

POSTCARDS FROM THE EDGE



Matt Durnan

A recent pre-budget submission from the **Residential Construction Council of Ontario (RESCON)** has laid out 10 steps it would like to see the **Province of Ontario** pursue in its upcoming 2026 budget to address the housing crisis in Ontario, with an overarching message that government-imposed costs on housing have grown out of control.

In its submission, RESCON indicates that this year's provincial budget provides an opportunity to reverse the course of the housing crisis given the province's jurisdiction over taxes, housing policy, infrastructure funding, and municipal governance.

"It's going from bad to worse. And this is why at our annual meeting a few weeks ago, I said that this is the year that we have to crack some of these outstanding nuts and barriers to housing," RESCON president **Richard Lyall** told *NRU*.

"We've had a runaway train. And that is best exemplified by the deviation from the traditional ratio of housing cost to incomes. It's really surreal in a sense that I remember when we first asked if anyone had looked at what the totality of taxes, fees, and levies on new

housing are."

The cost [of housing] to income ratio in Ontario is now over nine to one and housing starts across the province have dried up significantly, precisely at a time when housing is needed more than ever. In the Greater Toronto and Hamilton Area (GTHA), home sales are down 71 per cent for single-family homes from 2024 to 2025, and condominium sales have dipped by 91 per cent.

Across all of Ontario's census

metropolitan areas (excluding Toronto) housing starts year over year from 2024 to 2025 are down 29 per cent, and down 58 per cent in the province's largest city, Toronto.

"The other thing that occurred to us is that you have a housing problem in a good chunk of the developed world, especially in the Anglosphere, like New Zealand, Australia, Canada, USA, and the United Kingdom. And that's really peculiar to our legal structure

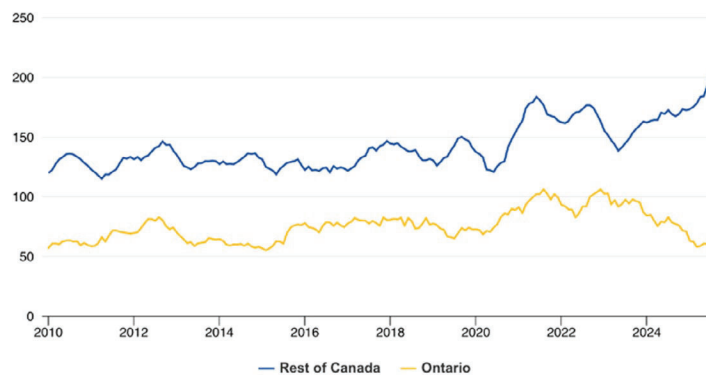
of government and the way of doing things and property rights and all of that other stuff," Lyall said.

"But within all of that, Ontario, along with lower mainland British Columbia, probably has the worst housing crisis."

RESCON's pre-budget submission makes 10 policy recommendations to the province. These are: 1) introduce a harmonized sales

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Housing starts in thousands, seasonally-adjusted and annualized, 6-month moving average



Graph from the Residential Construction Council of Ontario's (RESCON) pre-budget submission to the Province of Ontario. This graph illustrates housing starts in the thousands in Ontario (yellow line) compared to the rest of Canada (blue line). RESCON's submission to the Province includes 10 recommendations for addressing Ontario's housing crisis.

SOURCE: RESCON

Number of units, 12-month rolling sum



Graph from the Residential Construction Council of Ontario's (RESCON) pre-budget submission to the Province of Ontario. This graph shows condo starts (blue line) in tens of thousands of units in Toronto from 2010 to present, and pre-construction sales 18 months prior to the housing starts (yellow line). The chart shows that condo starts and preconstruction condo sales in Toronto have been plummeting since 2024, painting a bleak picture for the future of new housing construction in Toronto.

SOURCE: RESCON

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tax (HST) rebate, 2) reduce municipal development charges, 3) provide financial support for residential infrastructure, 4) suspend land transfer taxes in Ontario for a period of three years, 5) support and finance modernization of planning approvals processes (digitization), 6) support cost-efficient approaches to homebuilding (for example, off-site construction), 7) support the development of new property technology (PropTech) and construction technology (ConTech), 8) work in collaboration with the federal government to direct the removal of foreign buyer bans for new home projects immediately, 9) incentivize private market residential construction by expanding collaboration, cooperation and partnerships with private homebuilders, and 10) support previously successful programs like the multi-unit residential building program (MURB) and the limited dividend company model.

While the recommendations hit multiple touch points, including changes to the planning approvals process, supporting new methods to homebuilding like modular homes, and establishing new partnerships and supporting programs that have worked

in the past, the overarching message from Lyall is that there must be a reduction to the cost of housing. For Lyall, this must be accomplished through the reduction of government-imposed costs like development charges (DCs).

“The first thing, of course—outside of Ottawa, which brought down DCs recently—but central Ontario, the GTA, the GTHA has divorced itself from reality. There were some in the [development] industry who supported when **City of Toronto** increased development charges by 46 per cent, because it was supposed to be doubled,” said Lyall.

“This was supposed to be a good deal. And I remember saying ‘What are you people doing? Did incomes go up 46 per cent last year? What’s this for?’ The City is building up a massive reserve, and yet on the other side of their mouths, they’re talking about affordability. You know, we’re in a crisis, this just doesn’t compute.”

The housing crisis facing Ontario is not one that popped up overnight. It is the product of challenges that have been facing the residential construction sector for some time, and is now approaching an inflection point, Lyall said.

It is one thing to look at

the significant downturn in housing starts, but it is another altogether to understand what the spinoff effects of this crisis can be.

Lyall pointed to a report commissioned by the **Toronto Community Housing Corporation (TCHC)** in 2016 that indicated without proper investment in the corporation’s capital repair plan by 2030, (when more than 90 per cent of its units were projected to be in poor or critical condition), TCHC tenants would incur an estimated 1.1 million additional healthcare visits and \$1.55 billion in increased healthcare costs over the 30 years following the release of the report.

“There is an unmeasured cost of inadequate or substandard housing, and I say unmeasured because they really don’t measure it. It is separate budget envelopes,” Lyall said.

“We have to get costs down. We have to get them down for Gen Z and millennials, especially the ones that don’t have parental [financial] support. We’re seeing birth rates falling, and why is that? Because mothers want a nest. They want a home and security. But they’re now being told that they can’t have what their parents had, they can have a 600-square-foot apartment.”

There is another cliff that we are fast approaching if the trend on sluggish housing starts continues in the same direction, and that is the number of residential construction workers that could find themselves unemployed.

“We can’t sell anything right

now. And it’s not just down 10 or 15 per cent, it’s down 90 per cent on high-rise and 70 per cent low-rise. This is something that people are just starting to grasp what these numbers mean,” said Lyall.

“To say that in two years, 90 per cent of our [construction] workforce in high-rise could be gone and 70 per cent in low-rise is gone. We’re talking about 150,000 people unemployed, and these aren’t chump change jobs, these are high-paying jobs. People flip out when 400 people are laid off at an automotive parts plant, just wait to see what this shows. That’s the scale of it. But investment drives everything and process is critical in solving any problem. Some municipalities are doing some good things, but if you paint a broad brush here, we really haven’t moved the needle very much.”

To read RESCON’s full pre-budget submission to the province, please visit the RESCON website [here](#). 🌱

Erratum

In the February 4 edition of NRU GTHA, the story “Putting Retail on the Radar” incorrectly stated that Mississauga’s population was forecast to grow by one million people by 2051. The story should have indicated that Mississauga’s population is forecast to grow to one million people by 2051. NRU regrets the error.