

Workshops to Expand the Supply of Housing on Public Land in Canada





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Executive Summary

Unlocking public land for housing development could have a dramatic impact on the housing landscape in Canada. There are many potential benefits including land cost savings and targeted development of the housing that is needed most (purpose-built rental housing, multi-unit housing, long-term affordable units). However, there remain many barriers to converting more public land to desperately needed housing. This work aims to address the silos and barriers that are preventing the construction of housing on public land. The findings shared in this report are the product of nearly 50 interviews and four workshops held in Whitehorse, YT; Calgary, AB; Ottawa, ON; and Toronto, ON, encompassing over 100 interactions with senior stakeholders in the housing eco-system. Based on the key solutions and common themes among the interviews and workshops, there are four broad recommendations for necessary actions to increase access to public land for the development of housing across Canada:

- Decrease risk for developers, when possible, to curb an increasingly volatile development
 market and encourage housing development. The level of risk that both market and non-market
 developers must take on is increasingly untenable due to market conditions, many of which are not
 controllable in the short term. There is an opportunity to incentivize use of public land for prioritized housing types if land vendors can limit risk to encourage the development of non-market or
 mixed-income housing projects.
- 2. **Prioritize streamlining of the municipal approvals process for housing development across departments.** Most participant municipalities had recently created priority streams for non-market and/or public land housing projects which had positive effects on the review process. However, bureaucratic red tape and siloing between departments persisted and continued to impede the development process. There is a clear need for cross-departmental prioritization of housing to further streamline the approvals process and improve the viability of housing projects.
- 3. **Increase capacity and support for the non-market sector.** Given the identified need for non-market housing in Canada¹, it is clear that further actions are needed to increase capacity in the non-market sector, which has historically faced capacity and resource challenges. Facilitating collaboration within the non-market sector and the private sector, creating pathways for non-market housing in the municipal approvals processes or public engagement processes, and allowing for and adequately funding diverse housing types within individual developments (mixed-market, deep affordability, service provision) as well as every neighbourhood were identified as key actions needed to stimulate non-market growth.
- 4. Create incentives and disincentives to stimulate construction to overcome high cost and global supply chain challenges. The high cost of construction was identified as a universal challenge that impedes housing development and one that was predicted to only get worse. This research identifies key opportunities to stimulate construction in spite of existing challenges, including the need to increase labour supply and limit land speculation leading to unnecessary vacant land. Creating incentive programs to encourage innovative construction models, increase skilled trades training, and large-scale development in rural areas are potential actions to be taken. The need to introduce disincentive programs or policies to limit land speculation should also be considered.

These recommendations capture the broad actions necessary to better use public land to address the severe housing need in Canada as well as improve the overall development process. This report offers detailed solutions for every level of government and key housing stakeholders to begin to act on these recommendations.

Introduction

Canada has a meaningful shortage of housing, and Canadians suffer some of the highest home prices compared to incomes in the world.² One major impact on housing costs is land: land acquisition can account for nearly 20% of a project, more in expensive cities like Vancouver and Toronto.³ Unlocking public land for housing development could have a dramatic impact on the housing landscape in Canada. There are many potential benefits including land cost savings, targeted development of the housing that is needed most (purpose-built rental housing, multi-unit housing, long-term affordable units, etc.), as well as a renewed interest in public land from both provincial and federal governments.⁴ However, there remain many barriers to converting more public land to desperately needed housing.

This research was developed as a result of the HART Land Assessment Tool, where the research team mapped thousands of parcels of vacant or underused publicly owned land across Canada and identified a need to further understand how to increase access to these parcels for the development of housing.

The findings shared in this report are the product of nearly 50 interviews and four workshops held in different municipalities across Canada, encompassing over 100 interactions with senior stakeholders in the housing eco-system. This research captures diverse perspectives from municipal staff, elected officials, provincial and territorial staff, non-profit housing providers, private developers, consultants, lawyers, architects, Indigenous-led organizations, and advocacy organizations. While these workshops focused on specific challenges in four communities, the findings relayed in this report cross municipal and provincial boundaries and are applicable to the challenges and needed solutions that the housing sector faces on a national scale.

While it is not possible to include everything that was heard in the interviews and workshops, this report shares as many insights as possible and illustrates the participants' valuable insights faithfully.



Who We Are

The Housing Assessment Resource Tools (HART) project is a multi-award-winning research group based out of the University of British Columbia on Musqueam territory (known as Vancouver) that works toward evidence and data-based solutions to Canada's housing crisis.

Originally funded through CMHC's Housing Supply Challenge, HART provides a comprehensive data-driven analysis of housing need at a granular level, as well as responsive, sustainable solutions that improves the quality of housing supply decision-making at all levels of government. Our work has supported thousands of organizations and communities with routine data analysis for reporting and funding applications, saving millions of dollars and countless hours of staff time. Our research has also contributed to key policy changes across Canada to unlock public lands, and protect existing affordable housing.

For more information about HART, please visit <u>hart.ubc.ca</u>.



i For examples, please see the <u>Federal Lands Initiative</u>, <u>Public Lands for Homes</u>, the BC <u>Rental Protection Fund</u>, and the <u>Canada Rental Protection Fund</u>.

Limitations

While the research team made many efforts to recruit as diverse a range of participants as possible, the findings of the research are greatly influenced by the responsiveness or availability of potential participants and the connections made through snowball sampling.

As a result of the recruitment methods, this research has a focus on municipal or local solutions to the research purpose as many connections were made through the participating municipalities and there was limited provincial and federal representation. There is also a focus on non-market housing solutions due to the considerable representation from the non-market sector. Furthermore, this research does not include a fulsome representation of Indigenous-led organizations in each municipality and there was also minimal representation from the private sector in some municipalities. The differences in representation could be the result of varying sector capacities, capacity for or culture of research participation, and a lack of opportunity for relationship building.

While the research purpose was to identify solutions to increase all forms of housing on public land, there is often a focus on affordable, non-market housing. However, many of the solutions identified address both supply and affordability and both outcomes were discussed, often interchangeably, by participants. Furthermore, there are many discussions around the public engagement process throughout the research findings. While each of our participants also qualifies as a member of the community, residents who were not involved in the housing sector were not consulted in this research.

The findings, challenges, and solutions identified in this report are the result of collective exercises and do not necessarily reflect the specific opinions of individual participants or their respective organizations. Researchers facilitated these discussions and supported participants to express their ideas, but did not supply challenges or solutions, nor did they influence the voting process to identify key barriers and solutions. Participation in this research does not entail a commitment to act upon identified solutions by any party involved.

This report represents a condensed version of findings, focused on the themes and ideas presented across the whole project. For a full review of the workshops, municipal findings, and appendices, please see our <u>full report</u>.



Discussion of Solutions

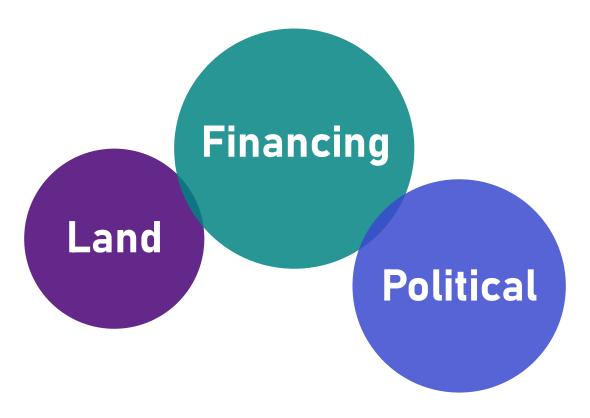
In this section we will review the major themes and solutions that were brought up across all four workshops. This will encompass the solutions agreed upon in each community and the solutions participants discussed in interviews. Over 47 interviews and four workshops, more than 300 potential solutions were discussed. Many challenges (and solutions) are deeply connected; solutions addressing a challenge in one municipality were also relevant for a different barrier in another municipality. The themes we have laid out here encompass most solutions that were discussed; there is also included a full list of all solutions as they were written by participants in <u>Appendix A of the full report</u>. A discussion of the key barriers and specific key solutions identified in each municipality is in the Findings by Municipality section.

Risk

Ultimately, the largest theme that came out of this process was risk. The enormous financial risk that undertaking development requires of an organization; the risk (if any) that governments are willing to undertake to achieve their housing targets; and the layers of uncertainty that are out of everyone's control.

Risk comes into play for a lot of stakeholders: the developer must take on risk that the project will move forward through a complex process, funders and financers take on risk that the money may not be paid back, and municipalities often take on the risk of supporting projects which may or may not be completed and meet their targets. The challenge is that risk is disproportionately distributed. Participants often expressed that developers were forced to take on more risk, with funders, financers, and municipalities minimizing or even eliminating their risk entirely.

There are three major sources of risk discussed by participants: land, financing, and political.



Land

Public land, like any privately owned parcel, has a history. Developing housing on that land requires excavation and intervention, which could engender several major challenges.

- **Contamination:** If the land is contaminated with anything (from previous uses, improper waste disposal, or even leaks in underground infrastructure), remediation is required (costing time and money). Often, developers (and sometimes the public authority that is disposing of the land) are not aware of the presence or extent of barriers like contamination, which could change the fortunes of a housing project dramatically.
- Infrastructure: In some communities, the land may not be serviced by core infrastructure (water, sewage, etc.), and responsibility for building and funding that infrastructure is sometimes placed on the developer.
- Encumbrances and poor site conditions: some land parcels have legal requirements attached to them (easements, restrictive covenants, air or subsurface rights, or restrictive zoning), which may impact the ability or cost of developing housing. Furthermore, participants noted that many public land parcels that were offered for development had uneven dimensions and challenging characteristics (e.g. slopes, rocks, and trees). If the land has an existing building on it, there is a costly and time-consuming process to relocate existing uses, demolish, and clear the space.
- Availability: many communities do rounds of competitions for a selection of public land for development. These competitions and their time-limited nature often mean that developers are forced to react instead of proactively plan for developments that suit their long-term organizational strategy. This style of time-sensitive reactive work excludes many non-profits with limited capacity, and makes the proposal stage more expensive for all actors. Furthermore, many participants expressed that the disposition timeline for releasing public land parcels in advance of a Request for Proposal (RFP) is unnecessarily long, usually because the city is checking with every internal department and agency if they need the land first.

Creative Land Use Some communities also use challenging parcels to create public spaces. Toronto's Meadoway will see an underutilized hydro corridor transformed into a 16km urban park. It will link 7 river systems, 15 parks, and 13 neighbourhoods through pedestrian and cyclist paths while restoring meadow ecosystems and increasing biodiversity.

Solutions to risk associated with land:

- 1. Shovel-ready parcels before disposal: participants in multiple communities agreed that the public authority disposing of the land should take on more risk when disposing of public land. Many suggested that a parcel should be clear of existing buildings and contamination, and that the parcel is zoned as-of-right for housing and serviced appropriately for the desired density before disposal. When this is not possible, the land vendor should identify potential issues with the land and set reasonable expectations for the proponent (i.e. timelines, costs).
- 2. **Transparency of available land:** participants suggested that a transparent map of public land and planned use (including existing encumbrances and potential disposal timelines), would allow for greater agility and better developments. Some participants also suggested elected officials should set targets for site disposal annually to maximize the number of homes built.
- 3. **Prioritize housing:** participants noted that governments should prioritize surplus land for housing (i.e. the housing department gets right of first refusal on available parcels), and to seek opportunities to co-develop with other departments and agencies as required (i.e. housing on top of a transit station or a fire department).
- 4. Sell challenging land at market price to fund non-market or affordable housing on better sites: some participants flagged that some parcels are simply too challenging to work with or are not suitable for housing, and while many small providers will work to find creative solutions, it may be wiser for the public authority to sell the land and distribute the revenues to support non-market or affordable housing projects on more attractive or viable parcels.

Co-development of Housing and Amenities There are several examples of co-development projects in Canada:

<u>Dunn House:</u> Canada's firstever social medicine supportive housing initiative

Champlain Heights: a mixed development incorporating a new firehall and four storeys of affordable housing for women-led families.

Coal Harbour Project: a multi-functional development encompassing an elementary school, childcare centre, out-of-school-care program, and 60 affordable homes in Vancouver's downtown core.

ii It was also noted by participants that municipalities have limited funding, and doing this kind of work to prepare for development would cost money that the community doesn't have. Higher levels of government could provide this kind of funding, or change the way municipalities are financed. To learn more, please see the <u>FCM municipal financing framework campaign</u>.

iii HART created maps like this for <u>12 communities across Canada</u> in 2023. These, or similar maps could be built out further to provide additional information that housing stakeholders need.

Financing

Financing risk encompasses several factors:

- **Changing interest rates:** fluctuating interest rates mean that developers may end up owing more interest than they originally planned and, in some cases, more than they could afford.
- **Reliability of funding:** government funding and financing programs, especially federal programs, often have limited application timeframes and funding limits. This could mean:
 - o Funding is not available when a parcel becomes available for development.
 - o The funding program provides less funding than is needed for a particular development, which is especially relevant for affordable housing.
 - o Funding is competitive, meaning that developers do not know if they will receive funding or not, which could impact their ability to compete for or acquire public land.
- **Volatility of private financing:** where government funding is not available or sufficient, private financing must fill the gaps. In addition to usually being more expensive debt, private financing is less reliable, harder to access, and lending terms often conflict with government funding requirements.
- **Pre-development funding:** the cost of putting together a proposal for housing development can run in the tens of thousands of dollars. Architects, engineers, and other professional services must be engaged to create a project plan. Most often, developers are asked to take on the risk of developing these proposals which may not be successful in a funding competition or competition for public land. Many developers (especially non-profit organizations) do not have the spare capital to invest in these proposals.



Solutions to risk associated with financing:

- 1. Fixed rate government financing: participants expressed a desire for more certainty in government financing, but in one workshop there was overwhelming enthusiasm for a fixed 2% (or less) interest rate for 50 years, available in perpetuity from CMHC, with the program cycling payments back into the fund. Some participants suggested this should be restricted to affordable housing, non-market housing, or developments on public land.
- **2. Long-term funding commitments in consistent, flexible programs:** governments and funders have come up with many different housing programs over the last decade, with varying degrees of success. By establishing fewer programs that have unlimited application windows, funders can decrease risks and increase confidence for the development sector. Furthermore, participants noted that these programs should have set parameters that, if met, guarantee funding/financing (instead of the discretionary competition format of most programs).
- **3. Introduce new frameworks to encourage private financing to fund affordable or non-market housing:** participants noted that there are several policies in the United States that dramatically impact funding outcomes for affordable housing projects, including rules for financial institutions, tax incentives to invest in housing development, and expansion of financing models available (including bonds) to finance housing.
- **4. Fund housing through other ministries:** a lack of safe and secure housing in Canada results in higher collective costs for many aspects of our society, including healthcare, policing, and the justice system. Other funding streams within government could meaningfully contribute to housing development while still complying with mandates: ministries of health, seniors, ministries related to Indigenous relations and affairs, and even ministries related to public safety and the solicitor general (responsible for corrections), could support housing initiatives.
- **5. Established pre-development funds:** ensure consistent and reliable programs for non-profits to access pre-development funding.
- **6. Standardized agreements:** participants suggested funders should establish standardized agreements that would reduce the time and cost of complicated legal negotiating and establish timelines and expectations for negotiations when they happen.
- 7. Establish mechanisms in which developers can access additional funding under specific market conditions: participants expressed that the volatility of financing and interest rates has resulted in too much risk for the projects with narrow margins in the sector. If governments established programs that unlocked additional financing under specific conditions (e.g. if interest rates rise above a certain percent or cost of supplies exceed a certain threshold), developments could proceed with greater assurance of project feasibility.
- **8. Establish protocols and off-ramps throughout the development process:** participants suggested that developers should clearly lay out how they will approach an RFP process, with defined stages where financial positions are evaluated, and where the decision might be made to abandon the project, so as to avoid spending more time and money than is necessary for a project that is unlikely to succeed.

Policy Examples: Financing Risk

Creative Financing and Taxation Models

<u>1031 Exchange (United States):</u> A tax deferral scheme that allows investors to postpone paying capital gains if proceeds are reinvested in similar property.

<u>Affordable Housing Green Bond (European Investment Bank/France):</u> Purchase of green bonds issued by In'Li, a French developer and property management company, which will finance the development of 800 affordable homes in the Paris Metropolitan region.

<u>Build to Rent Development Tax Incentives (Australia):</u> 4% deduction for capital expenditure incurred during construction and a 15% withholding rate (reduced from 30%).

<u>Charitable Bond Program (Scotland):</u> Provides loans to build new affordable homes, and interest is reinvested into the affordable housing budget by the Scottish Government.

<u>City of Regina's Housing Incentives Program (Canada)</u>: Five year 100% tax exemption available for new affordable rental and ownership housing and new market housing citywide, with priority in certain neighbourhoods, including the City Centre.

<u>Community Bonds (Canada):</u> Program that leverages community bonds through Tapestry Community Capital to support affordable housing development or acquisition.

<u>Deutsche Bank Social Bond:</u> Proceeds of a new €500m social bond issued by the German bank will support a sustainable asset pool, including the development of affordable housing.

Housing Australia's Affordable Housing Bond Aggregator: Australia's national housing agency provides community housing providers low-cost, long-term loans for social and affordable housing.

<u>Housing Bonds Alliance (United Kingdom):</u> UK's leading housing association bond authority, facilitates bond solutions for social housing providers.

<u>Low-Income Housing Tax Credit (United States):</u> Gives state and local agencies \$10 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing for lower-income households.

National Council of State Housing Agencies, NCSHA (United States): State and local governments sell tax-exempt Housing Bonds (Mortgage Revenue Bonds) and use proceeds to finance mortgages for low-income first-time homebuyers and rental apartments.

<u>SDG Housing Bond (Netherlands):</u> Program from public lending agency that finances affordable and sustainable social housing government-secured Housing Bonds.

<u>Special Depreciation for Rental Housing Production (Germany):</u> Developers can deduct 20% of construction costs from taxes if they build affordable homes.

Political

Participants expressed that the responsibility for developing housing has disproportionately fallen on municipalities, who have the least funding, and are most closely in contact with constituents. Despite federal funding programs like the Housing Accelerator Fund that sought to support more as-of-right zoning and simplified approvals processes, most communities in Canada still negotiate multi-family housing on a site-by-site basis through discretionary policies, council hearings, and public engagement requirements. Political risk outlined by the participants included:

- **Discretionary zoning:** despite community plans outlining targets and endorsement of more dense and diverse housing options, developers must still jump through several administrative hoops, including public engagement and council approval to receive permits, even on land that appears to be zoned for that use.
- Community engagement: it is widely accepted that the current models of community engagement are not representative, nor do they reflect the balance of needs (e.g. an existing neighbour complains of lost parking vs the right of a future neighbour to have a safe and secure place to live). Community engagement requirements in communities across Canada add considerable time and money to the development process, and were identified as a significant barrier in every municipality. Even if the project is ultimately approved, community engagement could reduce the number of total homes, add additional expensive requirements, or even require entirely new designs. Furthermore, in some communities, participants expressed frustration at the lack of clear guidelines of what "successful" or "sufficient" community engagement looked like.
- **Political will:** participants report that housing development often requires significant engagement, if not active lobbying, with municipal councillors to approve projects, and approval or rejection of a project by council could appear to be entirely arbitrary. In some communities, this volatility has discouraged developers from doing housing projects in the city. The link of funding and programs to partisan agendas also was noted as a factor for increased uncertainty and risk, as availability or prioritization of housing programs is dependent on changing political priorities.

Solutions to risk associated with politics:

- 1. **Long-term community planning:** participants expressed a frustration that despite a desperate and dire need for housing, there is so much resistance and discretionary processes that inhibit housing development. By establishing detailed growth plans and zoning areas for density as-of-right, developers can reduce the cost and uncertainty of projects. Some participants also suggested that housing typologies should also be planned in master-planning stages (e.g. affordable, non-market, family-sized, etc.). These activities can be supported by long-term demographic and socio-economic forecasts.^{iv}
- 2. Develop new models of community engagement: several participants across multiple communities suggested that public engagement should be eliminated entirely. Others suggested that engagement should occur during higher-level community planning instead of on a site-by-site basis. Other suggestions included changing the language of community engagement requirements to "informing" instead of "consulting" existing neighbours, and undertaking larger-scale public education campaigns on community needs and benefits to shift perceptions.
- 3. **Develop and nourish relationships between developers and community organizations/elected officials:** some participants suggested that the sector should take a more proactive approach to community engagement and political approvals by establishing ongoing relationships instead of site-by-site lobbying.
- 4. **Separate housing programs from political cycles:** some participants suggested a "cooling off" period after an election before officials could change housing programs, while others suggested that removing CMHC from partisan governance could ensure that programs are not subject to shifts in political leadership (as political cycles are often shorter than development timelines).

British Columbia's Proactive Planning Policies:
Shifting to a more proactive, long-term approach to planning, local governments must identify their housing needs, and then zone for what is needed. From 2025, municipalities in BC will be required to regularly update their Housing Needs Reports and Official Community Plans, and align zoning bylaws to ensure permitted uses and densities are allowed by-right.

Policy Examples: Political Risk

Creative Approaches to Public Engagement

Citizens' Assemblies (<u>Copenhagen</u>, <u>Paris</u>, <u>Brussels</u>): Randomly selected citizens (representing a diversity of demographics) discuss key issues affecting a city in a facilitated environment, and provide recommendations that are submitted to City Council.

<u>Citizen Juries (Australia):</u> Randomly selected "mini-public" deliberates an issue over several days, with the goal of working towards a set of clear recommendations that are presented to City Council. Steps are taken to ensure the final jury represents the demographics in a community, the process is facilitated by an independent moderator, and participants have access to expert knowledge.

Citizen Assemblies in British Columbia:

- Burnaby Community Assembly
- Victoria-Saanich Citizens' Assembly
- New Westminster Community Advisory Assembly
- Langley City's Citizens' Assembly

Expanding Housing Options in Neighbourhoods (EHON) Roundtable (Toronto, ON):

Engagement strategy included a roundtable with individuals representing different backgrounds and equity-deserving groups; lived experience, expertise, and stories of these representatives were incorporated into a list of recommendations for the City to consider in amending zoning by-laws.

BC Housing's Community Acceptance of Non-Market Housing Toolkit (BC): Includes Design Considerations to Gain Community Acceptance Guide with ideas on how to get community input, and a Gaining and Maintaining Community Acceptance Guide with tips for setting boundaries on community feedback.

<u>Civida (Edmonton, Alberta):</u> Comprehensive report from Edmonton's largest social housing provider, outlines community-wide and project specific strategies for housing providers to develop community support.

<u>NIMBY Toolkit (St. John's)</u>: Toolkit created in partnership with the City of St. John's, CMHC, NL Home Builders' Association, and NL Housing & Homelessness Network, with recommended steps and case studies of successful community engagement for housing developments in Newfoundland.

<u>Habitat for Humanity (Winnipeg, Calgary):</u> Strategies that the Winnipeg and Calgary chapters undertake to generate community support for new affordable housing development, including sending personalized letters from families that will be able to move into the neighborhood, public meetings with local residents, and door to door canvassing.

Complexity of the Municipal Approvals Process

A major focus of the research findings was municipal process. Many participants expressed frustration with perceived needless bureaucracy, and expressed a desire for the municipality in particular to "get out of the way" of housing development. The complexity and ease of navigating the municipal approvals process varied widely between communities, but there were several barriers and solutions that crossed municipal lines:

- Priority mandates: even if a municipality has acknowledged the depth of housing need and mandated their housing department to expedite approvals as quickly as possible, housing development requires the input and approval of multiple municipal departments and agencies (including heritage, water, engineering, etc.). Participants expressed that these other departments and agencies do not always treat a housing development proposal with the same urgency and expediency as the housing department does (see also the process to disburse surplus land).
- Sheer number of requirements and process efficiency: participants expressed incredulity at the number of studies and requirements needed to put shovels in the ground. Participants discussed that the cost of required studies before acquiring a building permit in Toronto could surpass \$1 million. Many participants expressed that in some cases, these requirements became more costly and complex when developing on public land because the municipality can exercise greater control over the type of housing that will be built (e.g. a municipality could demand a percentage of accessible units, or higher standards of sustainability than they would reasonably be able to make on a development on private land). Furthermore, participants across multiple communities suggested that there were too many points of approval within the city, which extended timelines and costs. Participants also expressed frustration with community design panels (which may be made up of professionals in the community, local residents, and/or government officials and staff), who can provide design feedback that the developer must respond to, despite the perceived arbitrary nature of the feedback and the potential increased costs to incorporate the feedback.
- Transparency of municipal process: there was a clear disparity between smaller non-market housing providers and large non-market or private developers when it came to familiarity and comfort with navigating the municipal approvals process. Some participants directly expressed frustration at a perceived lack of transparency of the process, and some of this disparity was observed by the research team through the analysis of interviews with smaller and larger entities.
- Transparency of desired outcomes: when disbursing government-owned land, most public authorities issue an RFP that invites developers to compete for a parcel of land (which may be sold or leased, sometimes at a discount or nominal fee). Participants expressed that the public authority often has a desired outcome for that land but still invite developers to submit (at great cost) a broad range of proposals, some of which may be immediately disqualified. Furthermore, some participants expressed that the RFP process is not always clear and specific about what input is required (e.g. an RFP might suggest that an environmental study must be done but does not indicate if that needs to be done before submitting a proposal, or after the awarding of the parcel). This process increases costs and risks.

Solutions to the Complex Municipal Approvals Process:

- 1. **Individualized support in the municipality:** Participants in almost every community expressed admiration and support for Calgary's Affordable Housing Priority Stream, which provides a concierge-like service for affordable or non-market housing projects. Participants suggested that developers (especially non-market developers) should be paired with a dedicated municipal staff member who supports them to move through the approvals process, and who follows up with relevant municipal departments and agencies who may be slowing down the process. Participants also suggested that this dedicated staff should be empowered to make decisions that balance municipal requirements.
- 2. **Coordinate approval stages:** participants noted that reviews of certain elements in the municipal approvals process occurred in succession instead of simultaneously. For example, approval from the water department might occur after approval from heritage, whereas if they were concurrent, approvals could be expedited. This could also be addressed through inter-departmental application review meetings.
- 3. **Ensure that housing is established as a priority across all municipal departments and agencies:** participants expressed a desire for other municipal departments to handle housing files with more urgency and flexibility by adjusting mandates to ensure that other departments are also measured by the effectiveness and speed of approving housing projects. Participants also suggested that there are certain departmental or panel approvals that should not be required to obtain a building permit (e.g. aesthetic changes).
- 4. **Reduce parcel risk:** as described in the solutions section on risk, participants across the housing eco-system suggested that public authorities should take more responsibility for the conditions of the land by clearing existing buildings and contamination, as well as pre-zoning the site for the desired density as-of-right.



Existing Municipal Development Guides for Non-Market Operators

City of Edmonton's Affordable

Housing Guidebook: Information manual and general recommendations for affordable housing providers in Edmonton.

Greater London Authority's
Affordable Housing Capital
Funding Guide (UK): Rules
and procedures guide for
"investment partners providing
housing with funding through
the Greater London Authority."
Includes section for specialist and supported housing
providers.

- 5. **Greater transparency in land disposal:** participants suggested that the public authority should clearly establish these desired outcomes for public land disposal at the RFP stage so that certain developers can self-select (e.g. if an RFP was released with the clear desired outcome of a 20-30 storey tower, smaller organizations who may only have the capacity to develop up to six storeys could decline to participate in the competition). Participants expressed that agreement terms (especially affordability assumptions) should be released in advance of RFP submission (in addition to what elements are negotiable vs. non-negotiable) so proponents can determine if they are able to meet those requirements. Furthermore, participants flagged that developers should also disclose assumptions made at the application stage (e.g. interest rates, encumbrances, and affordability requirements) to allow the municipality to flag where challenges may arise.
- 6. Pre-qualify developers for public land disbursement: participants suggested that municipalities could de-risk and simplify the RFP process for public land by conducting regular (every 3 years) pre-qualifications of developers based on capacity and expertise (e.g. developers could be pre-qualified for any number of project types: large-scale projects, supportive housing, or modular development). This solution is linked to greater transparency in land disposal, as the RFP process could then be limited to pre-qualified developers in a specific category.
- 7. **Create municipal guides for approvals:** participants suggested that creating a clear, transparent, step-by-step guide for developers to advance through the municipal process could ensure that developers are better prepared for the requirements and timelines for development. Participants also suggested RFPs should include templates with standard responses and pre-populated assumptions, and a sample pro forma.
- 8. **Standardized building templates:** participants suggested that there should be models that would be considered pre-approved for most projects. The federal government has created a set of standardized building designs, which could be approved at the municipal level as-of-right.⁷
- 9. **Work more closely with municipalities:** participants suggested that developers of all types (including non-market developers), should engage with the municipality early in the process (i.e. pre-application), and establish clear and regular communication throughout the process. Participants identified this strategy as a way to overcome the perceived complexities and opacity of the municipal process.

Encouraging Priority Housing Types

While Canada is facing a deficit of all types of housing, there is an identified need to prioritize the creation of non-market housing. However, participants identified many challenges to creating non-market housing, including:

- **Sector capacity:** the strength of the non-profit sector varies widely across municipalities. Whitehorse and Toronto had particularly underdeveloped sectors, whereas Ottawa and Calgary had stronger sectors, bolstered by strong arms-length municipal housing bodies like Ottawa Community Housing and Calgary Housing. Participants noted that non-profits often lacked the skills or resources to move through the approvals process effectively, sometimes erasing the efficiencies gained through municipal improvements. Although some municipalities have a few experienced and large-scale non-profit organizations, most non-profit housing providers are small and relatively inexperienced in development.
- Treatment of non-market housing providers: participants across multiple workshops noted that the approvals process, especially at the municipal level, does not differentiate between non-profit developers and private developers, even though these two types of entities have vastly different access to resources, and produce different types of housing. Non-profit and non-market housing providers suggested that because non-profit housing becomes more affordable over time (by not raising rents alongside the market), there should be distinct approvals processes that account for the strengths and weaknesses of the sector, as well as the public benefits of non-market housing.
- Funding models do not always reflect diverse housing needs: several participants noted that many funding programs (at all levels of government) do not include allowances for support workers or services, which precludes many non-market providers from providing supportive housing or deeply affordable housing for the most vulnerable people.
- **Restrictive zoning and planning:** many participants noted that their community did not allow diverse housing forms city-wide. Despite concerted efforts from the federal government,⁸ there are still many communities across Canada that prevent non-market, affordable, or supportive housing models in certain areas.

v It is important to note that some in the private sector vehemently disagreed with the idea that non-profits should be given more support and opportunities, as they perceived the private sector to be more effective at providing quality affordable housing.

Solutions to Encouraging Priority Housing Types:

- Provide dedicated programming, land, and funding to non-market housing providers: as identified in previous solutions, participants suggested earmarking land for non-market development, creating priority development streams for non-market providers, and providing fixed-rate financing for non-market projects. Some participants also suggested strategies like density bonusing and development charge waivers for non-market housing or public land use.
- 2. **Ensure funding models reflect and account for diverse housing forms:** governments should include a pool of funds that is unlocked for supportive housing projects or applications.
- 3. **Create preferred supplier lists for development:** municipalities can support capacity in the non-profit sector by pre-qualifying and identifying professionals or private sector firms who can adequately support and mentor a non-profit with proposals and/or development in the community.
- 4. **Mixed-market development:** in some municipalities, participants flagged that mixed-market developments were not provided with the same funding or support, which may be one of the only ways that small non-market housing providers can meaningfully build knowledge, assets, and expertise. When non-market providers have the capacity to develop larger projects, allowing a mixed-market model means that they can participate in the development sector with more agility (i.e. capital) while also providing deeply affordable units.
- 5. **Allow and encourage housing diversity in every neighbourhood:** municipalities can ensure that there is a wide range of housing options in every neighbourhood, including a variety of densities, levels of affordability, and including options like supportive and collective housing (i.e. care homes, transition housing).
- 6. **Smaller organizations should establish partnerships in advance of an RFP:** participants flagged that many organizations scramble to react to an RFP when they should be establishing relationships with development partners beforehand.
- 7. **Create RFPs for completed buildings, not land:** participants noted that due to the underdevelopment of the non-market development sector, municipalities could partner with builders to complete buildings and issue RFPs for non-market housing providers to operate these buildings long-term. Participants also suggested that non-market housing providers could work directly with a builder to complete a building before assuming operations (i.e. do not force housing providers to learn to be developers).
- 8. **Reduce long-term RFP requirements for non-market housing:** participants noted that housing providers may need to redevelop or tangibly change the way an existing building works for the purpose of building more non-market housing, but restrictive RFP timelines can sometimes inhibit their ability to act according to their business needs (or community needs).

vi Note that mixed-market could refer to a single developer (private or non-profit) developing both market housing and affordable housing, or a private/non-profit partnership model.

Policy Examples: Encouraging Priority Housing Types

Incentive programs for building family-sized units or purpose-built rentals

Rapid Transit Multi-Residential Rental Housing Incentive Program (Hamilton, Ontario): Outlines incentives (grant of \$50,000 and/or 15 year forgivable loan of \$25,000 per unit) for building seven (or more) new rental units on sites close to rapid transit corridors.

Affordable Rental Housing Community Improvement Plan (Mississauga, Ontario): Incentive program for private and non-profit developers building affordable and below-market units, including \$60,000-\$130,000 grants per unit and grant to cover cost of building permit fees and/or municipal fees.

Rental Incentives Programs (Vancouver, BC): Bulletin that provides overview of the City's incentives for building new rental supply, including family-sized units. DCs are fully or partially waived for projects that propose three-bedroom units at or below average market rent.

Community Housing Incentive Program (Vancouver, BC): Funded by Empty Homes Tax Revenue, this grant program from the City of Vancouver provides funding to non-profit and co-op housing providers to build affordable housing.

<u>Kamloops Affordable Housing Developers Package:</u> Downtown revitalization tax exemptions for multi-family rental projects in downtown core, up to 100% for ten years. DCs also waived.

Density Bonusing (California, Vancouver, North Vancouver): Permits developers to build additional floor area in exchange for amenities and/or affordable housing.

<u>Alliance for Affordable Housing (Germany)</u>: 190 measures announced in 2022 by the federal government to boost construction of new housing, with the goal to build 400,000 units per year (100,000 subsidized through social funding).

<u>Incentives to Provide Rental Housing (Australia)</u>: Property owners who have entered into an agreement with a community housing provider for affordable rentals are eligible for a land tax exemption.



Construction

Across municipalities, participants flagged that the barriers related to construction costs and global supply chains have resulted in much narrower margins, or even the inviability of housing projects. Participants specifically flagged:

- **Labour shortages:** participants reported that the experienced labour shortage in the construction sector is a major barrier now and may worsen in the future as a sizable portion of the sector will soon be retiring. This barrier was pronounced in more remote communities where there is less competition in the development sector.
- Land value speculation: many municipal participants expressed frustration that there are several parcels throughout their communities where building permits have been issued but where the developer is "sitting" on the land in anticipation of land value gains.

Solutions to Construction

- Innovative construction methods: participants across multiple surveyed jurisdictions placed
 emphasis on the requirement to invest in innovative construction techniques, specifically modular
 housing. In addition, there were multiple suggestions to increase labour force through expedited
 certifications, immigration targets for skilled trades, and greater incentives for skilled trade training in
 Canada.
- 2. **Encourage construction by limiting land speculation:** participants suggested that higher orders of government could limit capital gains on land speculation or introduce "vacant home tax"-style policies on vacant parcels to encourage building.
- 3. **Streamline the national building code:** by creating a more standardized, simple building code nationwide, developers and housing providers could more easily grow beyond municipal jurisdiction borders with the same knowledge and expertise.
- 4. **Incentivize large-scale development in more rural areas:** in remote communities, participants expressed a desire for the government to incentivize large-scale developers to do business in the area.

Next Steps

This research is comprised of hundreds of hours of discussion with dozens of stakeholders who are collectively making decisions about and building housing in four communities in Canada. While it is one of the largest qualitative research projects of housing sector decision-makers, it is by no means a comprehensive nationwide overview, nor a full and complete look into the communities we worked with.

There are several themes that emerged which did not appear to have a solution, and there are also many topics which were never broached in this project. This section will outline these themes, what we did not cover and encourage future research into these topics.

Leasing vs. Selling

While selling is the most-employed model across Canada, many communities are pursuing leasing as the preferred option. For the intents and purposes of this report, we will discuss the benefits and drawbacks as described by our participants.

Across the four subject communities in this project, Whitehorse and Calgary almost exclusively used a sale model, Ottawa employed a mixed model, and Toronto was primarily focused on a lease model.

The City of Whitehorse and the Government of Yukon (as the larger landholder) both hold land sales or lotteries. The territorial government sells land at either a) the cost to develop the land or b) the market value,⁹ and the municipal government sells land at market value unless otherwise directed.¹⁰ Both governments have a history of selling land for as low as \$1 for the purpose of encouraging housing supply.¹¹

In Calgary, participants described city land lotteries where the cost of public land was discounted (normally by 10%). There were examples of land sold for a dollar, but they were the exception, not the rule.

In Ottawa, land owned by the city, the National Capital Commission, and the federal government is disposed via either lease or sale, with many sites sold for as low as \$1 for housing development.

In Toronto, the municipality has shifted to a lease-only policy recently and uses their arms-length body CreateTO to manage the lease and development of municipally owned sites.

vii For more information on long-term land leases, see Amborski (2024).

Selling public land:

Participants flagged that municipalities often need to sell land to fund other services and operations. As discussed, municipalities have limited income sources, and real estate divisions within many municipalities have a mandate to deliver revenues that can often internally conflict with housing department mandates to build housing and affordable housing. Furthermore, many housing providers flagged that financing is much easier when the public authority transfers ownership of the land. In contrast, many participants expressed dismay at the practice of selling public land because of a deeply held belief that public land should remain in the public trust. For some, transfer of public land into non-profit, community-driven organizations was considered less troubling.

Leasing public land:

Participants expressed support for the model because of the retention of public assets in the public trust, but noted that funding, financing, and legal agreements become more complicated, costly, and time-consuming to negotiate under leasing models. Furthermore, many housing providers expressed that the leasing model presents challenges for refinancing and funding future projects: when a leased parcel with a housing development enters its final 30 years of the lease, participants recounted difficulty borrowing against the asset, presenting barriers to building sector capacity and effective redevelopment of aging buildings.

Provincial and Federal Input

The main point of contact for this research project was through the municipality in each jurisdiction. As a result, there was limited participation from provincial and federal representatives despite an earnest effort to connect with potential participants. Many participants flagged challenges with provincial, territorial, and federal approaches to land disposal, financing, funding, and legal hurdles, but in many cases, these topics could not be fulsomely explored in the workshops without the input from all levels of government concerned. There has been a redoubled focus on municipal actions in recent years. But the important role the provincial, territorial and federal governments play in housing development on public land was made clear by research participants.

This research primarily addresses local and municipally based solutions, highlighting suggested provincial and federal solutions when applicable. However, there is a need for further exploration of the challenges and findings identified from a provincial and federal perspective.

Indigenous Development

Participants representing Indigenous-led organizations highlighted unique considerations for Indigenous housing projects. Participants noted the need for internal capacity building and relationship building in order to adequately meet the housing need within First Nations while also efficiently using settlement lands. Participants noted the use of leasing as a model for retaining settlement lands and the hesitancy around long-term leases as a potential barrier. Participants also noted the complex intergovernmental relationships between nations that can affect housing decisions and the limited knowledge settler governments have of this. High levels of community resistance towards Indigenous-led or focused housing projects were also discussed as a unique barrier.

It is important to note that the representation of Indigenous-led organizations in this research is minimal. There is a need for community and relationship building within further research to ensure Indigenous perspectives can be adequately included and the identified barriers from this research can be expanded upon and fully explored.



Recommendations

It is our hope that the findings of this research and the solutions identified throughout the report can be used across all levels of government and a diverse range of stakeholders in the housing ecosystem. Many solutions were identified which targeted various stakeholders and decision-makers and will require varying levels of coordination and further actions to implement. However, given the unique opportunity presented in this research to learn from and engage with Whitehorse, Calgary, Ottawa, and Toronto, it is beneficial to share the overarching learnings and recommendations that can be taken from this work.

Based on the key solutions and common themes among the interviews and workshops, there are four broad recommendations for necessary actions to increase access to public land for the development of housing across Canada:

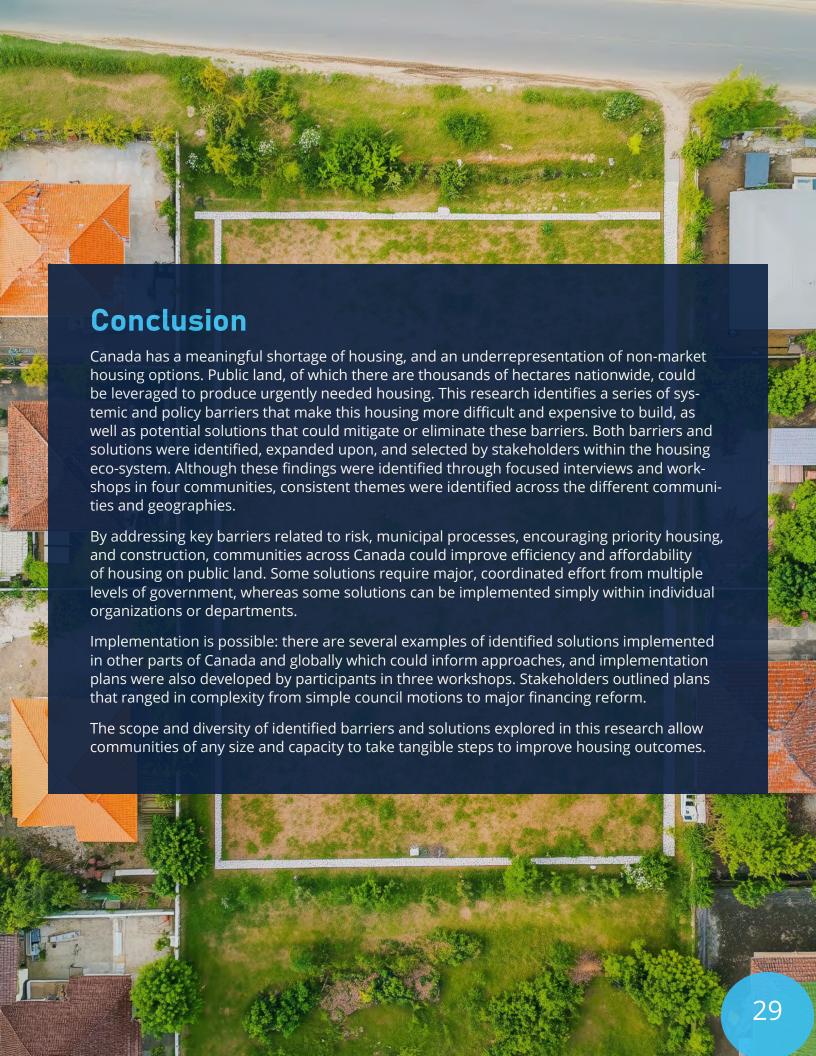
- 1. Decrease risk for developers, when possible, to curb an increasingly volatile development market and encourage housing development. As discussed, the level of risk that both market and non-market developers must take on is increasingly untenable due to market conditions, many of which are not controllable in the short term. There is an opportunity to incentivize use of public land for prioritized housing types if land vendors can limit risk to encourage the development of non-market or mixed-income housing projects. This report identifies several solutions for decision-makers at every government level.
- 2. **Prioritize streamlining of the municipal approvals process for housing development across departments.** Most participant municipalities had recently created priority streams for non-market and/or public land housing projects which had positive effects on the review process. However, bureaucratic red tape and siloing between departments persisted and continued to impede the development process. There is a clear need for cross-departmental prioritization of housing to further streamline the approvals process and improve the viability of housing projects. As noted by participants, housing is a major contributing factor to community wellbeing and the prioritization of housing development can strengthen and support other common municipal goals and targets. This is a key recommendation for decision-makers at the municipal level.



- 3. **Increase capacity and support for the non-market sector.** Given the identified need for non-market housing in Canada, ¹² it is clear that further actions are needed to increase capacity in the non-market sector, which has historically faced capacity and resource challenges. Facilitating collaboration within the non-market sector and the private sector, creating pathways for non-market housing in the municipal approvals processes or public engagement processes, and allowing for and adequately funding diverse housing types within individual developments (mixed-market, deep affordability, service provision) as well as every neighbourhood were identified as key actions needed to stimulate non-market growth. This recommendation will require action to be taken at every level of government and by funders.
- 4. Create incentives and disincentives to stimulate construction to overcome high cost and global supply chain challenges. The high cost of construction was identified as a universal challenge that impedes housing development and one that was predicted to only get worse. This research identifies key opportunities to stimulate construction in spite of existing challenges, including the need to increase labour supply and limit land speculation leading to unnecessary vacant land. Creating incentive programs to encourage innovative construction models, increase skilled trades training, and large-scale development in rural areas are potential actions to be taken. The need to introduce disincentive programs or policies to limit land speculation should also be considered. This recommendation requires action to be taken from all levels of government, but particularly at the provincial/territorial and federal levels.

These recommendations capture the broad actions necessary to better use public land to address the severe housing need in Canada as well as improve the overall development process. This report offers detailed solutions for every level of government and key housing stakeholders to begin to act on these recommendations. The methodology used in this research was a successful approach to answering the research questions and purpose and received positive feedback from participants. As such, there is an opportunity to expand upon this research and continue to increase knowledge on public land use in Canada.





Endnotes

- 1 National Housing Council, 2025.
- 2 International Monetary Fund, 2022.
- 3 Hamann, 2024.
- 4 Government of Canada, 2024a.
- 5 Richard, 2024.
- 6 Brady, 2022; Brey, 2018; Public Affairs Council, 2018; Renovate the Public Hearing, n.d.
- 7 CMHC, n.d.
- 8 Government of Canada, 2024b.
- 9 Government of Yukon, 2025.
- 10 City of Whitehorse, 2022.
- 11 CBC, 2024; Stockton, 2024.
- 12 National Housing Council, 2025.

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