

A Contractor's Perspective on the Future of Condominium Projects

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It was April 2020, and I was sitting in the office on my second day after joining the Restoration Division of a medium-sized General Contractor (GC) in Ottawa. The word of a full lockdown in Ontario was just announced, and we were stuck glued to the news feed. What would the new work restrictions be, and how that would affect our ability to do business? We were sent home to work remotely after the announcement. I thought to myself that this would be my strangest onboarding to any new job in my last 23 years of employment. We thought 2020, after the announcement, was going to be a dead year - boy was I wrong! Fast forward to the present day, 2 construction seasons later (December, 2021), and we are surpassing 2019's 220-job count, experienced in one of the company's busiest years. And guess what: 2022 doesn't seem to be slowing down.

Let's explore together my predictions of how condominium construction projects will be affected by the watershed event of Covid-19 as we roll ahead over the next 5 years. I'll be sharing my views on project communication, and smart contracts.

We have all marvelled at how video conferencing has brought friends and family close together across borders and even oceans. The lag and pixelated images of the early 2000s seem to be mostly resolved. Traditionally, project start-up meetings and progress meetings were held on-site or near-site in a condo's party or board room. They were attended in-person by the property manager, 2+ board members (pending availability usually dictated by how many retired members are on the board), the prime contractor (GC), and any of their major subcontractors. The pandemic has pushed most of these progress meetings from in-person to online, between zoom, Skype, and MS Teams.

I predict that similar digital technologies will be employed during construction projects, especially to solve the problems condominiums now face with the newer legislation surrounding Prompt Payment and the Construction Act. The preceding new legislation puts a tighter timeline on processing payment on a proper invoice which, in turn, will be a catalyst for more contract functions to be automated and performed remotely or by a 3rd party. Many thought that bitcoin and other blockchain cryptocurrencies would fade away like the latest electronic fad. With cryptocurrencies gaining more adoption and accessibility, I would not be surprised to see smart contracts used in construction projects.

What are smart contracts? According to IBM, smart contracts are programs stored on a blockchain that run when predetermined conditions are met. They are typically used to automate an agreement's execution so that all participants can be immediately certain of the outcome without any intermediary's involvement or time loss. They can also automate a workflow, triggering the next action when conditions are met.

For condominiums and contractors, smart contracts could mean that a contractor could be paid for works completed as soon as the consultant's field-progress review is completed. The schedule of values determining how much each portion of the scope of work is worth would be

preloaded into the smart contract's terms, and the consultant would simply enter into the program the percentage of work completed. The condo would have a set amount of time to dispute the progress and send out a notice of nonpayment. The program would then directly release the appropriate amount of funds (minus holdback, if applicable) to the contractor over the blockchain (digital ledger).

On a time and material project, the blockchain technology could record the moment workers clock in, or when materials arrive to site, which could then trigger an automated payment.

The beauty of technologies such as smart contracts is the removal of intermediaries to speed up the efficiency of construction contracts. There are still a few problems to solve with smart contracts and the laws surrounding them are still in their infancy. It will be interesting to see how this technology evolves and if there will be a strong enough usage case in the same manner video conferencing has replaced many in person meetings.