

June 15, 2011

## Residential Construction Council of Central Ontario aims to trim government-imposed construction costs

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Reducing government-imposed costs in construction and development would improve housing affordability across Ontario and increase project opportunities, says a major residential builders organization.

"We have to look at how much the things we build cost. Whether governments are spending money on institutional buildings, roads, or on bridges and sewers, it is important for all of us to have the most efficient red-tape-free industry possible," said Richard Lyall, president, Residential Construction Council of Central Ontario (RESCON).

Builders and homebuyers have "shouldered their share" to help pay for increased infrastructure needs, parkland, servicing and other government-imposed costs associated thanks to strong growth and development in Ontario over recent decades. Among these costs are development charges, land-transfer taxes and registry fees.



In the residential sector, lower government-imposed costs on homebuyers can result in a stronger economy and great job opportunities, said Lyall.

"On the housing side, it is very apparent ... we can build homes relatively cheaply, but by the time they get to market, the prices have gone through the roof," he said.

A recent RESCON study found that reducing government-imposed costs by a 10 per cent would generate over \$2 billion for Ontario's economy and create almost 7,500 new jobs. In the Greater Toronto Area (GTA) alone, just a 10 per cent increase in housing prices can result in losses of over \$600 million in economic activity and nearly 3,000 construction jobs. For 2011, new home construction in the GTA is expected to support 52,700 jobs; \$3 billion in wages and contribute \$8.5 billion to Ontario's economy.

Richard Lyall

Higher government-imposed costs also affect ICI construction, Lyall said.

"Because, to the extent that there is red tape and waste, it is just going to cost more to build. This ultimately means fewer things are going to get built to hit our infrastructure objectives," he noted.

"There are multiple pressures for funding, from infrastructure to health and education. We are in world of competitive interests financially that all need to be addressed."

Andy Manahan, executive director, Residential and Civil Construction Alliance of Ontario (RCCAO), said a link does exist that requires development charges to pay for growth-related capital costs. Innovations to development charges legislation could help ease that cost-related burden, he added.

Both RESCON and RCCAO recommend that the province take a leadership role and work with industry, municipalities, consumers and other stakeholders to implement practical approaches to reduce government-imposed costs. Creating a multi-party building industry committee tasked with developing a roadmap for reducing government-imposed costs would be a great start.

"There is no single solution, but we need to go through the list of costs, one-by-one, to see where there is some room to bring costs down a bit while maintaining safety and service standards," said Manahan.

Lyall said that establishing a target of reducing government-imposed costs on new housing by a minimum of 10 per cent within two years would also be an effective measure.

Business and government can then manage by an objective that is a measureable target in sight.

Also, publishing an annual Housing Impact Index to document the effects of municipal, provincial, and federal government-imposed costs and policies on housing prices would provide necessary transparency and profile to the issue, added Lyall.