

## Why Is Vancouver So Insanely Expensive?

**THE CITY HAS BUILT HOMES FASTER THAN ANY OTHER IN NORTH AMERICA, BUT IT'S STILL THE PRICIEST PLACE TO LIVE ON THE CONTINENT.**

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Politicians and pundits often blame Canada's housing crisis on a simple problem of supply and demand: housing prices are high because not enough new housing is being built for the people who want to live there. But something weird is happening in the city of Vancouver. Between 1970 and 2020, the city tripled the number of homes within its limits, primarily by adding density to already built-up areas, but the population only rose by around 70 per cent. No other major city in North America can claim a comparable feat: New York City increased its housing stock by only 30 per cent over the same period, and Los Angeles and San Francisco had similarly modest gains.

Yet despite this new density, Vancouver holds the dubious honour of having the highest home prices in North America. Houses in Vancouver cost an average of around \$1.3 million. This is the great paradox: the city that's added the most number of homes is now the least affordable, and the most vulnerable residents are no closer to securing the homes they need. Why? Because the problem isn't just about how much housing we build. It's about the cost of the land beneath it.

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When you buy a home, you're not simply purchasing a structure; you're buying the land it sits on. And in urban centres, land is a finite resource. Like gold or diamonds, its scarcity makes it an inherently valuable commodity. Mark Twain is famously credited with quipping, “Buy

land; they ain't making any more of it." That wisdom holds true, particularly in cities like Vancouver and Toronto, where international demand turns already scarce land into an even more expensive commodity.

Some argue that increasing the number of homes in a city block can make land cheaper by spreading land costs across more units. But the evidence suggests otherwise. In practice, granting developers the right to build higher only inflates land values further. Why? Because land isn't valued by how much dirt is for sale but for how many square feet of housing it can hold. A parcel of land that can accommodate a 40-storey tower is worth exponentially more than an equally sized lot restricted to single-family homes. The more density a city allows, the more lucrative its land becomes for those in the business of buying and selling urban property. And those speculative gains do not trickle down to renters or homebuyers. They fatten the pockets of landowners and developers.

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So what can we do? Here, Vancouver's planning history offers a compelling blueprint. In the 1980s and '90s, the city upzoned its neighbourhoods and added thousands of new units. The move dramatically increased the value of private land, but the city claimed a significant portion—up to 80 per cent—of that new value through taxes and development fees, which lowered the profits of land owners. This was no confiscatory act; landowners still reaped substantial profits as their property values soared far beyond pre-rezoning levels. But the public also benefitted: this taxed revenue paid for community infrastructure like parks, schools, affordable housing and transit, as well as non-market housing. This policy funnelled what would have been huge gains for land owners to public benefit instead.

Essentially a tax on windfall profits, this strategy demonstrates how to manage urban growth equitably. By redirecting speculative gains from private pockets to public purposes, Vancouver was able, for a time, to build a robust network of amenities that enhanced quality of life for all residents, not just the wealthy few. Unfortunately, political will eroded in the face of an unrelenting housing affordability problem, and public officials began to believe that public policy was the problem, not the solution. With it, Vancouver's ability to capture the newly created land values eroded too. Today, the city has entirely eliminated these kinds of

taxes and fees for new market housing developments. It hoped this would make housing more affordable. It didn't. What it did was further enrich land speculators.

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Taxing newly created land values, known as “land value capture,” could be revived nationally at no cost to taxpayers. Yet its implementation requires political will and a commitment to challenging entrenched interests. In our panic to address the affordable housing crisis, we are moving away from taxing new land value created by upzoning, leaving billions in the already overstuffed pockets of urban land speculators. For example, the B.C. government recently passed a host of laws that remove municipal control over planning for new housing. These measures rest on a faulty assumption: that local decision-making—which involves careful planning and community consultation—is the principal barrier to affordability.

If we are serious about tackling the housing crisis, we need a fundamental shift in how we understand land value. Policymakers must recognize that housing affordability is not simply a matter of supply and demand in the abstract; it's about who controls and benefits from the value of urban land. Let's continue upzoning and building more homes. But alongside that, we must implement policies like taxes and development fees that capture the lion's share of private land value increases. We should then use the revenue generated to build co-operative housing, land trusts, and other non-market models that remove housing from speculative pressures. It's one of the most promising strategies to make housing more affordable for Canadians.

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Finally, we must move beyond the blame game that pits so-called NIMBYs against YIMBYs and frames local democracy as an obstacle to progress. Local residents and their elected officials are not enemies of affordability; they are essential partners in crafting sustainable, inclusive urban policies. The real barriers to affordable housing are not neighbourhood activists but systemic forces: unchecked speculation, inequitable land policies and a political culture that prioritizes short-term profits over long-term social well-being.

As cities across Canada grapple with similar challenges, Vancouver's experience serves as both a cautionary tale and a source of inspiration. It reminds us that there are no easy fixes or one-size-fits-all solutions. But it also shows us that with leadership, thoughtful planning and a commitment to equity, we can build cities where housing is not just a commodity but a fundamental right.

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**Patrick Condon is the author of the book *Broken City: Land Speculation, Inequality, and Urban Crisis*.**