

Intelligence MEMOS



From: Benjamin Dachis
To: Canadian Home Buyers
Date: February 24, 2022
Re: **CRUNCH-TIME FOR HOUSING IN ONTARIO**

Bold reforms to boost Ontario's housing supply were outlined this month in a task force [report](#) and it's now up to the province to decide which recommendations to adopt.

It would be wise to adopt as many as it can.

The debate on why housing costs are so high is settled. Study after study shows supply restrictions are behind the price rises. One C.D. Howe Institute [report](#) illustrated how delays and extra costs add hundreds of thousands of dollars to home costs.

The Ontario government has focused on boosting supply before. In 2019, it announced a [Housing Supply Action Plan](#) and a first package of [legislative](#) and regulatory changes. (Full disclosure: I worked in the government during that period and helped design those.) Many local governments reacted negatively; some of the changes were then [reversed](#).

Now, the government will need to respond to the task force's ambitious change recommendations with similarly ambitious reforms. It will not be politically easy.

Many young Ontarians – and their families – want action to bring on new housing supply with related increases in affordability. On the other side of the ledger are residents who don't want construction of multiple homes to affect their neighbourhood. Local councillors respond to local voters. Hence, local councils will usually oppose deeper reforms that could result in more homes.

Let's consider one of the task force's most contentious, but potentially most effective, recommendations at boosting supply: that the province make all residential areas of the province allow up to four units per lot. This would mean that a developer would not need a lengthy process of community consultation, then government approval, to construct such a building.

These days, no surprise, few such structures get proposed and built. If that four-plex is not built, that means three additional families need to look elsewhere for homes. The task force's proposed change would eliminate much of the risk that developers would need to take on today if they proposed such a building.

Local officials [have already started complaining](#) that the task force's recommendations would trammel on their zoning authority. Local councillors and mayors will call the Minister of Municipal Affairs and Housing. They will call their MPPs. The government will try to soothe them.

But if the province goes too far in appeasing local governments, say by making zoning reforms optional, the rest of the plan carries no weight.

Cities across the province will likely reject changes if they are allowed. And if it's a unified opposition from the municipal sector, it will make any further action hard. We'll be back to where we are now. There would be lots of political noise, but little action to help homebuyers. That's the worst-case scenario for everyone.

The province should set out clear parameters for mandatory zoning reforms. For example, zoning reforms could apply in all areas of the largest cities in the province. At a minimum, the province could make the zoning increase mandatory in specific parts of cities – around transit stations, for example, adopting aggressive targets if cities do not act within two years. Or mandatory in areas where existing density is close to, but just below, that which would emerge from denser development. Such a change would result in a gradually growing supply of land that is automatically at higher zoning level than now.

Furthermore, the province needs to recognize that any changes to zoning will have the short-term cost of slowing down the development process. As cities and developers digest provincial changes, existing plans slow. If the provincial changes aren't bold enough, the short-term costs could outweigh the long-term benefits.

Ontarians need to know there's no other government coming to the rescue on housing affordability. If the province doesn't act, the federal government [cannot fix](#) the housing crisis. And neither can cities if the rules that govern planning don't change. It's the province that sets the planning game, and the game needs changing. The time for bold change is now.

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A version of this Memo first appeared in the [Toronto Star](#).