



January 24, 2020

Hon. Amarjot Sandhu
Chair, Standing Committee on Finance and Economic Affairs
99 Wellesley Street West
Room 1405, Whitney Block
Queen's Park
Toronto, ON M7A 1A2

Submitted electronically

RE: Residential Construction Council of Ontario's 2020 Pre-Budget Submission

The Residential Construction Council of Ontario (RESCON) is pleased to submit its 2020 Pre-Budget Submission to the Standing Committee on Finance and Economic Affairs.

RESCON represents over 200 residential builders of high-rise, mid-rise and low-rise buildings in the province. Our goal is to work in cooperation with government and related stakeholders to offer realistic solutions to a variety of challenges facing the residential building industry, which in turn have wider societal impacts. The focus of RESCON's work is on technical standards; labour relations; industry research and innovation; health and safety; regulatory reforms; training and apprenticeship.

Government's mandate of creating jobs and investment opportunities is contingent upon being able to support infrastructure and housing. The most critical element to realizing and sustaining that process is building the necessary housing and infrastructure in Ontario. The big thing in allowing this to occur is a streamlined building and planning development approvals process.

Currently, our process is antiquated, and we are not abreast of other jurisdictions doing things much more efficiently. Although recent changes by the government, especially around the passing of the *More Homes, More Choice Act* has put us on the right path, there is still room for improvement, particularly around municipal overreach and process streamlining.

The government's work on improving the development approvals process is commendable, however, Ontario is not keeping pace with the pace of change and further structural and regulatory changes are necessary to support growth. For example, The World Bank evaluates and measures the ease of doing business in various jurisdictions worldwide; when it comes to dealing with construction permits, Canada (which is represented by Toronto) ranks 64th worldwide. By comparison to our North American neighbours, the United States (represented by New York City and Los Angeles) ranks 24th in dealing with construction permits. The Province has an opportunity to be at the forefront of technological and innovative changes but must act decisively to embrace these opportunities.



In our submission, we want to highlight several specific recommendations that should be included in this year's budget to ensure that Ontario has the necessary tools to continue its growth and maintain its economic attractiveness for investors and job creators.

We appreciate the opportunity to provide the Committee with our recommendations and look forward to continuing our work with the Province on these important issues.

Regards,

A handwritten signature in blue ink, appearing to read "R. Lyall", is written over a faint, light blue circular watermark that contains the word "Rescon" in a stylized font.

Richard Lyall
President



In terms of specific recommendations that RESCON would like to see incorporated into the 2020 Provincial Budget, these include:

1. REDUCE AND STREAMLINE THE DEVELOPMENT APPROVALS PROCESS

Ontario's development and building approvals processes are much slower and less innovation focused than many other advanced jurisdictions. Research shows that site plan control approvals should take one month often take more than nine months, with follow up research indicating that this timeline is now more than two years for residential buildings. City of Toronto recently completed its [*End-to-End Review of the Development Review Process*](#), which was released two years after its initial predicted deadline and we expect will take several years to implement the review's modestly ambitious recommendations. The City and other municipalities are a major player in ensuring that the development approvals process is an efficient and transparent undertaking. Thus, the Province needs to engage in a much more robust and granular way with municipalities as well as dedicate resources for innovation and policy changes.

ELECTRONIC PERMITTING SYSTEM

There needs to be a greatly expanded use of e-permitting in the planning, engineering and building permitting areas. A comprehensive e-permitting system would allow for all approval agencies within a municipality as well as external commenting agencies to be linked together on a common platform.

A comprehensive e-permitting system with proper capability allows builders to informally test development ideas for regulatory compliance prior to a formal submission and communicate with regulatory agencies in real time.

The e-permitting system should incorporate 3D GIS BIM capability allowing for 3D location specific representations of buildings.

It is also important for the e-permitting system to be based on a common data platform, which include definitions, common data format and common applications which will facilitate file transfers among various agencies. Such a common data platform will help the Province to establish a comprehensive e-permitting system where agencies and municipalities can link together. Work has been started on such a platform and it is important for the Province to support and accelerate this work in collaboration with industry and municipalities, including EDAP (Electronic Development Approvals Platform), a working group of building officials and industry that is established on this issue.

RESCON applauds the government for setting up the Technical Reference Group under the Ministry of Municipal Affairs and Housing, which is tasked with exploring and implementing its version of e-permitting in Ontario. However, we need more decisive action on implementing the province-wide e-permitting system. Other jurisdictions have demonstrated the successful approach to implementing an e-permitting system is best executed through a top-down basis. The Province is ideally suited to make this happen as control of this endeavor lays squarely in the realm of provincial jurisdiction.



However, it is imperative that the collaboration with industry and municipalities continue. Any funding dedicated to this purpose would have a compounding pay-back order of magnitude. Improving and streamlining the development approvals process through innovative methods such as e-permitting would introduce predictability and transparency which will result in an elastic housing supply, improved use of transit and significant economic development opportunities for the Province.

Recommendations:

- A. The Province should endorse and implement an Ontario-wide data platform.***
- B. Developing this Ontario-wide data platform should be led by the Province with the support of industry and municipalities. Provincial financial support and matching municipal building department reserve funds can help to fund this work.***

MUNICIPAL OVERREACH

One of the biggest issues and impediments to a more streamlined and predictable development approvals process in Ontario is municipal overreach. Industry is currently involved in a legal challenge with the City of Waterloo seeking a declaration that the provisions of the City's Urban Design Guidelines, Supplementary Design Guidelines, and Northdale Urban Guidelines unlawfully trench on provincial jurisdiction by purporting to regulate the use of EIFS (exterior cladding material) as part of its site plan control process.

It is only the Province that has the authority to regulate the manner of construction and standards of construction, which it does through the *Building Code Act* (BCA) and the Building Code. The BCA provides that the Province may make regulations governing standards for the construction and demolition of buildings, including "regulations governing the manner of construction and types and quality of materials used therein." The City of Waterloo has put in place policies and guidelines in its site plan control process that directly contradict provincial policies.

Industry is spending time and resources on red tape issues like these that are interfering with building projects and are resulting in increasing construction costs without benefit to homebuyers. The City of Waterloo is spending tax dollars defending their abuse of site planning control. This is only one example of many of municipal overreach policies that negatively impact the development approvals process and impact housing supply in the Province. In Toronto, the City has developed its own Toronto Green Standard which has unlawfully become a mandatory requirement during the planning approval process.

The Toronto Green Standard necessitates sustainable design requirements and performance measures, beyond those required by the Ontario Building Code, to be met for all new buildings in the City. Not only does this raise the cost of housing, but municipal overreach is a large contributing element to the fact that the Toronto/Canada is ranked 64th among 190 countries in the world by the World Bank regarding dealing with construction permits. As Ontario continues to fall behind on World Bank rankings, this could lead potential international investors to look elsewhere.



Recommendation:

- A. The Province should support legal challenges against municipal overreach where appropriate to ensure that legal precedent is established reaffirming provincial authority over housing and planning legislative power.***

NATIONAL BUILDING CODE

The National Building Code will be coming out in 2020 with standards that include tall timber construction. Other jurisdictions in Canada and around the world have already changed building code provisions to allow tall mass timber constructions of buildings 12 or more storeys. The current Ontario Building Code limits building height for any type of wood buildings to six storeys.

The Government of Ontario should fast track the adoption of changes in the model National Building Code that would allow 12 story mass timber buildings that would, if the traditional consultation and code amendment process were followed, come into effect in Ontario by 2021 or later. We should fast track these changes given abundant Canadian and international experience in constructing high-rise timber buildings, such as an 18-storey mass timber building in Vancouver and similar projects in Quebec.

The benefits of fast-tracking tall mass timber code adoption include: 1) providing builders with another construction option for high rise buildings thereby increasing competition with steel and concrete materials which currently dominate this market; 2) tall timber construction is fast, quiet, and light weight (shallower foundations), providing an excellent option for infill developments where existing residents are sensitive to noise and disruption; 3) it is an environmentally friendly carbon sequestering building material option. Many jurisdictions around the world, including Quebec, British Columbia, Europe and Australia, are already allowing tall timber buildings – Ontario needs to catch up to increase choice and competition in the building sector.

Recommendation:

- A. The Province should mirror the National Building Code standards for tall mass timber construction and implement the same provisions expeditiously in the Ontario Building Code.***

2. CONTINUE INVESTING AND SUPPORTING TRAINING AND EDUCATION PROGRAMS IN RESIDENTIAL CONSTRUCTION

The provincial government has made great strides in addressing the skilled trades shortage through better promotion of the many careers in the trades. Specifically, the ‘Find a Career You Wouldn’t Trade’ campaign which focuses on eradicating stigma attached to skilled trades is very welcome and appreciated by the industry. Construction has a marketing problem and young people, and those that ‘influence’ young people (parents and guidance counselors) will only be interested in the skilled trades if they are educated with fulsome, catchy information on skilled trade careers. This is why RESCON partnered with Job Talks to release a [video series](#) on careers in the skilled construction trades. To that end, the provincial education system needs to be overhauled and a quantitative analytical deep dive



needs to be performed on value-for-money relative to skilled training given the shortages that persist in our industry.

The success of our industry is dependent on attracting and retaining a skilled and stable workforce, which includes greater representation of women in the skilled trades. Currently only 4% of apprentices are women. An improved system is needed to ensure an equitable and transparent trades admission process which resembles the college or university admissions system.

Further, employers need to hire more young people and apprentices. As outlined by Minister McNaughton only 6% on Ontario businesses hire apprentices compared to 19% of employers in across Canada. This means that the incentive process available to employers needs to be amended and employers should be compensated for the creation of jobs and completions of training programs (apprenticeship hours). Additionally, when creating policy surrounding employer incentives, the government needs to understand the unique differences between the construction sectors as well as voluntary and compulsory trades. A blanket, one size fits all policy should be avoided. Tailoring programs to meet the needs of employers across construction will improve placement rates and ensure young people are finding their way into top construction careers.

RESCON has been addressing these shortages through several partnerships focused on research and work placements. In 2019, we released two reports on recruitment and retention. The first report on recruitment, [*A Behavioural Economics Approach to Recruitment in Skilled Construction Trades*](#), applied behavioral economics to recruitment in the skilled trades and found that behavioural causes are a major contributor to the gap between the demand for skilled construction labour and its supply.

The second report on retention, [*Retaining Employees in the Skilled Trades*](#), summarizes findings from a comprehensive survey of construction workers in the residential and infrastructure-related skilled trades across the GTA. The report's recommendations include increasing the number of shop classes in high school and promote construction jobs to all students, whether they are book-smart, hands-on, tech-savvy or entrepreneurial.

RESCON has also undertaken work placement activities include partnerships with Humber College, George Brown College, Durham College, the LiUNA 183 Training Centre, STEP to Construction, OYAP TDSB, and the Centre for Skills Development and Training in Burlington.

Recommendations:

1. ***The Province should update the Skilled Trades admission process, creating a skilled trades standardized application process for everyone across Ontario that is reflective of current labour market and employer needs as well as actual construction practices.***
2. ***The Province should improve incentives for employers to hire young people and apprentices.***