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E-BRIEF

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INDUSTRY REGULATION AND COMPETITION POLICY

Buyers Beware: The Cost of Barriers to Building Housing in Canadian Cities

by Benjamin Dachis

- Provincial and municipal governments should cut excessive regulations on new housing development projects and lower the upfront costs on homebuyers to help Canadians grapple with skyrocketing housing prices.
- The author estimates the gap between the marginal cost of construction for new housing and the market price in major Canadian city areas. This gap shows the extent of the housing market dysfunction, which can be caused by factors such as upfront development charges, a lack of land for development for regulatory reasons, a lack of available transportation options to new land sites, or potential other factors that restrict competition among developers and builders.
- Over the period studied, 2011 to the end of 2021, a single-detached home in Vancouver cost homebuyers nearly $1.3 million more than what it would physically cost to build in a market without barriers to supply. Homes in the Toronto area now cost homebuyers $350,000 extra over the cost to build.
- To help bring market prices more in line with the cost of construction, provinces should: (i) enact provincially mandated minimum targets for municipal housing construction, and delegate enforcement of these targets to neutral, adjudicative bodies with the power to impose fines on laggard cities; (ii) reform the upfront development charges on new housing by changing them to utility-based user fees for services like water and wastewater once the infrastructure is in place; and (iii) along with cities, set a broad province- or city-wide target for increased density, say 50 percent, rather than impose a minimum level on locations regardless of their existing densities, which vary greatly. This would allow for a gradual increase in densities across the province.

The cost of housing in Canada has increased dramatically in recent years. Notwithstanding the recent fall in housing prices, according to data from RPS Real Property Solutions the price of homes in Canada grew by over 40 percent from January 2018 to November 2022.

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With measures such as taxes on foreign buyers and federal financial support to Canadian buyers, most government policies have focused on the demand for housing. Unfortunately, with limited supply, such measures are counterproductive and lead to yet higher prices. Only a few governments have taken meaningful steps to increase housing supply, and more is needed still even from those that have acted. The evidence from around the world shows that government policies limiting the supply of housing are among the key causes of higher house prices (Gyourko and Molloy 2015). Existing homeowners often support local government policies such as zoning regulations that restrict new development, resulting in NIMBY-ism – the abbreviation for "not in my back yard." These barriers to new development have an economic cost.

A previous study of major Canadian Census Metropolitan Areas (CMAs) for the 2007–16 period found that the barriers to constructing new single-detached homes – including government regulations and other market dysfunctions – added upwards of $644,000 in Vancouver, for example (Dachis and Thivierge 2018). This E-Brief updates those figures with similar data for the period from 2011 through to the end of 2021 directly adopting the methodology developed and deployed by leading US and UK academics. The results over this decade-long period show that barriers to supply are still costly. Over the period, a single-detached home in Vancouver cost homebuyers nearly $1.3 million more than it would cost to build in a market without barriers to supply. The cost of barriers there is so much higher now because it began its steep rise only in 2015, near the end of the previous study period. The gap in price between construction costs and the market price for a new single-detached home is more now than 60 percent of the total cost in Vancouver. Homes in the Toronto CMA now cost buyers $350,000 extra over the cost to build, or about one-third of the total cost.

Bold action is needed to bring market prices in line with the costs of construction. Indeed, governments have started to signal an interest in hearing ideas for significant action; Ontario's Housing Affordability Task Force report (2022) is one such example. Governments should now act on these recommendations, which apply nationally in many regards. Implementing them should include:

- enacting provincially mandated minimum targets for municipal housing construction, and delegating enforcement of these targets to neutral, adjudicative bodies with the ability to levy damages against cities and others that needlessly delay development.
- reforming the upfront fees on development by switching to user fees on services like water once the infrastructure is in place. They should replace other costs currently covered by per-unit development charges with land-value charges, such as by increasing Ontario's new Community Benefit Charge. Development charges that cities levy on a per unit basis deter developers from building marginally profitable (and likely low cost) units. A land-value charge does not discourage such construction.
- setting a broad province- or city-wide target for increased density, say 50 percent, rather than impose a minimum level on locations regardless of their existing densities, which vary greatly. Such a minimum level might be too high to be politically sustainable or too low to make a meaningful difference in areas where developers seek to build. This change would allow for a gradual increase in densities across the province.

Measuring Barriers to Supply in Canadian Urban Areas

Following the method used by Glaeser, Gyourko, and Saks (2005) and others,[1] this update indirectly estimates a measure of the broad cost of barriers to building more housing. The intuition is simple: in any competitive market without barriers to entry, regardless of the product being sold, a basic prediction of economic theory is that the overall market price for that good will equal its marginal cost of production; i.e., the cost of the next unit of production. In the long run, over multiple years as companies enter and exit the market and respond to changes in demand, the average cost, including a competitive rate of profit, will equal the marginal cost. Imperfections in the market can create a gap between the marginal cost of construction and price; it is the current size of this gap over as long a period as possible that this update seeks to estimate. The causes of housing market dysfunction can include a lack of available transportation options to new land sites; additional costs of construction, such as upfront development charges; lack of land for development for regulatory reasons; and lack of competition among landowners or builders (see Box 1 for details).

The Costs of New Housing Construction

The marginal cost of constructing a single-detached house is primarily due to the costs of labour and materials during its physical construction. This cost varies across the country, as Statistics Canada reports.[2] From 2011 to 2021, the average construction cost ranged from around $300 per square foot in places such as Abbotsford, St. John's and Ottawa to $400 per square foot in Toronto and Vancouver.[3] This variation in construction costs is far less than the variation in home prices per square foot between markets.[4] This suggests that differences in either demand or barriers to construction drive cost differences between CMAs. Distinguishing these effects relies on economic theory.

Builders develop land in high-demand urban areas (say, Toronto) more intensively than in low-demand areas (such as Windsor), providing either higher-quality homes or putting more homes in a given area, both of which increase construction costs per square foot. The same effect occurs in areas with local amenities, such as

1 See Cheshire and Hilber (2008) for an application to the United Kingdom, Glaeser and Gyourko (2017) for an update on results and methodology, and Cheshire, Nathan, and Overman (2014) for a summary of global comparisons.

2 Individual municipalities report permit values to Statistics Canada. Although each municipality might collect data slightly differently, both Statistics Canada and the provincial financial reporting guide in Ontario advise cities to report only on physical construction costs, not the cost of land. From 2018 to 2021, per unit single-detached permit costs were calculated using permit values only for new construction. From 2011 to 2018, however, Statistics Canada reported only permit values for all construction activity for single-detached homes. To create consistency in the time series, I have prorated all construction permit values for 2011–18 based on the share of new construction permit values of all permit values for the period 2018–21. This is over 90 percent in many cities, but only about 50 percent in Montreal. On average for all cities in this study, the ratio is 80 percent.

3 All costs are in real 2021 dollars. Kelowna was the only other major CMA with a sizably higher average construction cost, at $490 per square foot. Given the city's highly mountainous terrain, this higher cost is not a surprise. Total construction cost gaps are also driven by the relative size of homes. For example, the average single-detached home in Regina is about 64 percent the size of one in Toronto. Year-over-year changes in construction costs are also very small.

4 The standard deviation on real construction cost per square foot is 52; the standard deviation of sales price per square foot is 165.

BOX 1: Methodology

The analysis in this E-Brief is based on methodology developed first by Glaeser, Gyourko, and Saks (2005). The analysis at the CMA level uses the sale prices of single-detached new dwellings compiled by Canada Mortgage and Housing Corporation (CMHC). The CMHC data allow one to isolate the average market price of new absorbed (that is, sold) housing single-detached units – a price that is directly comparable to the average cost of construction of new housing in the same CMA. Glaeser and Gyourko (2017) estimate the cost of barriers to construction for each city as the market price of housing (P) minus the Minimum Profitable Production Cost (MPPC), with both expressed in per square foot terms. The MPPC is MPPC = (CC + L)*EP, where CC is the cost of construction, L is the cost of acquiring land, and EP is the margin that developers earn as profit.

Construction costs (CC) are the value of building permits and number of new units created for single-detached dwellings for the 2011–21 period, by CMA, in Statistics Canada series 34-10-0066-01.

Assumptions are required for the remaining terms of L and EP. Glaeser and Gyourko (2017) use "an industry rule of thumb that suggests land values are no more than 20 percent of the sum of physical construction costs plus land in a relatively free market with few restrictions on building." Here, a more conservative cost of land of 25 percent is applied, which has the result of decreasing the cost of barriers on construction relative to those from Glaeser and Gyourko (2017). They calculate, without explaining how, gross margins (EP) by implying them from overall rates of return from developers of between 9 to 11 percent. From that, they estimate gross margins of 17 percent, a figure adopted here.

I assume that new construction homes have the same average living space as existing single-detached homes as reported in RPS Real Property Solutions data. The average square foot size of existing single-detached dwellings in each CMA was collected from these data for the 2011–21 period.

waterfront properties or a concentration of jobs: in an open housing market, taller buildings will rise in high-demand areas to house more people looking to live near the amenity. Although not one-for-one, these taller buildings would become substitutes for single-detached housing. Further, developers willingly would devote a larger share of total costs in their project to land. In a market without barriers to building, construction would continue to a point that keeps the cost of housing near the local amenity at the marginal cost of construction. The marginal cost of building would therefore increase as taller buildings rise and developers need to propose more complex structures to meet the demand.[5] The marginal cost of construction for condominiums or apartments is the cost to developers of adding one more floor to a building. A single-detached home is the marginal unit decision for builders of single-detached homes, for example when deciding how many new homes to build in a new subdivision, which is the focus of this analysis.

What is behind the supply barriers to new development? A number of US and UK studies have found no dominant providers and that developers operate in a competitive market (Cheshire and Hilber 2008; Glaeser,

5 Adding more floors creates varying levels of additional requirements that increase the marginal cost of construction. For example, adding more floors requires adding more elevators, which reduces the available floor space available on all floors, therefore creating a higher cost per usable square foot.

BOX 2: Limitations on Methodology

Critiques of the methodology used in this E-Brief (see Murray 2021) highlight some of the limits of the interpretation of the results.

One issue is recognizing that the gap between marginal construction costs and prices in a dysfunctional housing market is made up of many potential factors. It is not just immediate regulatory barriers and costs, but also the effect on market participants, which has many possible outcomes. For example, landowners might choose to speculate on the potential value of land based on regulatory decisions, and therefore not develop it immediately. Another example is the time it might take to assemble land for construction, perhaps reflecting homebuyers' hesitancy to sell rather than direct government barriers, which would also slow down construction and affect the calculation of the gap.

Another limit to the interpretation of results is that competition takes time for companies to see opportunities for profitable development. A sudden surge in demand, such as from an influx of foreign buyers, will drive an increase in prices, which suggests some caution in taking only a few years of results and drawing significant conclusions. For example, Vancouver saw a sudden increase in gaps between prices and costs in 2015 (see Figure 1), but that should not be interpreted as a change in regulation that year. Indeed, this example exemplifies the broad value of this approach as a measure of market dysfunction. Developers did not build in anticipation of this sudden surge of demand. Was it because they could not foresee changes in demand – in which case, the barriers to supply would be their collective misunderstanding of housing demand or suddenness of the change – or because of barriers they faced in seeking to build housing to meet that demand?

Third, these metrics are inherently about the gap between the construction cost of housing and the end cost to buyers. This is a measure of the gap, but it says nothing about the end incidence of these charges. For example, development charges have the effect of both increasing the final cost of housing and increasing the number or quality of amenities nearby. That is, a municipal development charge dedicated to a new park's construction could add $10,000 to the price of a house, but buyers of the house might value access to that park at $15,000. The supply barrier measures in this E-Brief reflect only the additional costs, but not the benefits. As Kaufman (2023) notes, however, there are significant gaps between when cities collect these charges and when the commensurate infrastructure is built, resulting in cities' accumulating large reserves. Homeowners foresee these benefits, and pay accordingly at purchase (this is called capitalization), but cities can better match the timing of payments for infrastructure with when users benefit from it.

Continued on next page

Gyourko, and Saks 2005), and I assume that the same is true in Canada. Any difference between the cost of supply and the market price, especially over a decade's worth of data, is likely due to persistent restrictions on access to new land. These could take the form of lack of infrastructure, such as transit or water, to service new land, lack of approved land for building, or regulatory barriers to the development of new housing. The assumptions that land is available, just not made available for developers, and that the development sector is competitive are key for the empirical analysis. The methodology and assumptions provide some cautionary notes on the interpretation of the results as they apply to single-detached housing (see Box 2).

BOX 2: Continued

Finally, these measures are of aggregate metrics at the CMA-wide level, which should reflect an entire labour market, including both the inputs for construction workers, and therefore costs of construction, but also the aggregate amount of demand for housing. Housing demand will therefore spread across a CMA. That is, if one particular municipal government has significant restrictions, but other municipal governments in the same market are expanding housing options, the CMA-level measure on barriers to construction will be limited. Therefore, these regulatory costs cannot be ascribed to particular municipal governments when there are other significant municipal or other barriers across the CMA. Looking at a CMA-wide level also makes the examination of single-detached housing, as opposed to condominiums or apartments, an appropriate benchmark of housing supply. Single-detached housing is the marginal unit developed in most municipalities in the periphery of CMAs, whereas apartments are generally only the marginal unit of supply in city centres.

Measuring Barrier Costs on New Construction

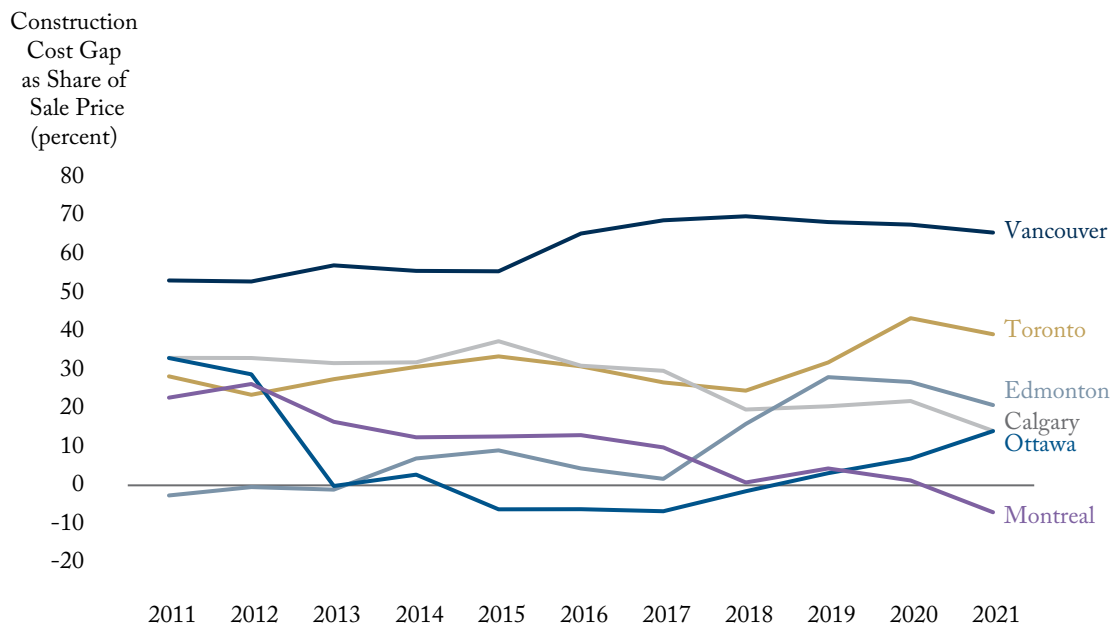
Table 1 presents the data needed to calculate the gap between the average CMA-level market price for new homes sold between 2011 and 2021 and the average physical construction cost for single-detached housing in Canada's largest CMAs over the same years.[6] This period covers a lengthy period with changing demand factors, such as population growth and interest rates.

The largest gaps, both on a per square foot basis and absolute level, are in the Toronto area and British Columbia. Construction costs in these places were higher than in other CMAs. But the difference in market prices across CMAs far exceeds differences across cities in construction costs. In Vancouver, the gap between construction costs and market prices for a single-detached home was $1,266,000 over the whole of 2011–21: about 63 percent of the final sale cost of new single-detached homes in the region. This gap as a share of construction costs increased the most between 2015 and 2018, and has stabilized since (Figure 1). Other British Columbia urban areas – Abbotsford-Mission, Kelowna and Victoria – saw cost gaps of between 26 and 49 percent, with the total cost gap between $255,000 and $415,000. The average single-detached house in Toronto now costs the final buyer $350,000 more than the cost to build. This gap is 32 percent of the cost of the overall final price, with that cost increasing to over 40 percent of final sale prices as of 2021 (Figure 1). Importantly, these figures represent long-term trends in municipal policy.

Some large urban areas have avoided such high costs. In Montreal, average market prices for single-detached homes have largely stayed in line with the cost of construction, and the gap has consistently fallen. Notably, Montreal-area municipalities do not charge upfront development charges. Prices in Ottawa-Gatineau are also largely in line with the cost to build, but the gap has been increasing in recent years. In contrast, in Windsor and Sherbrooke the gap is negative, perhaps reflecting housing market imperfections of an excess supply of housing

6 CMA listings include only those with a population of more than 175,000 in 2021.

Figure 1: Construction Cost Gaps as Share of Final Price, Selected Cities, 2011–21



Source: Author's calculations from Statistics Canada, CMHC and RPS Real Property Solutions.

due to the durable nature of housing – that is, the stock is not adjusting downward. This is a housing market dysfunction.

Smaller centres have some notable results: notably, Regina has a relatively high construction cost gap, especially compared with otherwise economically similar Saskatoon. A core difference between these two cities is that Regina has been more restrictive on expanding single-detached housing than Saskatoon (Regina and Region Home Builders' Association 2021). The result is that while prices for homebuyers in Saskatoon are in line with the cost to build, homebuyers in Regina face substantially higher prices than what it costs to build a home due to a shortage of supply.

In southern Ontario, London and Oshawa have seen dramatic reversals. Although over the whole period from 2011 to 2021 both cities had little aggregate market dysfunction, the detailed year-by-year data show a different picture. Between 2011 and 2015, these markets saw construction costs well above the market price of housing, by between 20 to 30 percent, likely reflecting low demand in cities with a fairly persistent housing stock after the 2008 financial crisis. This trend reversed dramatically in both cities in 2015: as of 2021, market prices were over 10 percent higher than construction costs. Over these six years, the market adjustment was imperfect, suggesting that developers were not able to respond fully to market demand. Going back to the assumptions and limitations outlined in Box 2, the question in interpreting the results was whether six years of elevated demand enough time for entrepreneurial developers to have seen this rise in demand and prices and build more homes?

Table 1: The Cost of Supply Barriers for Single-Detached Homes, by Census Metropolitan Area, 2011–21

	Average Sale Price ($ thousands)	Average Construction Cost ($ thousands)	Average Cost Gap ($ thousands)	Average House Size (square feet)	Cost Gap per Square Foot ($)	Cost Gap as Share of Sale Price (percent)
	A	*B*	*A-B*	*C*	*(A-B)/C*	*(A-B)/A*
Vancouver	2,003	737	1,266	1,839	679	63
Abbotsford-Mission	887	472	415	1,582	263	47
Regina	582	371	212	1,189	178	36
Victoria	962	615	346	1,678	206	36
Toronto	1,100	750	350	1,852	188	32
Calgary	707	509	198	1,526	130	28
Kelowna	973	718	255	1,465	174	26
Barrie	644	542	102	1,608	63	16
Winnipeg	494	432	62	1,228	50	12
Kitchener-Cambridge-Waterloo	613	541	71	1,605	44	12
Montréal	501	453	48	1,408	32	10
Edmonton	605	547	58	1,450	40	10
Halifax	496	447	49	1,419	35	10
Hamilton	686	631	54	1,568	34	8
St. Catharines-Niagara	577	520	56	1,305	43	10
Ottawa	595	557	38	1,752	21	6
Gatineau	486	454	32	1,752	18	7
Saskatoon	488	458	30	1,261	23	6
St. John's	430	405	25	1,369	18	6
Sherbrooke	365	395	-30	1,286	-23	-8
London	528	563	-35	1,469	-24	-7
Oshawa	649	686	-37	1,682	-22	-6
Québec	400	441	-41	1,308	-31	-10
Windsor	504	588	-85	1,322	-64	-17

Notes: All dollar values in 2021 real dollars. CMA listing includes CMAs with a population of more than 175,000 as of 2021. Divided amounts are based on averages over all years.

Source: Author's calculations from Statistics Canada, CMHC and RPS Real Property Solutions.

How to Close the Gap between Construction Costs and Home Prices

Municipalities and provinces across Canada can take steps to reduce the cost of restrictions on new building. Three areas stand out as keys for developing more housing:

- non-political enforcement of provincial housing targets;
- lowering upfront per unit charges on new construction; and
- making it easier for developers to increase density while also increasing the amount of land available for new construction.

As a previous study (Dachis and Thivierge 2018) identified and in some cases estimated, the policy levers below are major drivers of the higher price of housing. The net welfare effect is sometimes more ambiguous, such as in charges paid for infrastructure that is supposed to benefit homeowners.

Enable Non-political Enforcement of Municipal Housing Policies

Provinces set the policy framework, such as for housing development, for municipal governments. Ontario, for example, sets targets for how much cities are to grow. Cities must submit their plans to the province, which then approves or amends the plans. This has resulted in political battles between the two levels of government. For example, the City of Hamilton submitted a proposal that the city's own staff deemed inconsistent with provincial growth targets (Hamilton 2021). It was then up to the province to amend the plan to produce a plan that would come closer to meeting provincial targets (Ontario 2022). British Columbia has announced that it will impose targets for new construction in cities, although no details on implementation have been released (*CBC News* 2022).

Such provincially set targets are the right economic approach. When enough existing residents of a city resist new construction, local councillors respond by seeking to reject new construction. If enough cities do that, the cumulative effect is insufficient new housing to meet growth demand province-wide.

The politics of what replaces local control matters, too. Replacing local discretion with provincial discretion merely shifts the local homeowner's political target. Local governments also have a political incentive to shift the blame for controversial building approvals to the province. To avoid that, provinces should consider delegating the adjudication of whether local plans meet provincial targets to non-partisan experts. The provinces could still maintain policy control over how much the targets would be – that is an inherently political decision. The exact means to reach these targets should not be political.

Such an approach would be a logical extension of the powers currently vested in the Ontario Land Tribunal. British Columbia and other provinces should create a similar body to adjudicate municipal plans, making decisions based on facts, not local politics or the influence of particular developers. Such a body would also be able to hear evidence on whether the cause of a city's not meeting its building targets is its policies or the actions of others. Such a system of testing evidence would raise the performance of all actors. The body should also have the power to award costs and even damages against organizations or cities that purposely use the planning system to stymie development.

Reform Fees on New Development

In most of Ontario, water- and wastewater-related charges on new homes are the largest component of development charges (Dachis 2020). Water-related charges are also a major component of upfront fees in

other provinces. Provinces and cities should look to move away from having homebuyers pay the full upfront cost of new municipal water and wastewater infrastructure. The current approach to levy development charges upfront for services that users could otherwise pay for as they use it is problematic. That is because the upfront charges transfer debt away from cities and onto homebuyers, creating a lack of incentive for cities to complete infrastructure, and leading to users' over-consuming services that have artificially low marginal costs.[7]

One approach municipalities could take to reduce the cost of new housing is to replace development charges with full-cost user pricing. Residents of new construction should bear the full cost of servicing via user charges set for the incremental capital cost of serving those units. To that end, cities could create a standalone utility corporation to operate regionally under the watchful eye of an independent regulator created by the province.

Other services that are less amenable to user-fee pricing, such as parks, might still merit being partially financed upfront. Cities provide these local amenities in specific places, which then confer a local benefit that is reflected in property values (see Box 2). Thus, an optimal way for taxpayers to recoup some of that local benefit is through a land-value tax. Ontario announced such a tax (called a Community Benefit Charge) in 2019, which is capped at 4 percent and applies upon the issuance of a building permit for buildings with more than five stories and ten units; cities began collecting this charge in September 2022. Ontario should increase the percentage cap while lowering what cities may charge in per unit development charges. British Columbia should emulate Ontario's Community Benefit Charge, along with adopting a higher cap than 4 percent of land value in replacing its density bonus system.[8]

The design of Ontario's Community Benefit Charge is better for developers, who would not face as high a per unit cost. For the same dollar amounts a city collects, changing the mix of revenue away from development charges to land-value charges would help to close the gap between construction costs and what buyers pay. Such per unit development charges would also deter developers from adding density via marginally economical units. In contrast, once a developer paid the Community Benefit Charge, it would have an incentive to develop any additional units that are even marginally economical. The land-value charge is also neutral as to the profitability of sites, unlike a development charge: a developer would pay a higher Community Benefit Charge for a high-density development in an area of high land value than for a low-density development. In contrast, city-wide fixed per unit charges would be a large share of the final cost of the low-density development. Thus, the land-value charge captures more of the increase in land value from local amenities than do per unit development charges.

Ease Restrictions on Building Up and Out

Increasing density is difficult for local councillors to support. As a result, pro-development groups are pressing provinces to increase the minimum allowed density that cities can enact (see, for example, More Neighbours Toronto 2022). One potential solution is for provinces to mandate a rezoning process that gradually increases density, rather than have provincially mandated density outcomes.

For example, if a neighbourhood had an average of 100 people living in a hectare that would translate to, on average, 1 person living per 100 square metres of land. How could a province seek to increase density by, say,

7 See Dachis (2020) for a complete discussion of the consequences of upfront development charges, including a literature discussion on the evidence of economic incidence.

8 The previous system entailed project-specific agreements that developers negotiated directly with cities.

50 percent without requiring a city to provide approval? The traditional approach would be for the province to mandate that the neighbourhoods it targets for increased density have a planned density of 150 people per hectare. A different approach would be to allow automatic approval of any development in this neighbourhood that would provide accommodation of 50 percent more people per hectare – in this specific instance, for 1 person per 67 square metres of land (10,000 square metres/150).[9] Allowing for such an increase in existing density would result in different outcomes across the province that reflect existing neighbourhood character without the province's determining density outcomes in each location. Such a system would gradually ratchet up density while ensuring that development proposals take their cues from the area, not from government fiat on the ideal density level. This would shift the provincial role fundamentally from mandating a single density that applies across wide areas, such as around transit stations, and might not be locally suitable, to instead mandating how to increase density gradually province-wide.

Cities must also continually build outwards past existing growth boundaries. Dachis and Thivierge (2018) show that many Ontario cities have higher prices for housing because of restrictions on greenfield land development.[10] In many cases, this shortage is because of a lack of land that, while zoned by cities for development, does not have adequate infrastructure for development. When cities collect funds upfront for infrastructure, there is little monetary incentive for them to complete the work on a timely basis. The incentive to expedite development of, say, water infrastructure would be stronger if utilities had access only to water-user revenues and not to taxpayer or development-charge dollars. Moving to a utility basis would help change this financial incentive. In addition, there is no regulatory recourse to enforce provincial requirements on the amount of land available for immediate development. Giving developers the legal right, and legal standing, to require that cities have land available or otherwise face punitive damages would make cities more accountable in making land available.

Getting More Homes Built in Canadian Cities

Restrictions on the development of new housing are leading to increases in the cost of housing in most of Canada's major cities. These high costs could come down, however, if provincial and municipal governments take action to reduce restrictions on new development and lower the upfront costs to homebuyers.

9 The provincial guidelines would need to reflect other details. For example, the amount of existing non-developable land in a locally defined area, such as parks or roads, would then be reflected in both the initial and target density calculations. In these cases, developers would be able to bring forward calculations to justify their automatic rezoning application, and provincial methodology guidelines would provide for simple verification by local governments and other third parties.

10 These restrictions emerge from arguments against cities expanding outwards in a sprawling nature. Whether such development is problematic is outside the scope of this analysis.

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Benjamin Dachis is Associate Vice President, Public Affairs, at the C.D. Howe Institute.

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