

May 14, 2021

Hon. David Eby
Attorney General and Minister Responsible for Housing
Parliament Buildings
Victoria, B.C. V8V 1X4

Hon. Josie Osborne
Minister of Municipal Affairs
Parliament Buildings
Victoria, B.C. V8V 1X4

Dear Attorney General Eby and Minister Osborne,

RE: Key Housing Supply Challenges and Recommended Immediate Actions

On behalf of our eight local associations and over 2,100 members, the Canadian Home Builders' Association of British Columbia (CHBA BC) appreciates the ongoing discussions regarding various pressures facing the residential construction industry and what can be done to alleviate the problems.

We continue to be encouraged to hear the government's clear intentions to advance the recommendations of the Development Approval Process Review (DAPR). While we look forward to further announcements of these plans, our association believes there are some immediate actions that the province can undertake that would support the objectives of DAPR, while also significantly assisting our members' ability to bring much needed housing supply forward faster and more cost-effectively.

We believe there are two key areas of focus:

1. Building Official Shortages
2. Provincial Service Levels and Delays

Descriptions of the issues, impacts and potential ways to address concerns are provided within **Attachment 1** and **Attachment 2**, respectfully. We hope you find our enclosed feedback helpful and look forward to discussing these matters further with you and your ministerial colleagues.

Further, the surging demand and limited supply of lumber is a significant issue driving up prices in housing. With strong housing demand expected to continue, and lumber supply struggling to catch up, it is expected lumber prices will stay high for some time. While this is a complex issue, involving many groups and levels of government, CHBA BC is interested to connect with the appropriate provincial ministry to hear perspectives on this specific subject and any action that may be taken.

Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

Carmina Tupe, MCIP RPP
Director, Policy & Government Relations

*CC: Hon. Katrine Conroy, Minister of Forestry, Lands, Natural Resource Operations and Rural Development
Hon. Rob Fleming, Minister of Transportation and Infrastructure*

Attachment 1: Building Official Shortages

Municipal Building Official Shortages & Resulting Permit Delays

A key opportunity identified from DAPR was the chronic shortage of building officials. CHBA BC continues to hear from its members across our eight local associations that there simply aren't enough qualified building officials available to efficiently process permit applications.

Municipalities often compete with each other for recruiting and retaining qualified building officials, and the varying compensation packages offered contribute to movement between jurisdictions. COVID-19 as well as retirements have exacerbated the issue too. Combined, these conditions ultimately reduce the industry's ability to bring homes online.

It is CHBA BC's understanding that building official shortages are particularly evident in, but not limited to, the following areas and may be a starting point for BOABC and the provincial government to engage in focussed municipal discussions:

- Lake Country
- Thompson Nicola Regional District
- City of Kamloops
- Vancouver Island
- South Okanagan

Housing supply and costs are impacted by the challenges with accessing building officials since it has resulted in protracted processing and inspection timelines that are often unclear and/or unnecessarily convoluted. Furthermore, since industry has adapted to creating higher density multi family projects across B.C, more qualified Level 3 inspectors are needed to keep pace. Unfortunately, at this time, this level of inspector is even more scarce than a Level 1 inspector, straining these forms of housing projects - which are typically geared towards middle-income, first time homebuyers - from coming forward.

Specifically, members have experienced the following permitting issues:

- Permit applications, once submitted, will sit dormant for several weeks or months before they are given an initial review or receive initial comments.
- Once an application makes it in front of an official for review, if additional information or documents are requested and require a resubmission, this results in an applicant returning to the "back-of-the-line." This then extends the processing timelines well beyond what was planned for the project.

- Where an application changes hands, perhaps as a result of vacation, sick days, or a change in personnel assigned to the file, there are instances where there are conflicting or inconsistent perspectives, requirements or deficiencies identified between the initial building official and the next. Although the B.C. Building Code is intended to bring greater consistency to technical building requirements, its interpretation and enforcement often varies between individual building officials, making it challenging for members to plan and implement projects to meet compliance.

Opportunities to Increase Capacities & Address the Backlogs

While as of February 28, 2021, all building officials under the *Building Act* must meet mandatory qualifications to make decisions about building regulations on behalf of municipalities and other local authorities, CHBA BC does not believe this recent mandatory training has restricted the availability of qualified officials. Rather, we consider this shortage to be a long-standing issue, as these conditions existed long before changes were made to the *Building Act*.

We understand the Building Officials' Association of B.C. (BOABC) was designated to administer the mandatory qualification program. CHBA BC and BOABC representatives have engaged in several discussions on how both associations can mutually support each other. Through these discussions, opportunities have been identified that could address the challenges experienced by CHBA BC members.

These opportunities would be consistent with those found in DAPR and require a level of support from municipal and provincial governments. They can also be viewed based on their ability to serve as a longer-term measure that is intended to foster a sustainable supply of professionals for the future vs. a shorter-term action that could help immediate pressures and backlogs happening municipally. Below is a brief description of these opportunities:

- Education & Awareness: This would include promoting the profession as a viable career path to prospective individuals and ensuring those pursuing a career in this field are fully aware of the certification process, training options, and knowledge set required. We are aware that the BOABC is currently undertaking a number of initiatives in this regard, some of which include working with CHBA BC to determine partnership opportunities for education to support continued professional development.
- Managing the Backlog & Filling in Service Gaps: Should a municipality be unable to resource its building official services to keep up with the volume of permits and processing involved, then thoughtful consideration should be given to interim ways to manage the workload. This can be done a number of ways, including:
 - engaging the services of third-party professionals such as Qualified Environmental Professionals (QEPs) and architects to make compliance decisions.
 - using the training program that allows building officials to work one level above their current status to gain valuable work experience, while also assisting the municipality in their service needs.

- having “travelling officials” work for different municipalities or for a specified region experiencing a resource challenge. Alternatively, service agreements can also be done between municipalities if one jurisdiction has the capacity to assist another.
- Processing Improvements: In instances where building official capacities are strained, then municipalities should consider alternate processes to expedite simpler permits. This would mean triaging applications during the intake process, and allowing simple, straightforward applications to proceed quickly so that building official staff can focus on more complex permits.

The actions above ultimately require municipalities to be flexible and open to implement but would benefit greatly from strong provincial support to do so. Often members hear that these solutions cannot be implemented due to liability concerns, union challenges, and or perceived administrative burden. We ask the province to work with the BOABC and its local municipalities to review the benefits of undertaking the above-noted measures and how they outweigh their perceived risks.

Attachment 2: Provincial Service Levels and Delays

CHBA BC previously mentioned that the process to build a home is complex and often requires cross-ministerial involvement. As such, it is imperative that a housing lens continue to be placed on the work of other ministries. This specifically relates to resolving challenges that have become prevalent with permits requiring the involvement of the Ministry of Forestry, Lands, Natural Resource Operations and Rural Development (FLNRO) and the Ministry of Transportation and Infrastructure (MOTI).

Details of members' experience with dealing with these two ministries are outlined below:

Ministry of Forestry, Lands, Natural Resource Operations and Rural Development (FLNRO)

- Concerns have been raised specifically related to the *Water Sustainability Act* and the substantive timelines for approvals needed as per Section 10 and 11 of the Act. From our members' view, these issues seem to stem from limitations around staffing and resources, but a conversation between the industry and ministry would be beneficial to better understand the reasons for processing delays.

An example of extended timelines includes the 20-22 months it takes to relocate roadside ditches, which is commonly moved for road widening. This is an incredibly long period that significantly impedes project timelines. It would be beneficial to implement a fast-tracked process for these types of straightforward, reoccurring applications.

- There is a need to clarify when a municipality requires authorization from the province and ensure that a consistent practice is implemented across jurisdictions. It is likely this could be a contributing factor to delays, as members are finding municipalities involving the ministry on applications that don't require their review, and therefore unnecessarily burdening staff resources.

This would include clarifying the approach to who should verify watercourse classifications, especially in instances when an applicant and their QEP are not contesting a municipality's watercourse classifications or setbacks. It is our belief that local municipalities should verify and update its watercourse classifications and where the developer is not contesting them, there should be no need to refer these applications to the Province. Again, this is where triaging the intake process can help ensure services are being allocated properly and effectively.

- A clear, appropriate definition for a "stream" is needed based on inconsistent approaches between the WSA and the *Riparian Areas Protection Regulation*.
- Establishing a predictable process earlier on in the review process has also been expressed as an important approach needed from FLNRO staff. Often, builders find they have to engage this ministry without being given a full picture of the scope of work and time involved, making it difficult to plan how to proceed with a project. Every delay comes with a cost, and given CHBA BC's membership is composed of small to medium scale builders, the impacts are much more significant. Our members do not have the resources to successfully navigate this increased complexity and uncertainty through to completion.

Ministry of Transportation and Infrastructure (MOTI)

- Clarity around the timelines, process and expectations for provincial staff's involvement and/or the applicant is needed. It is currently unclear the timelines on when comments will be turned around, when approvals may be issued, and plans associated with the duty-to-consult.
- Difficulty with reaching Ministry staff to receive status update(s) for an application under review or when requesting information.
- The need for a coordinated, collaborative teamwork approach between provincial and municipal staff. There have been ongoing instances of conflicting positions between the two levels of government staff on the approval of an application, leaving applicants uncertain how to move forward.

The above-noted issues with MOTI result in months or years of delay to projects and add an exorbitant amount of unprecedented costs. Ultimately, this undercuts objectives to bring forward housing supply and affordability as well as economic rebuilding efforts. To illustrate the degree of impacts, some project examples are identified below:

- Project #1 - Single-family home development
8-month delay resulting in interest charges on a \$20 million land carry
Additional cost to project was approximately \$500,000, equivalent to \$5,200 per household
- Project #2 - Medium density apartment building development
4-months on a \$25 million project
5% opportunity cost equates to an additional cost of \$416,000
- Project #3: Mixed-Use Development
1 year to get response from MOTI staff
Overall, 2-year delay before reaching 4th reading
Financials not quantified as project delay included pandemic factors
- Project #4: Highway 11 Development
1-year delay resulting in a year of lost revenue
Increased costs of material goods (anywhere from 20 – 40%) and trade costs

We believe that the challenges being faced in both FLNRO and MOTI would benefit from a working-group style discussion with development industry members to comprehensively review the issues and what is needed to address them. CHBA BC would be happy to help coordinate separate industry meetings in this regard with the appropriate staff from each Ministry.