

# Zoning Deregulation Won't Fix the Housing Crisis

## SINGLE-FAMILY DETACHED ZONING IS A PROBLEM, BUT REAL ESTATE PROFITEERS ARE NOT THE SOLUTION

*January 3, 2025, Canadian Dimension*

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A garden once thrived at the corner of 89th Street and 92nd Avenue in Edmonton. Every spring residents of the city's Strathearn neighbourhood planted root vegetables in long rows and grew tomatoes out of old tires while rain barrels collected water. Every fall the community gathered to share in the bounty.

Last year the garden was uprooted. The lot the garden stood on was sold for almost \$600,000. Immediately after the sale local developer Platinum Living tore up the earth and began construction on an eight-unit row house. These built-to-rent homes are set to hit the market this summer and if Platinum Living's other builds are any indication, they are going to cost well over market averages.

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Built at the whim of the landowner, without public debate or deliberation at city council, this development breezed through the approval process thanks to an extended campaign by law makers at all levels of government to deregulate municipal zoning.

For the last 18 months the federal government has been incentivizing city councils across the country to restructure their zoning bylaws. In exchange for federal dollars, cities are giving developers free reign to build multi-unit housing in almost any residential neighbourhood. Then-Housing Minister Sean Fraser described these efforts in rosy terms: “We have been working directly with communities across the country to dramatically change how homes are built [...] to ensure that people have the homes they need at prices they can afford.” At a glance, it may be tempting to agree with Mr. Fraser that zoning reform represents a positive change.

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It’s a fact that one type of home has dominated the urban landscape. Municipal bylaws across Canada have granted a near-monopoly to single-family detached housing in nearly all our major cities. In Toronto, over 60 percent of the city is zoned exclusively for single-family homes. In Edmonton and Calgary that number is closer to 70 percent. In Vancouver, single-family detached housing puts a roof over the head of 15 percent of the city’s population, while it gobbles up 80 percent of the city’s residential land.

It’s hard to argue that large lots with big yards are an inefficient use of badly needed urban space. There is a missing middle between this country’s great housing edifices and our post-war bungalows and sprawling suburbs. By loosening zoning bylaws and constructing European-style multi-unit residences supply will go up and prices will come down.

That’s the idea, anyway.

Right-wing think tanks like the Fraser Institute have been promoting this theory of zoning reform for years. Partisans say deregulating our land-use laws and giving even more power to real estate interests will lead to more housing and lower costs for both renters and homebuyers. Gesturing to half-understood housing success stories in France, New Zealand, and Japan, we’re told the housing crisis can be solved by getting government out of the way and letting the free market do free market things.

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Many local governments have bought into the Fraser Institute’s (and Parliament’s) way of thinking. In Toronto, Mayor Olivia Chow is proposing as-of-right zoning which would allow mid-rise construction in residential neighborhoods without input from city hall. This is on the heels of similar steps taken in Edmonton, Vancouver, and the province of Québec which have

all made legislative changes to reduce municipal control over what gets built in Canada's cities.

This latest acquiescence to right-wing ideology has garnered international attention. Enthusiastic commentators say Canada is going to rebuild its neighbourhoods, densify its cities, and build fourplexes on every street. Supply will go up and prices will go down, all through the magic of zoning reform.

The problem is that deregulating zoning will do no such thing.

While it's true that France, New Zealand, and Japan have used zoning laws to make the construction of multi-family residences easier, they have all relied of significant state intervention to keep housing affordable. For example, in New Zealand, the largest residential landlord is a government agency called Kāinga Ora which operates 72,000 affordable properties (Canada's largest landlord is a billion-dollar real estate investment trust). In France, over 15 percent of the housing stock is non-market, and the national government is working towards making 30 percent of all homes affordable by 2030. To accomplish this, they have set mandatory affordable housing quotas for municipalities; cities that do not hit their targets are punished with severe fines.

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As for Japan, well, it has two million publicly owned housing units charging 30 percent of market rates, a unique form of rent control, and a national housing benefit to help low income families make rent. Perhaps most significantly, Japan has rigid market regulations that protect the housing sector from financialization. An analysis of the Japanese housing market by the Asian Development Bank Institute observed: “the most important lesson from the Japanese experience is that policymakers should be vigilant to detect and prevent bubbles in property markets.”

If only our policy makers could learn that particular lesson.

Canada's approach to zoning is unlike any of these success stories. We have no national public housing system, no national housing benefit, and no meaningful regulations to prevent predaceous investors from inflating housing bubbles. All we have is the private sector. And

the private sector has proved itself incapable of solving the housing crisis. Developers are notorious for holding their nose up at affordable housing, and not building at all when there's a possibility prices will go down.

Markets are good at putting up high-rent housing in high-return environments—and not much else.

Canada's model is less France or Japan than it is Oregon. The Pacific Northwest state ended single family zoning in 2019 without any supplemental market interventions and watched as housing prices increased by over 25 percent over the next five years.

Zoning bylaws are the brush with which we paint our cityscapes. They are the collection of regulations that govern what can be built where, and they are the single most important tool we have for shaping the growth and development of the places we live. Without them, decisions about the future of our homes are dictated by the imperatives of business.

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Ottawa's zoning reform 'revolution' is not the solution to the housing crisis. It is more of the same neoliberal dogma that got us into this mess. In practice, it amounts to little more than the privatization of urban planning.

Like the National Housing Strategy and our shoddy attempts at Housing First, zoning reform is another good idea borrowed from social democracies and shoehorned into the neoliberal framework. The result is just one more technocratic non-solution designed to funnel money to the FIRE (finance, insurance, and real estate) sector while pushing Canadians ever further into precarity and homelessness.

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