive red tape and bureaucracy are adding to the price of housing, so much so that people are leaving our cities because they can't afford homes.

Balance is the key.

It is critical that we make sure construction of new housing is not smothered by our green building and climate policies. We can not make building so expensive that people can not afford to buy homes.

A University of Toronto study shed some valuable light on the issue. Data showed Canada can not simultaneously meet its targets for the quantity of new housing needed and emission reductions.

As the study clearly noted, the two goals appear to be at direct odds with one another if current construction practices continue.

> **Municipalities can't be allowed to continue to develop their own set of separate building standards. They only gum up the development approval process and escalate construction costs.**

To restore housing affordability, the study states that the industry would need to triple the rate of housing construction by 2030. For the industry to stay within its emissions budget, homes built in 2030 would have to produce 83 per cent fewer greenhouse gases during construction than those built in 2018.

The residential construction industry is already recognized as a leader in adopting more energy-efficient building practices, however you can’t just flick a switch and build greener homes – and hit the targets for new housing construction that have been set by governments.

We could incorporate more energy-efficiency products into new homes, but it would add to the cost of new housing – and come at a time when housing price tags are already too high for many buyers.

The regulatory system is also so convoluted. New products would only add to the problem. Considering the time it takes to get a project approved, nobody in the industry wants to try anything new.

The situation gets even more complex with municipalities going off and creating their own green building standards which are in violation of the Ontario Building Code Act.

We are supportive of actions to address climate change, but the municipal standards are often inconsistent.

Municipalities can’t be allowed to continue to develop their own set of separate building standards. They only gum up the development approval process and escalate construction costs.

The Ontario government needs to take action to ensure these municipal standards are rescinded. The municipalities have exceeded their authority under the Ontario Building Code.

We recently sent a letter on the matter to Municipal Affairs and Housing Minister Paul Calandra, requesting that he take action.

By operating outside of the parameters of the Ontario Building Code, municipalities are creating yet another barrier to building new housing at a time when we are facing a serious crisis.

Many youth have already left or will be leaving our cities and province because they can’t afford a place to live here.

Adding more green building standards will only add to the cost of housing.

At a time when governments want the construction industry to build more housing, a more balanced approach to the problem is warranted – one that takes into account climate change and the need to build greener and adequately balance it with the need for new housing.

GREEN BUILDING STANDARDS

ONTARIO IS STILL VERY MUCH LIKE THE WILD WEST

By Richard Lyall
for Builder Bites
Aug. 22, 2024

The 2024 Ontario Building Code is scheduled to come into effect Jan. 1, 2025. There will be a three-month transition period for applications if working drawings are completed before Jan. 1, 2025.

The changes are long overdue and will provide a much-needed update to construction regulations. They will streamline processes and increase harmonization with the national code.

However, when it comes to the specific issue of green building standards – Ontario is still much like the Wild West.

Some municipalities in the province have taken it upon themselves to come up with and pass their own independent and more onerous standards that are outside the fundamental parameters of the provincial code and are clearly not permitted under the Ontario Building Code Act.

The Town of Caledon council voted in favour of implementing a one-year green development standards pilot. The program is now in effect for all development applications received by the town.

King Township has a new program that is scheduled to come into effect Sept. 1 that will require development applications to follow five sustainability metrics that affect the design of buildings.

However, by introducing such programs, the municipalities are creating yet another barrier to new housing – at a time when we are facing the most serious housing affordability crisis ever experienced.

By developing and implementing their own set of

green building standards, the municipalities will gum up development approvals, slow down the process, and escalate construction costs.

In the end, consumers will pay more for housing.

RESCON has written a letter on the matter to Municipal Affairs and Housing Minister Paul Calandra, noting that the standards passed by municipalities are out of line as the Ontario Building Code Act and building code supersede all municipal bylaws regarding construction of buildings.

We have asked the province to take the actions required to ensure that municipalities rescind these independent building standards that are well beyond the parameters of their authority. It is a pressing and urgent matter as the municipalities are moving forward in an irresponsible way.

We have expressed our concerns numerous times and feel it is important to raise this matter again in view of the actions taken by Caledon and King Township.

Our members build 80 per cent of the new housing in Ontario and do so in a manner which represents some of the highest environmental standards anywhere in the world.

However, by operating outside of the parameters of the Ontario Building Code, both Caledon and King Township are creating yet another barrier to delivering new housing – at the very time that we are facing the most serious housing supply and affordability crisis ever experienced.

Presently, housing starts are dismally low. In Toronto, they dipped 40 per cent in June.

To keep up with population growth, the city needs 30,000 to 40,000 condo units a year. But latest figures show only 23,900 condos and purpose-built rental projects are expected to be completed in the Greater Toronto and Hamilton Area in 2027 – a 10,000-unit decline from 2024.

Ontario's population grew by 200,000 in the last six months, but we had only 37,425 housing starts in the first half of this year. That's a reduction of 6,577 units from the same period in 2023.

Many young people are leaving our cities and province, or they're planning to do so because they can not find an affordable place to live.

The federal government has set a goal of building 3.87 million new homes across Canada by 2031 while the Ontario government has indicated that we need to get at least 1.5 million homes built by 2031. These are just pipe dreams, though, as we are nowhere near reaching those targets.

If additional green development standards are imposed by municipalities – independent of the building code – the task of building new homes will be all the more difficult, and more expensive.

Builders are fully supportive of taking action to address climate change. The residential construction industry in Ontario is already recognized as a leader in adopting more energy-efficient building practices.

However, municipally created green building standards are geographically inconsistent, haphazardly implemented, violate the rules, and will only raise costs.

Housing affordability is now one of the greatest concerns of Canadians. Municipalities must be prevented from blindly plowing ahead with their own programs, and they must be reined in.

HELD HOSTAGE

BY

RUNAWAY BUREAUCRACY

By Richard Lyall
for Canadian Real Estate Wealth
Aug. 1, 2024

Canadian-born educator Laurence J. Peter once stated that "Bureaucracy defends the status quo long past the time when the quo has lost its status."

He also formulated the Peter Principle, the concept that in a hierarchy all employees tend to rise to their level of incompetence and ultimately end up in a job for which they are not well suited.

It is his statement on bureaucracy, however, that intrigues me. The residential construction industry is, in many ways, being held hostage by a runaway bureaucracy.

The City of Toronto is a prime example.

Despite undertakings to speed up development approval applications, metrics show the city is still lagging, with intolerably long timelines for things like zoning amendments and site plan approvals.

Timelines are too long

A review of statistics presented to the city's planning and housing committee recently showed that the six-month average timeline to complete the pre-application consultation process is 44 days while the average for combined Official Plan Amendment/Zoning Bylaw applications is 115 days.

Incredibly long periods for a city that is in dire need of housing.

The unacceptable long timelines only delay much-needed residential housing construction, significantly increase costs and contribute to unworkable projects that could otherwise move ahead.

Meanwhile, according to a recent progress report on 18 affordable housing projects identified for construction in the city, none have actually been started.

This in spite of the fact that new planning staff are being brought on board to get things moving.

Disappointing, to say the least, as the timeframes remain lengthy although there are fewer applications due to current market realities.

Canada lagging other countries

RESCON has been advocating and engaging with municipalities about the need to expedite approvals timelines.

It simply takes far too long to get residential projects going, which is contributing to the housing crisis.

Obtaining approvals and permits in major cities like

Toronto and Vancouver can take years, not weeks or months. The delays cost developers time and money, which is passed on to the buyer.

Data from the World Bank shows that of 34 Organisation for Economic Cooperation and Development countries, Canada ranks 33rd in the time it takes to get construction permits. It's a truly dismal ranking and emblematic of the problem. We are just ahead of the Slovak Republic.

In 2022, a study conducted by Altus found that the timeline for approvals in Toronto was the worst of 20 cities in Canada, with a weighted average approval time of 32 months, up from 21 in 2020.

Costly consultations slowing development

In The Toronto Star, columnist Matt Elliott recently shone the spotlight on the problem of bureaucracy at Toronto city hall, noting that the city ran more than 650 public consultation processes last year and, of those, 325 were related to individual development applications. Staff from all divisions engaged in development review reported spending a cumulative 190 hours on logistics for each community consultation meeting in support of a development application.

Elliott wrote that means a truly staggering figure of 61,750 hours was spent delivering development-related consultations if you multiply the 325 development-related consultations by 190 hours each. Add salaries into the mix and the costs quickly begin to add up.

Worse, a survey run by the city found 62 per cent of the public weren't satisfied with the opportunities to provide feedback, and 73 per cent weren't confident their feedback is even being considered.

Overhaul is needed

The supply of housing is being held hostage by a runaway bureaucracy, it seems. An overhaul is needed.

Presently, people are leaving our cities in droves because they can't afford to live where they work.

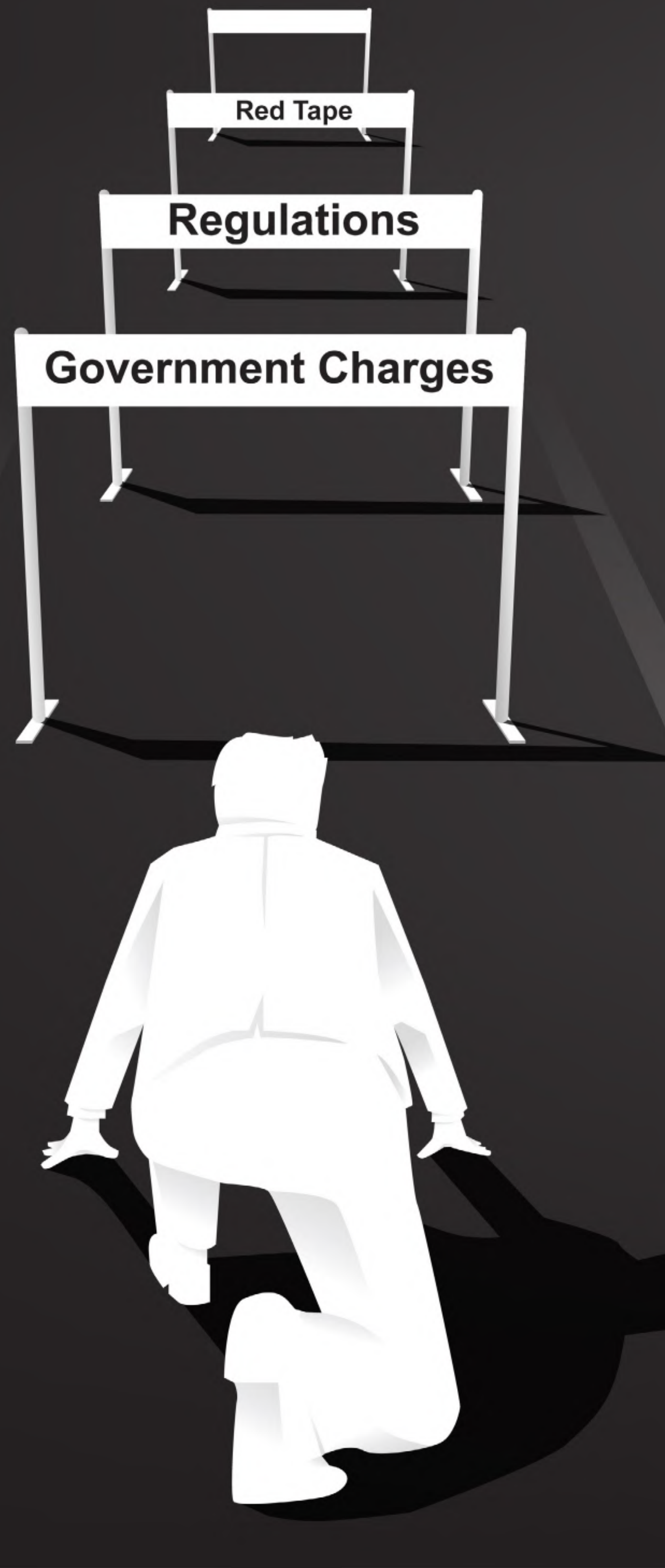
New data from Angus Reid Institute reveals that 28 per cent of Canadians are seriously considering leaving the province they are in because of the cost of housing. The figure is highest in Ontario and B.C.

The figure rises to 39 per cent for those who have lived in the country for less than a decade. In downtown Toronto, 44 per cent say they consider leaving, with 22 per cent saying it is a strong consideration

Cutting the bureaucracy is but one step that is needed to bring the cost of housing under control and spur the market.

However, it is a start.

REGULATORY HURDLES MUST BE REMOVED



By Richard Lyall
for Storeys
Aug. 14, 2024

The high cost of regulations, red tape and myriad government charges have contributed to a dysfunctional housing market and made it increasingly difficult to build new homes people can afford.

Alarmingly, a report from RBC, titled The Great Rebuild: Seven ways to fix Canada's housing shortage, indicated more than half of 1.9 million new households by 2030 will not be able to buy a home. To put that in perspective, that's equivalent to almost all the households in Atlantic Canada.

To meet future growth, the report notes that housing completions would have to rise from an average of 218,000 in the past three years to about 320,000 annually over the 2023-2030 period. But we are nowhere near that figure. Our all-time peak for completions was 257,000 in 1974.

CMHC figures we need to build an additional 5.8 million homes by 2030 to bring housing to affordability. But nationally, new home construction is expected to be 50,000 less this year than in 2023.

Sadly, the present housing supply and affordability crisis has taken away the Canadian dream for many. We must take immediate action or the situation will likely reach even more alarming levels.

To significantly boost housing construction, and bring down the cost of new homes, we must remove the regulatory hurdles that are contributing to the problem and substantially reduce the plethora of exorbitant taxes, fees and levies that are unfairly imposed on new home buyers.

It's the only way forward.

Runaway bureaucracy, for one, is slowing residential development and adding to the price tag of new homes. There is a need for full-scale reform of the system at all three levels of government.

In many ways, we are still in the dark ages when it comes to dealing with housing proposals. Developers and builders often must wade through a labyrinth of approvals to get shovels in the ground.

Our zoning and approvals processes are slow, antiquated and cumbersome and there remains too much red tape which only stands in the way of new housing.

It is mind-boggling and underproductive, a time-wasting exercise and useless drain on resources. Obtaining approvals and permits in major cities like Toronto can take years, not weeks or months.

Unfortunately, Toronto has become the poster child for bureaucracy and lengthy delays. The six-month average timeline to complete the pre-application consultation process is 44 days while the average for combined Official Plan Amendment/Zoning Bylaw applications is 115 days.

Meanwhile, according to a progress report on 18 affordable housing projects identified for construction in the city, incredibly none have actually been started – in spite of the fact there are fewer applications due to current market realities, and more planning staff have been hired.

Governments must immediately implement major changes in municipal planning and development divisions across Ontario that will specifically expedite residential housing applications and streamline approvals. There must also be mandated specific timelines and adjudicative technical panels and agencies must be required to make decisions in a timely manner.

In many ways, we are still in the dark ages when it comes to dealing with housing proposals.

The untold multitude of crippling government charges on new homes must also be addressed.

Presently, 31 per cent of the cost of a new home is due to taxes, fees and levies. So, if you buy a $1-million new home, $310,000 of that is for taxes, fees, levies and development charges. If you amortize that amount over a 30-year mortgage, it adds up to a substantial sum.

Taxes, fees and levies on new housing in the Greater Toronto Area are now the highest in North America and must be lowered to kick-start the market.

An HST rebate to first-time homebuyers would be a good start. We should also bring back initiatives to encourage reinvestment by builders.

The cost of infrastructure, meanwhile, should also be shared amongst the entire tax base and not imposed on new home buyers via hefty development charges. For that to happen, RESCON has suggested that municipalities must receive more predictable, stable and ongoing support from the higher levels of government which would permit them to lower the charges.

A C.D. Howe Institute report authored by senior fellow Benjamin Dachis suggests that fees on new development need to be reformed and that provinces and cities should look to move away from having homebuyers pay the full upfront cost of new municipal water and wastewater infrastructure.

Presently, we are paying for growth using revenue from development charges, taxes and other levies for these services, along with tax revenue. For too long, though, these expensive development charges have been treated as a cash cow by governments.

In essence, the practice means that new home buyers are footing the bill for essential infrastructure that benefits the entire tax base. The charges are paid up-front by the buyer when they take possession of a new home.

To combat the housing crisis, we can no longer sit on our hands and hope for the best. The cost of inaction will have a profound impact on our economic future.

GOVERNMENTS MUST GET ON THE SAME TRACK TO SOLVE THE HOUSING CRISIS

By Richard Lyall
for Daily Commercial News
Aug. 16, 2024

When it comes to the housing supply and affordability crisis, I feel like we are hopelessly witnessing a slow-moving train wreck. The situation, in many respects, appears to have gone off the rails.

We have multiple conductors, a disjointed approach to the problem and no agreed upon schedule. Meanwhile, prices remain high and red tape and bureaucracy continue to gum up approvals.

While the residential construction industry struggles to convince bureaucrats to take action to fix the problem, no one sees the approaching bridge is out.

The simple truth is that people won't buy what they can't afford, and builders won't build what people can't buy.

There is no way that incomes can rise fast enough to catch up with house prices – and the additional price tag of exorbitant taxes, fees and levies on new housing.

The good news is that the situation can be fixed. But it will certainly take a serious come to something moment. Sadly, I am not sure that we are systemically capable of that level of clarity.

The standalone monthly seasonally adjusted annual rate of housing starts across Canada saw a 10-per-cent decrease from June to July, dropping to 254,966 units.

This decline was particularly pronounced in urban areas, with multi-unit starts seeing a 12-per-cent decrease.

The condo market has been particularly hard hit. In Toronto, a report from Urbanation and CIBC Economics shows that the condo market is deteriorating to levels not seen since the 1990s recession.

Although there is presently an ample supply of condos on the market, the situation will be short-lived as interest rates decline. The percentage of preconstruction condos that are pre-sold is at a 20-year low. In the years to come, this will lead to a dramatic shortage in the condo market.

To keep up with population growth, the city needs 30,000 to 40,000 condo units a year. But latest figures show only 23,900 condos and purpose-built rental projects are expected to be completed in the Greater Toronto and Hamilton Area in 2027. That's a 10,000-unit decline from 2024.

Ontario's population grew by 200,000 in the last six months, but we had only 37,425 housing starts in the first half of this year. That's a reduction of 6,577 units from the same period in 2023.

So, we are on the wrong track.

Red tape and bureaucracy are

> Given the desperate need for housing, the level of taxation on new homes is unjustifiable and, quite frankly, obscene.

also slowing down the approvals process and adding unnecessary costs to new homes.

A report provided to the City of Toronto recently indicated that timelines are growing longer, despite the fact there are fewer development applications being submitted by developers and the municipality has increased its planning staff complement by at least 150 people.

Equally galling, though, is the level of taxes, fees and levies that are imposed on new housing. They now account for a jaw-dropping 31 per cent of the cost of a new home and have grown exponentially in the last 20 years. It's an exhaustive list. We have municipal, provincial and federal taxes, warranty fees, municipal fees, development charges, density payments, and permit fees.

CMHC figures we have up to 10 different government charges on new development. Toronto has the highest average government charge in Canada, across all dwelling types, at $86 per square foot.

RESCON has repeatedly raised concerns about the add-ons. Given the desperate need for housing, the level of taxation on new homes is unjustifiable and, quite frankly, obscene. The situation is now more critical than ever, as first-time homebuyers are priced out of the market.

As pointed out by Marlon Bray, executive vice president at Clark Construction Management, the physical cost of building a home accounts for less than half the outlay. The cost of land, taxes and fees are a massive component, with some 50 per cent often being government-led.

This situation didn't happen overnight. There's plenty of blame to go around. Low interest rates masked many of the issues, but the cause has been a massive failure in growth management planning.

The result?

We have the second largest land mass in the world, and the biggest housing crisis in the developed world. Not good metrics.

Fixing the situation will require an all-hands-on-deck approach by all three levels of government. We must find ways to build more housing, speed up the approvals process, and lower the cost of building by reducing housing taxes, fees and levies as they are killing the residential construction market.

There is no time for dithering. Governments must be part of the solution and not the problem.

SHOULD NEW HOME BUYERS FOOT THE BILL FOR ROADS AND SEWERS?

By Richard Lyall
for The Toronto Sun
Aug. 9, 2024

The country's rapid population growth along with myriad other issues like high interest rates, exorbitant taxes, fees and levies, and bureaucratic red tape are putting builders and developers under tremendous pressure to find ways to construct housing people can still afford.

Add to the fact that the Canada Mortgage and Housing Corporations says up to 5.8 million housing units must be built by 2030 to restore affordability to 2004 levels – about 3.5 million above projected levels – and it quickly becomes evident that it's a problem of significant proportions.

But that's only part of the problem. We must have the necessary municipal infrastructure – water and wastewater lines, roads, sewers and other amenities – in place to support the new homes.

The Federation of Canadian Municipalities (FCM) estimates that, on average across the country, the cost of infrastructure required to support new housing is in the range of $107,000 per home. Using the 5.8-million figure as a baseline, that means the infrastructure gap is $600 billion.

How do we pay for that, you ask?

Good question.

Presently, we pay for that growth using revenue from development charges, taxes and other levies. In effect, new home buyers are footing the bill for essential infrastructure that benefits the entire tax base. The charges are paid up-front by the buyer when they take possession of a new home.

This makes no sense.

Think about it. When somebody buys a brand new vehicle, they aren't required to fork out on extra funds to pay for the upkeep of roads. The entire tax base pays for that.

The taxes, fees and levies on new homes is exorbitant, accounting for 31 per cent of the purchase price. On a $1-million home, that's $310,000 that is often added to a mortgage and amortized.

Presently, the GTA has government fees, charges and taxes that are three times higher than North American cities like San Francisco, Miami, Boston, New York City, Chicago and Houston.

It is difficult enough for an individual or family to afford the cost of a new home these days. First-time buyers are in an even tougher predicament. The cost of municipal infrastructure should not be funded on the backs of new home buyers. We need a new, more equitable funding model.

The problem stems from the fact that municipalities have limited tools to raise money for infrastructure and must rely on development charges and senior levels of government for funding.

To build the infrastructure, municipalities need a steady and secure flow of funds from the higher levels of government.

This would provide certainty, enable them to lower development charges, and ensure they have adequate funding to pay for the necessary infrastructure.

To some extent, the call is being heard.

The federal government, for example, has launched a $6-billion Canada Housing Infrastructure Fund to support the construction and upgrading of water, wastewater, stormwater and solid waste infrastructure in municipalities across the country, and is adding $15 billion to the Apartment Construction Loan Program to support building new rental homes.

In Ontario, the government is investing $1 billion for a Municipal Housing Infrastructure Program, and another $625 million for the Housing-Enabling Water Systems Fund (HEWSF) which will help municipalities repair, rehabilitate and expand drinking water, wastewater and stormwater infrastructure. This is in addition to $200 million invested earlier in the HEWSF, and a $1.2-billion Building Faster Fund that rewards municipalities on target to meet their provincial housing targets.

But in the scheme of things, it is a drop in the bucket. More action is needed.

Transfer payments to municipalities should be significantly increased from the federal taxes that are collected from the construction sector to reduce the cost pressures on municipalities.

We should also extend the exemption or rebate on the collection of the HST beyond just rental housing, to the construction of all residential buildings, including condos.

The FCM has rightly called on the federal government to get provincial, territorial and municipal leaders together to discuss a new municipal growth framework that better aligns municipal revenue with economic growth and population projections.

A report by the Canadian Urban Institute, meanwhile, suggests that a Municipal Services Corporation (MSC) model be set up that would enable municipalities to collect user rates and development levies – and then pay an agreed amount, to cover the amortized cost of the infrastructure.

Across Canada, new home construction is expected to be 50,000 less this year than in 2023 – at a time when we are supposed to be ramping up production. New home sales have plummeted.

Three out of 10 Canadians now say they are seriously considering leaving their provinces due to high housing costs.

Of those who are thinking about moving, 42 per cent say they are thinking about going to another country.

It will cause economic chaos in our big cities if this continues.

We must reduce the cost of housing. Changing the municipal infrastructure funding formula would help.

HIKE IN CAPITAL GAINS RATE COULD LEAD TO LESS HOUSING

By Richard Lyall
for Canadian Real Estate Wealth
Aug. 15, 2024

American statesman and political philosopher Benjamin Franklin once said, “Nothing is certain except death and taxes.”

More than two centuries later, his famous quote still rings true.

New housing, in particular, is suffering under the heavy weight of excessive taxation. It only adds to the cost and stymies the ability of developers and builders to construct new homes people can afford.

For example, a report commissioned for RESCON in 2023 showed that taxes, fees and levies on new housing now account for a jaw-dropping 31 per cent of the price tag of a new home in Ontario. The add-ons have exploded in recent years, contributing to a housing crisis that is dreadful.

The Greater Toronto Area (GTA) has the highest development charges and taxes on new housing in North America. Development charges, which are akin to a hidden tax on new home ownership, have gone up 42 per cent in less than a year and are pretty well killing the market.

A few years ago, a study by Altus Group found that government fees, taxes and charges on an average, new single-family home in the GTA were three times higher than in major U.S. markets.

Change raises tax rate

As if that wasn’t enough, earlier this year the federal government introduced tax changes that will increase the amount of taxes paid when a secondary property like a cottage is sold.

This change is worth exploring, as the higher taxes could lead to less housing and fewer rental units being built.

For individuals, the capital gains inclusion rate was increased as of June 25 to 66.67 from 50 per cent on the portion of capital gains that exceed $250,000. The amount under $250,000 will still be taxed at a 50-per-cent rate.

That means if your capital gain from a secondary property is over the threshold, you will pay higher taxes on the amount.

If a property is owned by multiple individuals, each individual will have access to their $250,000 threshold.

The changes were proposed in Budget 2024 and on June 10, the government tabled a Notice of Ways and Means Motion in Parliament that began the legislative process to implement the rate.

Calculations show that the changes mean that an individual who has a capital gain of $500,000 from the sale of a secondary property, would pay the 50-per-cent inclusion rate, or $125,000, on the first $250,000, and the 66.67-per-cent inclusion rate of $166,675 on the second $250,000.

The taxable capital gains would increase an individual's total income by $291,675.

Under the old system, an individual would have paid a 50-per-cent inclusion rate on the entire $500,000 capital gain, which would have amounted to $250,000 in income - $41,675 less.

For the record, a capital gain is the increase in value on any asset or security since the time it was purchased, and when the asset or security is sold.

Secondary residences are affected

Many Canadians will feel the full brunt of this tax change when they sell a secondary residence, cottage or rental property.

That is why, in my opinion, the decision to hike the capital gains inclusion rate was a bad idea, especially when housing supply and affordability and investment are declining. Let me explain.

Oftentimes, Canadians purchase second homes for recreation or to earn extra income and sell off these assets to supplement their retirement incomes.

The changes will hit them in the pocketbook. It will have significant implications for their nest eggs and the economy in general. They may also be less likely to build or purchase second homes as an investment and rent them out.

There are countless small, private landlords across the country who purchase properties as rental units.

The higher inclusion rate poses an additional hurdle. As they are now subject to a higher inclusion rate for capital gains above $250,000, the tax change will have a negative effect.

Incidentally, the feds also have a Residential Property Flipping Rule.

If a property is sold less than 12 consecutive months after it was purchased, any profits earned with be 100 per cent taxable as business income, even if the property is considered an individual's principal residence.

Presently, it is estimated that up to 30 per cent of rental units are provided by these private landlords. The new rules will disincentivize this practice at a time when cities are experiencing a significant shortage of rental units, which has contributed to higher rent prices.

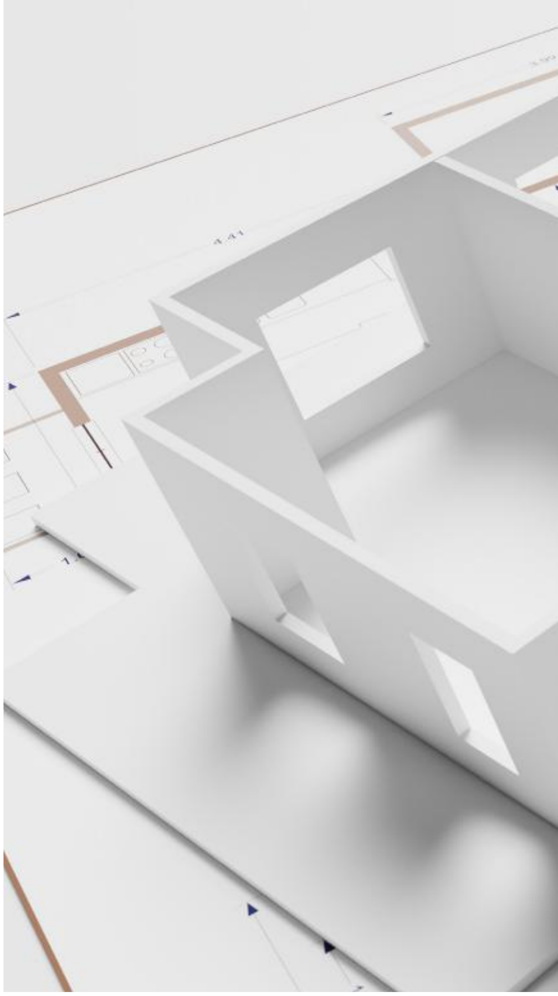
The average rent for a one-bedroom apartment in Toronto is now more than $2,500 per month, with two-bedroom units often exceeding $3,200. People are leaving our cities and many are heading west or south of the border because they can't afford to live where they work.

At a time when we are trying to bring more supply to market, it makes little sense to hike the capital gains inclusion rate and put up a hurdle that could curb construction of housing and rental units.

Taxes, fees and levies are already high enough on new housing. Raising the capital gains inclusion rate will only make the situation worse.

The path we are on is just not sustainable.

A GOOD STARTING POINT



TWO NEW STANDARDS INTRODUCED FOR PLANNING AND DEVELOPMENT APPLICATIONS IN ONTARIO

By Mark Anderson
Director of Business Development
AECO Innovation Lab

The introduction of two new standards for planning and development applications in Ontario by the Digital Governance Standards Institute (DGSI) represents an important first step towards streamlining development processes across the province.

The standards were developed for the Ministry of Public and Business Service Delivery and Procurement (MPBSD) with input from the Ministry of Municipal Affairs and Housing and can be accessed:

- DGSI 124 - Standard for Planning and Development Applications: Terminology
- DGSI 125 - Standard for Planning and Development Applications: Common fields for use in municipal planning application forms

These new standards provide a baseline for terminology and data fields that aim to harmonize the fragmented data collection processes for municipalities, developers and regulatory bodies alike.

A unified framework for efficiency

Historically, a lack of data standards has created significant inefficiencies in Ontario's development approval process.

Developers face inconsistent requirements across municipalities, making it challenging to scale operations beyond local and familiar geographies. Applications often need to be reviewed by multiple authorities, such as the Ministry of Transportation, conservation authorities and others.

Without a standardized data framework, each authority requires information in different formats; applicants must submit the same information to each authority in slightly different formats, while the authorities struggle to integrate processes due to interoperability issues.

These inefficiencies slow down the approval process, increase costs and delay construction – a challenge the new standards aim to address.

The role of DGSI 124 and 125

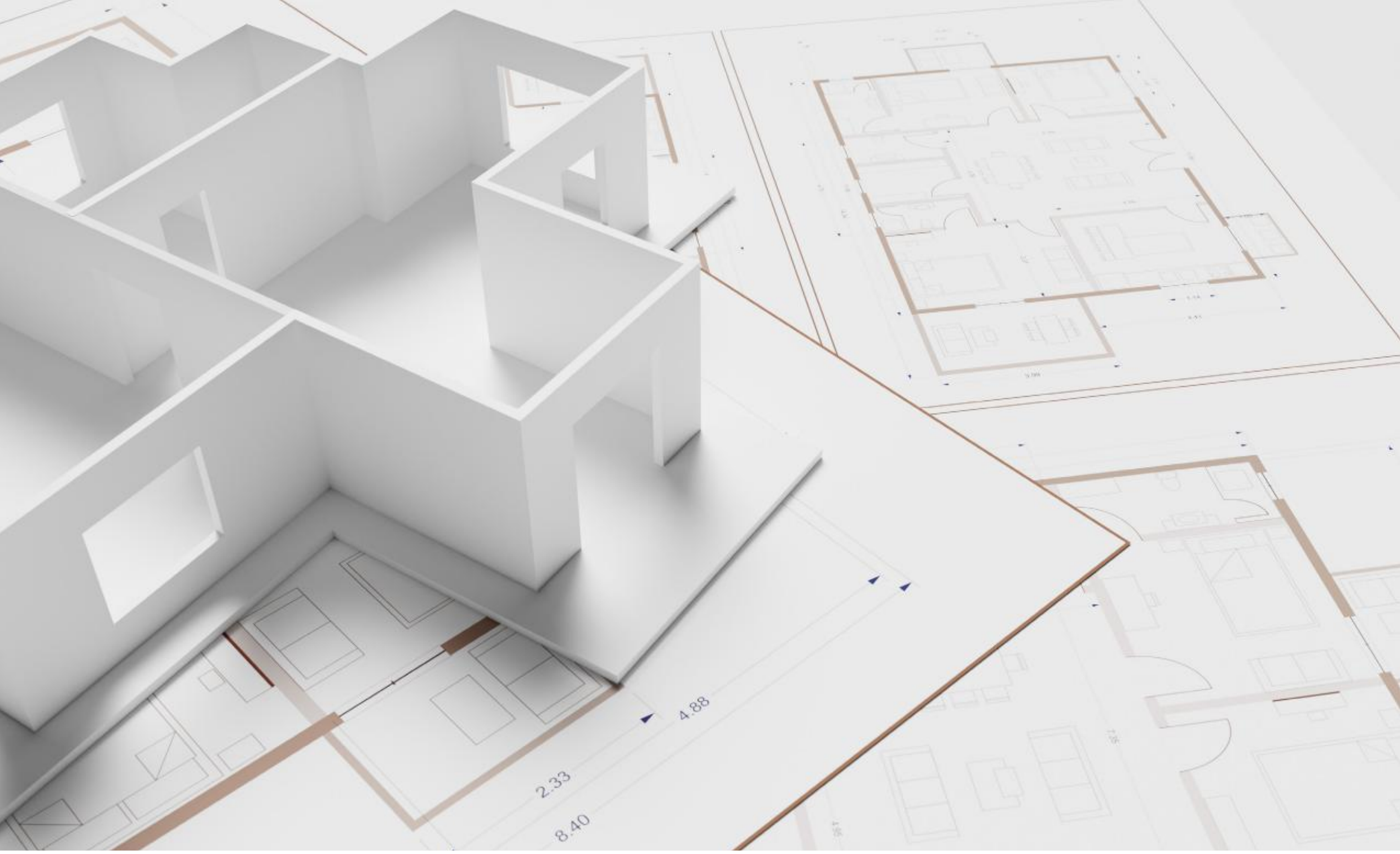
The first standard, DGSI 124, focuses on planning and development terminology, creating a common language for municipalities, developers and stakeholders.

This standard addresses inconsistencies in terminology that can result in confusion and misunderstandings due to discrepancies across stakeholders. By harmonizing terminology across Ontario's municipalities, DGSI 124 aims to simplify communication and reduce administrative burden.

DGSI 125 outlines common data fields for use in municipal application forms, establishing a consistent framework for the information collected during the planning and development process.

Currently, municipalities require different forms of data or present the same data in varied formats, complicating data sharing and analysis.

A standardized set of data fields will result in higher quality information being collected across the province,



facilitating easier communication, analysis and decision-making.

As Public and Business Service Delivery and Procurement Minister Todd McCarthy stated, “By using these standards, municipalities will be able to better collect, share and use data, resulting in more homes being built faster across Ontario.”

Opportunities for further progress

While these standards are a great starting point, there is potential to expand their scope. A worthwhile future project could involve standardizing the various studies required by different municipalities and authorities having jurisdiction (AHJ). Each AHJ has its own requirements, with different triggers and criteria for necessary studies. Standardizing these requirements could extend these efficiencies across the broader development approval landscape.

While these new standards have the opportunity to bring benefits, the fact that they are currently voluntary could limit their adoption. Like building codes, making planning standards mandatory would ensure uniform implementation across municipalities, leading to the widespread benefits envisioned by MPBSD.

However, this is easier said than done. Municipalities may find it challenging to implement the standards due to legacy systems and unique terminologies that have evolved independently over time.

Every municipality has its own processes and systems, which may not easily align with the new standards. One Ontario is well positioned to provide significant value here. If a centrally-available provincial tool like One Ontario was used to harmonize data, it would facilitate the transition to a structured, queryable and unified dataset without requiring municipalities to alter their own established terminology. This approach allows municipalities to maintain their unique systems and processes while still benefiting from standardized data exchange, making the overall development approval process more efficient and consistent across the province.

Looking ahead: opportunities

The work done by MPBSD in creating these standards is commendable and represents a solid foundation for future improvements in Ontario’s development landscape. It would be beneficial to continue this effort with other types of applications.

In an ideal world, an applicant should be able to enter an address, identify key project details (eg. building size and use), and receive a comprehensive list of all required applications, along with the necessary information for each. This approach would not only create a seamless application process but also move us closer to a true “one-window” system, a key component of the One Ontario mission.

By building on these standards and exploring further opportunities for improvement, Ontario can set a new benchmark for efficiency and transparency in the development approval process, ultimately contributing to faster, more sustainable growth across the province.

COOLING-OFF PERIOD WILL COMPLICATE NEW HOME PURCHASE PROCESS

By Richard Lyall
for Canadian Real Estate Wealth
Aug. 28, 2024

New legislation has been passed by the Ontario government that will impose a statutory 10-day cooling off period for buyers after they sign a purchase agreement for a new freehold home. During debate on the matter, both Liberal and New Democratic Party MPPs backed the move.

In essence, the legislation, known as Bill 200, or the Homeowner Protection Act, 2024, will allow buyers to cancel an agreed-upon deal if they choose – without fear of a financial penalty. The change would match a similar review period for buyers of new condominium units.

However, there is a downside to all this.

The new regulatory changes will only add uncertainty, needless new paperwork and additional upfront and ongoing administrative costs to the already beleaguered new home sales market – at a time when it is already difficult to build houses people can afford to purchase.

Items such as updates to an addendum to an agreement of purchase of sale and creating information sheets that builders will have to provide to buyers of new freehold homes pose another logistical and financial hurdle, according to a government analysis of the regulatory impact of the changes.

Considering the hefty taxes, fees and levies that already add a third to the cost of buying a new home, it will only further boost the price tag of a purchase.

Changes will come into force in 2025

The legislation repeals and adds various definitions related to requirements for purchase agreements and construction contracts and sets out when a purchase agreement is binding on purchases of new freehold homes as well as provides for when a buyer can rescind an agreement.

To rescind an agreement, a buyer must give written notice to the vendor within 10 days of when the buyer receives a copy of the purchase agreement. The rules require the vendor to promptly refund, without penalty, all money received from the purchaser as well as interest. Builders violating the rules could be fined $50,000, matching the penalty under Ontario's Condominium Act.

The legislation changes the New Home Construction Licensing Act, 2017 and the Ontario New Home Warranties Plan Act. It received Royal Assent June 6.

The government is now consulting on how to implement the regulations. The Ministry of Public and Business Service Delivery and Procurement is accepting feedback from the public until Sept. 16. The ministry is anticipating the changes will come into force sometime in 2025.

New rules will complicate matters

The Toronto Regional Real Estate Board (TRREB) and Ontario Real Estate Association (OREA) have applauded the cooling-off period for new freehold homes and thanked the government for not proposing to apply the same

cooling-off period to resale homes. I find this strange, as their argument is that doing so would undermine certainty in resale real estate transactions.

Pardon me, but why is the new home sales market any different?

The same sentiment applied by TRREB and OREA to the resale market is also applicable to vendors of new freehold homes.

The regulatory changes will only complicate matters and throw a wet blanket over the sales process. Instead of a straightforward exercise, there will now be a loophole that creates uncertainty.

Developers and builders must finance the cost of land, labour, materials, equipment and myriad other items when building a new home. When a buyer signs on the dotted line, there needs to be assurance that the deal will go ahead. Under the new set of rules, that will not be the case.

While adding more costs for the new home buyer, the cooling-off period will further complicate the homebuying process. Instead of firm commitments, the deals will be subject to change.

Developers and builders are already at the mercy of myriad rules, procedures to follow, and hurdles to overcome when building and then selling a home. Making it more complex serves no one.

The homebuying process is already very open and transparent.

Many new freehold home vendors make their agreement of purchase and sale available online to potential buyers for review before they even enter a sales office. This enables them to make clear and informed decisions.

By the time a buyer signs on the dotted line to purchase a new home, they have had ample time to assess their situation, ask questions, consult experts, and decide if they want to proceed.

Present system is working

There is some solid evidence that a new process is not needed and, in fact, would be a waste of money.

In B.C., for example, legislation was introduced Jan. 3 that gave buyers of resale homes three days grace to reconsider a property purchase,

The new Home Buyer Rescission Period in B.C. gives homebuyers who make a subject-free offer three business days to rescind an accepted offer on a property. If they decide to walk away, they pay 0.25 per cent of the offer amount. On a $2-million deal, the cancellation fee would be $5,000. Under the law, buyers are not required to give a reason for rescinding their offer.

Granted this applies to the resale housing market, but according to B.C. realtors there hasn't been a single cancellation as a result of the new rescission period.

Why would the new home market be any different?

There is no need to rock the boat in Ontario by imposing a 10-day cooing-off period for buyers of new freehold homes.

If the system isn't broken, why fix it?

PLANNING POLICY EMPHASIZES HOUSING MINIMUMS

By Zakiya Kassam
Storeys
Aug. 21, 2024

After floating a draft of it in the spring, the Ontario government has unveiled its latest Provincial Planning Statement (PPS), which builds on the Cutting Red Tape to Build More Homes Act and includes a series of requirements and recommendations geared at getting more housing built across the the province.

The new PPS will go into effect on October 20, and includes a requirement for municipal planning authorities to "establish and implement" their own targets for affordable housing, including housing that caters to both low- and moderate-income households. Further emphasis is put on building more density around major transit and building up shopping mall and retail plaza sites — also at the discretion of municipal planning staff.

Minister of Municipal Affairs and Housing Paul Calandra spoke to the new PPS at the annual Association of Municipalities of Ontario conference on Tuesday, underscoring that, in part, it empowers municipalities to plan for new housing supply as they see fit.

"With this new planning statement, we are giving you, municipalities, the tools and the flexibility that you need to build more homes," Calandra said on Tuesday. "It recognizes that municipalities understand local challenges and priorities when it comes to building homes, and that the types of homes that are needed to be built in your communities, it is you who know best what you should be building in your communities for your residents."

Though urban planner, architect, and Smart Density co-founder Naama Blonder doesn't feel that keeping the onus on municipal governments to set minimums for affordable housing is necessarily a wrong move, she also warns that putting words on (proverbial) paper tends to mean very little in the grand scheme of things.

"I know that one of the challenges with municipalities is that those units eventually don't get built, and we see that in the market today," she says.

In Blonder's view, the PPS fails to address bigger pain-points when it comes to getting new affordable housing off the ground, including the fact that projects these days aren't able to pencil out. Building is simply too expensive right now. In Toronto, for example, Blonder points to increased development charges and soaring construction costs as two major "hurdles" preventing new housing from getting off the ground.

Richard Lyall, President of the Residential Construction Council of Ontario, is in a similar camp, expressing that while the new PPS demonstrates that the province is putting emphasis in the right places and "fine tuning" its planning directives with respect to affordable housing and otherwise, it doesn't address the systemic issues preventing housing from being built in an efficient manner (or at all).

"One of the big problems we have in Ontario is that too much authority for some pretty basic planning things are left in the hands of municipalities," he says. He points to Toronto as an example, where the City is yet to resolve planning issues surrounding the use of angular planes and restriction on floor plates in apartment buildings. "We're still dancing around with this stuff that's been identified as an issue forever — and certainly, for the last five years."

The PPS additionally fails to pose a solution for getting housing off the ground quicker, Lyall says. "There's some incremental, nice things in there, but it's still not hitting the big stuff. It's not hitting the chronic inefficiencies in our approvals process, it's not touching the excess costs that have been imposed on new homebuyers and renters in the last 15 years. I mean, they are extraordinary."

As mentioned, the new PPS directs municipal authorities to create more density close to major transit, including TTC, GO, light rail, and rapid transit bus stations, by planning for "minimum density targets" of 200 residents and jobs for sites served by subways, 160 residents and jobs for sites served by light rail or bus rapid transit, or 150 residents and jobs for sites served by commuter or regional rail. It also encourages municipalities to plan for more housing and density on shopping mall and plaza sites.

Executive Vice President of Sevoy Developments, Jane Renwick, says that these are directives development sector stakeholders can get behind. These are "key parts of community building," she tells STOREYS. "Malls need critical mass, transit needs critical mass, and we bring the critical mass through multi-residential development. So I think those things have always gone hand in hand, and it's nice to see the acknowledgement through from the province."

But again, putting a directive in writing is one thing, and making it happen is another matter entirely.

"I think the redevelopment of the mall is a very tricky thing. And I would say that government policies are always sweeping statements, and then it's left to industry, both private and public, to figure out the rest," says Renwick.

REPORTS
MEDIA

Press Release

RESCON supports the Housing-Enabling Water Systems Fund which focuses on building the critical infrastructure required to support the new construction of much needed low-, mid- and high-rise residential units, RESCON president Richard Lyall said in a press release.

"By investing in drinking water, stormwater and wastewater infrastructure, Premier Doug Ford and Infrastructure Minister Kinga Surma are laying the foundations needed to provide housing for all Ontarians," he noted.

Click here to read the press release.

Daily Commercial News

The regulatory system is one of the main issues affecting productivity of the residential construction industry because it adds layers of complexity to building, RESCON president Richard Lyall explained in an article in Daily Commercial News.

"If you look at the general production of housing and productivity, I mean, the big, big factor there is the regulatory system that affects your productivity. It's huge." Click here to read the article.

The Brian Crombie podcast

RESCON president Richard Lyall was a guest on The Brian Crombie Hour podcast on Sauga 960 AM. He spoke about his concerns and vision for the new housing market.

"Overall, we have one of the worst housing crises in the developed world and Ontario is probably the worst in Canada outside of the Lower Mainland of B.C. in terms of this supply challenge," he said.

Lyall noted that red tape, approval delays, unneeded zoning and political interference are some of the causes of our housing mess.

Click here to listen to the podcast.

RCCAO

- On Aug. 7, RCCAO, along with its members – the Greater Toronto Sewer and Watermain Contractors Association (GTSWCA) and the Joint Residential Construction Association (JRCA) – was pleased to attend the announcement by the Ontario government to advance the Housing-Enabling Water Systems Fund.

- RCCAO was happy to once again attend the annual Association of Municipalities of Ontario (AMO) Conference in Ottawa. The conference provided an invaluable opportunity to discuss critical infrastructure and housing issues with municipal leaders and hear from provincial officials and industry colleagues.

- On Aug. 16, Premier Ford shuffled some of his cabinet members and RCCAO looks forward to working with the new cabinet to continue advancing key infrastructure priorities, including transformational projects like Highway 413 and the Bradford Bypass that are crucial for Ontario's economy and quality of life.

- Continuing its leadership on improving the locate delivery process in Ontario, over the last few weeks, RCCAO has had several meetings with Infrastructure Ontario and other government representatives on the digital twinning process in the province.
  - RCCAO will remain engaged on this transformational process as it gets underway and will stay focused on continuing to advocate for near-term improvements to the locates process.

- RCCAO remains engaged with the Toronto Region Board of Trade as they look to address congestion in the city. Industry engagement with the board is important as we provide valuable feedback on the realities of building critical infrastructure and housing in Toronto.

- RCCAO remains active on social media – make sure to follow us to stay on top of infrastructure-related news!
  - X/Twitter & LinkedIn

RESCON is hosting an online **Housing Supply Summit 4.0** on **Oct. 9, 2024**, from **12:30 to 4:30 p.m**.

Senior public service decision makers, housing sector thought leaders and influencers, public opinion analysts and others will discuss challenges, opportunities and policy changes that are required to get the country's housing sector back on track.

Discussions and presentations will cover topics such as taxes, fees and levies, public policy initiatives, public opinion surveys, market analysis and potential solutions being implemented or proposed.

In bringing together a wide range of political leaders, industry observers and stakeholders, the RESCON Housing Summit 4.0 promises to be engaging, insightful and informative.

CLICK HERE TO REGISTER

Below is the event lineup:

Rental housing market in Ontario – challenges & opportunities
Tony Irwin of FRPO, Corey Pacht of Fitzrovia

Mayors panel discussion
Toronto Mayor Olivia Chow, Guelph Mayor Cam Guthrie, Barrie Mayor Alex Nuttall, Oshawa Mayor Dan Carter, London Mayor Josh Morgan

Reality check – the housing affordability & supply crisis
Marlon Bray of Clark Construction Management

Housing development & urban planning – admin reforms in times of crisis
David Amborski of TMU, Jag Sharma of City of Toronto, Naama Blonder of Smart Density

Current trends & public perceptions on housing in Canada
David Coletto of Abacus Research

Navigating today's housing market & what lies ahead
Jason Mercer of TREBB