Toronto Regional Real Estate Board

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Removing Roadblocks

Tackling Municipal Barriers to Housing Supply and Affordability in Ontario

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Letter from TRREB Leadership

Housing affordability has become one of the most urgent challenges facing Ontario, and it is one that we are hearing about directly from our Members and the communities they serve every day.

Across the Greater Toronto Area, Simcoe County, and beyond, families, renters, and first-time buyers are facing growing barriers to finding a home they can afford. At the same time, those working within the housing ecosystem are navigating increasing complexity, cost pressures, and uncertainty.

There is no single cause and no single solution. Higher interest rates, rising construction costs, and long-standing planning frameworks have all contributed to the current environment. Governments at all levels have taken meaningful steps in recent years to address these challenges.

However, what this report makes clear is that policy direction alone is not enough. The gap between intention and implementation remains one of the most significant barriers to delivering the housing that Ontarians need.

Through our engagement with Members, industry stakeholders, and policymakers, a consistent theme has emerged. The system is often working against itself. Rules, costs, and processes that were created with good intentions are now, in many cases, limiting the very outcomes they were meant to support.

This report reflects TRREB's commitment to moving the conversation forward with practical, evidence-based solutions. *Removing Roadblocks* identifies 13 policy barriers that continue to constrain housing supply across Ontario municipalities and outlines targeted recommendations to improve how planning frameworks, development costs, and approval systems function in practice.

Addressing Ontario's housing challenges will require coordinated action across all levels of government, along with a shared focus on restoring confidence in the housing system. That means ensuring that policies not only exist, but that they work as intended; efficiently, predictably, and at scale.

TRREB remains committed to working constructively with our partners to advance solutions that support a more functional, responsive, and accessible housing system for all Ontarians.

Sincerely,

Daniel Steinfeld
President, TRREB

John DiMichele
Chief Executive Officer, TRREB

Executive Summary

Ontario's housing affordability challenge is fundamentally a supply problem. Over the past several years, both the federal and provincial governments have introduced major policy reforms, funding programs, and legislative changes aimed at accelerating housing construction. Yet despite this progress, housing starts remain well below the levels required to meet Ontario's housing needs.

In 2022, the Province of Ontario committed to building 1.5 million new homes by 2031, or approximately 150,000 homes per year. However, housing starts have declined steadily since their peak in 2021–2022. In 2025, Ontario recorded just over 62,000 housing starts, less than half of the annual level required to meet the province's target. The cumulative shortfall since 2022 already exceeds 287,000 homes.

This report finds that while provincial policy has increasingly focused on enabling more housing, municipal systems continue to constrain delivery across three critical areas: planning rules, development costs, and regulatory and approval systems.

The responsibility for these challenges does not sit with one level of government. Ensuring that planning frameworks, approval systems, and development costs support housing supply will require leadership and action from every level of government. *Removing Roadblocks* identifies 13 key policy barriers embedded across these three areas of municipal responsibility. Across these barriers, the report advances 42 targeted policy recommendations aimed at realigning municipal planning frameworks, fiscal tools, and regulatory systems with Ontario's housing supply objectives.

The central conclusion of this report is that Ontario's housing crisis cannot be solved through voluntary, municipality-by-municipality reform alone. While many municipalities have taken constructive steps, the scale and urgency of Ontario's housing shortage require consistent, province-wide standards that address barriers across planning rules, development costs, and approval systems simultaneously.

Summary of Report Recommendations

Category	Policy Area	Recommendations
Planning Rules	**Exclusionary Zoning**	1. Amend the *Planning Act* to establish enforceable province-wide gentle density standards permitting at least four residential units as-of-right on serviced urban residential lots. 2. Prohibit municipalities from using technical zoning standards such as excessive frontage, setbacks, or lot coverage limits to effectively block multiplex housing. 3. Clarify that projects meeting provincial gentle-density standards cannot be subject to additional discretionary municipal approvals.
	Angular Planes and Stepbacks	4. Establish provincial guidance defining acceptable ranges for angular plane and stepback requirements in intensification areas. 5. Limit the use of rigid angular plane standards in designated growth corridors and transit-oriented areas. 6. Clarify that municipal urban design guidelines cannot reduce density permitted under zoning and provincial policy.
	Setbacks, Lot Coverage, and Minimum Lot Sizes	7. Establish provincial limits on setbacks and minimum lot sizes in serviced urban areas. 8. Require municipalities to permit sufficient lot coverage to accommodate housing forms authorized under provincial legislation. 9. Clarify that municipal technical zoning standards cannot be used to nullify provincial housing permissions.
	Parking Minimums	10. Prohibit mandatory residential parking minimums in urban settlement areas. 11. Establish provincial maximum parking standards where parking regulation is required. 12. Extend the Bill 185 removal of parking minimums beyond major transit station areas to urban municipalities more broadly. 13. Allow and facilitate off-site overnight parking solutions such as shared parking agreements and municipal lots.
Development Costs	**Development Charges**	14. Cap or standardize development charges across large and fast-growing municipalities. 15. Require development charges for residential projects to be deferred until occupancy. 16. Introduce provincial oversight and review of municipal development charge by-laws. 17. Reform development charge eligibility categories to ensure costs meet principles of fairness and proportionality.
	Municipal Land Transfer Tax (MLTT)	18. Establish a time-limited provincial pathway to phase out Toronto's Municipal Land Transfer Tax. 19. Prohibit municipalities elsewhere in Ontario from introducing additional land transfer taxes. 20. Align housing tax policy with provincial housing supply and mobility objectives.
	Parkland Dedication and Cash-in-Lieu	21. Amend the *Planning Act* so parkland dedication requirements for infill development reflect actual incremental demand rather than land value alone. 22. Establish province-wide caps on cash-in-lieu parkland payments in built-up urban areas. 23. Require municipalities to provide alternative compliance options such as park improvements or shared recreational facilities.
	Inclusionary Zoning Without Offsets	24. Implement the proposed provincial pause on inclusionary zoning requirements while broader reforms are developed. 25. Require inclusionary zoning policies to include measurable offsets such as additional density or reduced municipal charges. 26. Establish limits on affordability set-aside rates and affordability periods.
Regulatory & Approval Systems	**Slow and Unpredictable Approvals**	27. Trigger statutory planning approval timelines upon application submission rather than municipal completeness determinations. 28. Restrict the use of mandatory pre-application consultation requirements. 29. Establish a standardized province-wide checklist for planning application requirements. 30. Introduce limits on repeated iterative information requests during application review.
	Single Stair Egress (SSE)	31. Amend the Ontario Building Code to permit single-stair residential buildings up to six storeys. 32. Establish clear safety standards for single stair buildings including sprinklers and floorplate limits. 33. Align building code reform with provincial missing-middle housing policies.
	Renoviction By-laws	34. Prioritize enforcement of existing tenant protections under the *Residential Tenancies Act*. 35. Improve tenant and landlord education regarding renoviction rules and rights. 36. Focus municipal involvement on information-sharing and referral to provincial enforcement mechanisms rather than new licensing regimes.
	Tree Protection and Landscaping Rules	37. Require municipalities to apply tree protection rules proportionately based on project scale. 38. Integrate tree protection reviews into statutory planning approval timelines. 39. Clarify that tree protection by-laws cannot nullify housing permissions granted under provincial legislation.
	Short-Term Rental Regulation (STR)	40. Encourage municipalities to shift STR policy toward enforceable, outcome-based regulation. 41. Establish proportional compliance rules distinguishing home-sharing from commercial STR operations. 42. Prioritize enforcement of existing by-laws addressing nuisance impacts such as noise, waste, and parking.

Ontario Housing Policy Timeline: How We Got Here

Period	Description
1950s–1970s: Post-War Housing Boom	Post-war housing expansion was supported by strong federal mortgage finance through the *National Housing Act* (CMHC) and permissive local planning under Ontario's early *Planning Act*, enabling high per-capita housing construction and broad affordability.
1950s–1970s: Permissive Zoning and As-of-Right Density	Municipal zoning under the *Planning Act* commonly permitted duplexes, triplexes, walk-ups, and small apartments as-of-right in many urban areas, allowing "missing middle" housing to be built where demand existed.
Late 1970s–1980s: Expansion of Planning Controls	Amendments to Ontario's *Planning Act* in the 1970s expanded public consultation and site-specific approvals (rezoning, site plan control), increasing review complexity and introducing greater political discretion into housing approvals.
1980s: Rise of Prescriptive Zoning Standards	Municipal zoning by-laws authorized under the *Planning Act* increasingly introduced prescriptive built-form rules such as setbacks, height limits, angular planes, and parking minimums that constrained density.
1990s: Provincial Downloading to Municipalities	Provincial restructuring and downloading in the 1990s transferred infrastructure and service responsibilities to municipalities under the *Municipal Act* framework without equivalent new revenue tools.
1990s: Development Charges Institutionalized Under "Growth Pays for Growth"	The *Development Charges Act, 1997* formalized the "growth pays for growth" model, establishing development charges as a primary municipal funding mechanism for growth-related infrastructure.
Early 2000s: Parkland Costs Impact Infill Housing	Municipalities increasingly used *Planning Acts*.42 parkland dedication formulas tied to land value, along with s.37 density bonusing, raising per-unit costs for infill and mid-rise development.
Mid-1990s to Mid-2000s: Expanded Municipal Authority Without Growth Alignment	Expanded municipal powers under the *Planning Act* (including parkland dedication) preceded provincial growth management policies such as the Provincial Policy Statement (2005) and the Growth Plan for the Greater Golden Horseshoe (2006), creating a mismatch between intensification goals and local regulatory frameworks.
2010s: Expansion of Heritage and Environmental Controls	Municipalities increasingly used tools under the *Ontario Heritage Act, Planning Act,* and *Municipal Act* to designate heritage districts, regulate trees, and impose detailed site alteration controls affecting redevelopment.
2010s: Parking Minimums Become a Binding Constraint	Parking minimums embedded in municipal zoning by-laws authorized under the *Planning Act* became a major cost driver for infill housing as intensification policies and transit investment increased.
Late 2010s–2020s: Housing Supply Falls Behind Demand	Rapid population growth driven by immigration and economic expansion outpaced housing completions as approval timelines, zoning constraints, and development costs increased.
2019–Present: Provincial Housing Reforms	Ontario introduced successive housing reforms through legislation such as the *More Homes, More Choice Act (2019)* and *More Homes Built Faster Act (2022)*, amending the *Planning Act*, Development Charges Act, and related statutes to accelerate housing supply.
2020s: Municipal Implementation Gaps	Despite provincial reforms, municipalities retain significant authority under the *Planning Act, Ontario Heritage Act*, and zoning by-laws, allowing local regulations and approval practices to continue shaping housing delivery.
2026: New Housing Cost Relief Measures	Ontario and Canada introduced coordinated housing and infrastructure funding, expanded HST rebates to reduce the cost of new homes, and tabled the ***Building Homes and Improving Transportation Infrastructure Act***, which includes reforms to site plan control, planning standardization, building code modernization, and infrastructure delivery systems.

Ontario's housing crisis is not the result of a sudden failure or a lack of policy direction. It is the predictable outcome of a legislative and regulatory evolution that expanded municipal discretion over housing while progressively insulating local decision-makers from the economic and political consequences of under building.

If Ontario is serious about restoring affordability and meeting its housing targets, provincial authority must be used to realign municipal rules, incentives, and financial frameworks with provincial housing objectives. Without that recalibration, the barriers identified in this report will persist, regardless of market demand or government spending.

Ford Government's Roadmap to Boosting Housing Supply

Elected in 2018 on a mandate to make life more affordable, including tackling rising housing costs, the Ford government committed early to fixing a planning system widely viewed as too slow, fragmented, and restrictive. Since taking office, the Government of Ontario has pursued a housing policy agenda aimed at accelerating supply, reducing costs, and modernizing the planning system. While early reforms focused on cutting red tape and adjusting municipal cost-recovery tools, subsequent legislation expanded provincial oversight, standardized planning rules, and sought to legalize more housing "as of right" across Ontario's communities.

Taken together, these reforms represent one of the most sustained and comprehensive attempts by any provincial government to address housing supply constraints. Although the province has pursued a housing-policy reform agenda, this report demonstrates that substantial opportunities for additional work remain, especially in relation to municipal authority over the development process.

Collectively, these reforms demonstrate a clear and sustained effort by the province to remove barriers to housing supply. **They also underscore that despite repeated legislative action and meaningful progress, barriers to housing delivery remain. Addressing Ontario's housing shortage will require coordinated action across all levels of government, along with continued efforts to remove the roadblocks that slow housing construction.**

Table 1: Recent History of Housing Legislation in Ontario (2019-2025)

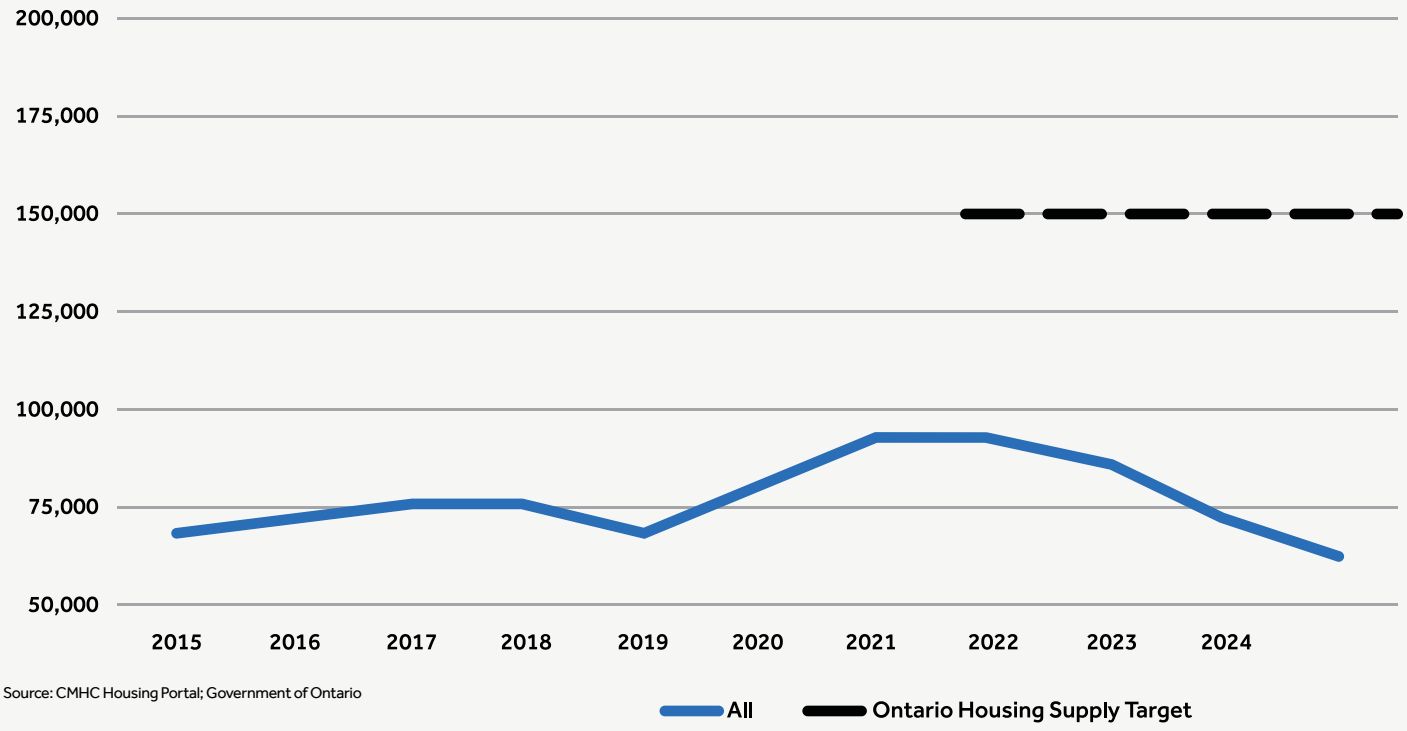
Legislation	Year	Policy Changes
More Homes, More Choice Act (Bill 108)	**2019**	• Reduced categories of services eligible for development charges; that was narrowed in scope in subsequent legislation • Introduced deferred DC payments for rental, institutional, and industrial projects • Shortened statutory timelines for Official Plans, zoning by-law amendments, subdivisions, and site plans • Replaced parkland dedication and density bonusing with Community Benefits Charges • Limited municipal ability to impose growth-related studies
More Homes for Everyone Act (Bill 109)	**2022**	• Mandated refunds of planning application fees for missed approval timelines • Strengthened ministerial zoning order (MZO) framework • Expanded non-resident speculation tax • Reinforced accountability mechanisms for municipal planning delays
More Homes Built Faster Act (Bill 23)	**2022**	• Legalized up to three residential units as of right on urban residential lots • Removed site plan control from most low-density residential development • Reduced or eliminated DCs for affordable, non-profit, and rental housing • Capped parkland dedication rates and limited cash-in-lieu • Restricted scope of inclusionary zoning • Expanded provincial authority over planning decisions
Affordable Homes and Good Jobs Act (Bill 134)	**2023**	• Amended the Development Charges Act to revise the definition of affordable residential units eligible for DC exemptions • Established affordability thresholds tied to provincial guidance • Clarified implementation of affordable housing exemptions introduced under Bill 23
Helping Home-buyers, Protecting Tenants Act (Bill 97)	**2023**	• Restored limited DC tools for municipalities while preserving housing exemptions • Maintained approval timeline requirements and fee refund provisions • Clarified treatment of rental and affordable housing under DC framework • Adjusted select Bill 23 provisions based on implementation feedback
Municipal Accountability Act (Bill 60)	**2024**	• Expanded provincial authority to require reporting and transparency from municipalities • Strengthened accountability mechanisms related to municipal governance and performance • Enabled the province to intervene where municipal processes impede provincial priorities, including housing delivery
Cutting Red Tape to Build More Homes Act (Bill 185)	**2024**	• Eliminated minimum parking requirements near major transit stations • Streamlined approvals for institutional and non-profit housing providers • Expanded use of standardized provincial planning rules • Reduced procedural barriers in zoning and site plan processes
Protect Ontario by Building Faster and Smarter Act (Bill 17)	**2025**	• Extended DC deferrals until occupancy for additional housing types • Enabled innovative construction methods through Building Code changes • Limited municipal discretion over technical planning standards • Strengthened provincial oversight of municipal planning performance
Building Homes and Improving Transportation Infrastructure Act (Bill 98)	**2026**	• Introduces authority to standardize planning rules, including minimum lot sizes • Initiates comprehensive review and modernization of the Ontario Building Code • Expands tools to accelerate transit and infrastructure delivery tied to housing growth • Enables new approaches to water and wastewater servicing to support development • Introduces development charge transparency measures and targeted exemptions

Ontario's Housing Supply Crisis by the Numbers

Ontario's housing supply targets were established in 2022, when the provincial government committed to building 1.5 million new homes by 2031. Equivalent to roughly 150,000 new housing starts per year, the target was designed to align housing production with population growth, labour force needs, and Ontario's broader plan to make homes more affordable. Unfortunately, housing starts are not just falling short of this benchmark, they are declining.

After peaking at approximately 92,000 units in both 2021 and 2022, total starts fell to about 85,800 units in 2023, dropped further to 72,100 units in 2024, and declined again to just 62,000 units in 2025. This downward trend spans all housing forms, including both low-rise and apartment construction. At current production levels, Ontario is delivering less than half of the annual housing supply required to meet its own stated objective with a cumulative shortfall of 287,000 units (going back to 2022) based on CMHC data.

Chart 1: Ontario Historical Starts Total (2015-2025)



Source: CMHC Housing Portal; Government of Ontario

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The Roadblocks:
Planning Rules

Exclusionary Zoning

Legislative Context

Exclusionary zoning is implemented through municipal zoning by-laws made under Ontario's *Planning Act*, which gives municipalities wide discretion to regulate permitted uses and built form through standards such as minimum frontage, setbacks, lot coverage, height, and related performance rules. Provincial policy instruments (including the PPS and Growth Plan) can direct intensification but, in practice, the zoning by-law is the binding "gatekeeper" that determines what is feasible on a given lot.

The province has already signalled that exclusionary zoning is incompatible with Ontario's housing objectives. Through Bill 23, Ontario legalized up to three residential units as of right on most urban residential lots, a significant step toward dismantling single-unit zoning.

The Housing Affordability Task Force (2022) nonetheless concluded that stronger, binding provincial action is required to fully address exclusionary zoning, The Task Force noted that four units as of right in larger urban centres is a more effective missing-middle standard because it better supports gentle density, rental viability, and efficient use of serviced urban land. This approach is also reinforced federally, with the Housing Accelerator Fund (HAF) treating the elimination of exclusionary zoning as a core best-practice expectation for municipal participation in the program.

Impact on Development

Ending exclusionary zoning in large urban centres is now widely recognized as a best practice for scaling missing middle housing, including through the HAF framework. Yet among Ontario's largest urban municipalities, implementation has been uneven, slow or non-existent. Municipalities that have moved beyond "permission in theory" toward city-wide missing-middle enablement include:

- **Mississauga:** adopted city-wide permissions to allow up to four residential units ("fourplexes") on low-rise residential lots through Official Plan and zoning amendments.
- **Toronto:** advanced "Expanding Housing Options in Neighbourhoods (EHON)" to permit multiplexes through Official Plan and zoning by-law amendments.
- **Kitchener:** approved Official Plan and zoning amendments to enable up to four dwelling units on residential lots city-wide (where low-rise forms are permitted).

Despite this progress, implementation continues to be a challenge with nearly half of all municipalities that have been assigned housing supply targets by the province (as of end of 2025) not implementing four-units as-of-right in their municipality. Of the 29 municipalities assigned provincial housing targets, only 15 have moved to permit four units as-of-right on a city-wide basis (see Table 3). As a result, large amounts of serviced urban land remain effectively off-limits to missing middle housing, limiting the scale of supply that can be delivered and undermining both provincial housing targets and federal funding objectives tied to ending exclusionary zoning. Ontario assigned housing supply targets primarily to these large urban municipalities because they are expected to absorb population growth under the Growth Plan for the Greater Golden Horseshoe and related planning frameworks.

Table 2: Ontario's Housing Targets Municipalities & Permitting Four Units As-of-Right Zoning

Municipality	Housing Target (to 2031)	Four Units As-of-Right	Notes
Toronto	**285,000**	**Yes**	Legalized citywide in 2023
Ottawa	**151,000**	**Yes**	Approved January 2026
Mississauga	**120,000**	**Yes**	Implemented via zoning reform tied to HAF
Brampton	**113,000**	**No/Not Yet**	Considering through housing action plan
Hamilton	**47,000**	**Yes**	Permitted in most residential zones
London	**47,000**	**Yes**	Implemented via HAF reforms
Markham	**44,000**	**No/Not Yet**	Exploring through Official Plan updates
Vaughan	**42,000**	**No/Not Yet**	Still limited to 3 units
Kitchener	**35,000**	**Yes**	Approved through HAF zoning reform
Oakville	**33,000**	**No/Not Yet**	Currently 3 units
Burlington	**29,000**	**Yes**	Approved January 2025
Richmond Hill	**27,000**	**Yes**	Four units permitted as part of HAF commitments
Oshawa	**23,000**	**No/Not Yet**	Currently 3 units
Barrie	**23,000**	**Yes**	Approved through housing action plan
Milton	**21,000**	**No/Not Yet**	Still evaluating
Cambridge	**19,000**	**Yes**	Implemented through HAF
Guelph	**18,000**	**Yes**	Implemented via zoning reform
Whitby	**18,000**	**Yes**	Approved December 2024
Ajax	**17,000**	**Yes**	Approved March 2025
Waterloo	**16,000**	**Yes**	Approved in zoning reform
Windsor	**13,000**	**No/Not Yet**	Currently 3 units
Clarington	**13,000**	**No/Not Yet**	Currently 3 units
Pickering	**13,000**	**No/Not Yet**	Reviewing
Caledon	**13,000**	**No/Not Yet**	Currently 3 units
Newmarket	**12,000**	**No/Not Yet**	Currently 3 units
St. Catherines	**11,000**	**No/Not Yet**	Committed to through HAF application; not implemented
Brantford	**10,000**	**No/Not Yet**	Currently 3 units
Kingston	**8,000**	**Yes**	Four units permitted
Niagara Falls	**8,000**	**No/Not Yet**	Currently 3 units

Why We Need Provincial Leadership

When it comes to permitting more missing middle housing in existing neighbourhoods, council decisions are often shaped by hyper-local opposition and risk aversion, while the costs of under building including higher prices, weaker labour mobility, and reduced competitiveness are borne regionally and provincially. In a crisis defined by scale, the Ontario government cannot rely on voluntary, municipality-by-municipality reform to deliver province-wide outcomes.

Provincial leadership is also necessary for consistency and to overcome the structural political incentives to oppose missing middle housing. Without binding provincial standards, implementation will remain a patchwork approach as some municipalities proceed with changes, others permit only in theory, and others explicitly reject reform.

Case Studies

Windsor: Council rejection of "four units as-of-right" and the consequences

Windsor provides a clear example of municipal refusal to end exclusionary zoning despite the affordability and supply context. In October 2024, council made the decision to reject permitting four units as-of-right, despite the growing recognition that gentle density is a practical supply tool. The case illustrates the core failure of the current approach that even when senior governments establish best practices and incentives, municipal councils can decline reform preserving exclusionary outcomes in exactly the neighbourhoods where incremental density is most feasible.

Oakville: HAF-linked reform pressure and local political sensitivity

Oakville illustrates how "as-of-right" gentle density reforms can become politically contentious even when tied to federal housing incentives. As part of its Housing Accelerator Fund (HAF) application, town staff proposed Official Plan and zoning amendments that would have permitted up to four residential units per lot across much of the municipality, alongside other missing-middle housing measures intended to meet federal program expectations. In May 2024, Oakville Council ultimately voted 14–1 to reject the four-unit zoning changes, a decision that led the federal government to terminate the town's HAF agreement and require the return of approximately $1.2 million in initial funding. The Oakville example underscores the limits of incentive-based approaches alone and the need for clearer provincial planning rules to ensure that commitments made through housing programs translate into durable zoning reform.

Recommendations:

To enable more missing middle housing and end exclusionary zoning in large municipalities, the province should implement targeted amendments under the *Planning Act* and associated regulations.

1. **Amend the *Planning Act* to create enforceable province-wide "As-of-Right Gentle Density Standards."**

   The *Planning Act* should be amended to require that zoning by-laws in specified settlement areas permit, as of right, a baseline level of missing middle housing (at minimum four units per lot in serviced large urban areas), and to authorize regulations prescribing minimum permissions and maximum restrictive standards.

2. **Use *Planning Act* regulation-making authority to prohibit "functional exclusion" through technical standards.**

   Ontario should introduce a regulation under the *Planning Act* that sets provincial ceilings (or standardized ranges) for key barriers municipalities use to nullify multiplex permissions (e.g. minimum lot frontage, excessive setbacks, overly restrictive lot coverage, and related envelope controls) so that fourplexes and multiplexes are buildable on typical lots.

3. **Clarify in the *Planning Act* that compliance with provincial gentle-density standards is not subject to discretionary municipal re-approval.**

   The Act should specify that where a proposal meets provincial as-of-right standards, municipalities may not require rezoning, minor variances, or discretionary site plan controls solely to re-litigate built form, density, or "neighbourhood character."

Angular Planes and Stepbacks

Legislative Context

Angular planes and stepback requirements are imposed through municipal zoning by-laws, urban design guidelines, and secondary plans enacted under the authority of the *Planning Act*. These controls are typically justified as tools to manage building massing, protect access to sunlight, and mitigate perceived impacts on adjacent low-rise neighbourhoods.

In Ontario, angular plane requirements are most applied along mid-rise corridors, including avenues, main streets, and arterial roads that are explicitly identified in municipal official plans and provincial policy as priority locations for intensification. While provincial policy statements and the Growth Plan continue to encourage compact, transit-supportive development in these areas, the specific application, geometry, and rigidity of angular plane and stepback requirements remain almost entirely within municipal discretion.

Recent provincial housing legislation has largely not addressed these design controls. Amendments introduced through Bill 23 and Bill 17 focused on housing targets, development charges, minor variances, accessory dwelling units, and application timelines. But, they did not meaningfully constrain municipal authority to impose angular planes, stepbacks, or detailed massing controls through zoning and design guidelines. Similarly, provincial reforms have not directly limited municipal requirements for wind, shadow, or other microclimate studies that are often triggered by height or massing thresholds embedded in local policy.

As a result, angular planes and stepbacks have become increasingly prescriptive over time. In many municipalities, they are applied rigidly and uniformly, regardless of lot depth, street width, orientation, or surrounding built form. Although often characterized as "guidelines," these controls frequently function as binding constraints that effectively cap height and density well below what provincial growth and intensification policy would otherwise support.

Impact

Rigid angular plane and stepback requirements significantly reduce the buildable envelope of mid-rise buildings, directly limiting unit counts and undermining project feasibility. In practice, these rules frequently force upper storeys to step back aggressively from the street or rear lot line, resulting in inefficient floor plates, reduced net rentable area, and lost housing units.

For mid-rise developments typically six to eleven storeys angular planes often become the binding constraint, rather than height limits or floor space permissions. Developers report that compliance with angular plane rules can eliminate entire storeys or reduce floor plates to the point where projects no longer meet minimum financial thresholds.

These impacts are magnified on shallow or irregular lots, which are common along older commercial corridors targeted for redevelopment. In these cases, angular plane requirements can render otherwise appropriate sites effectively undevelopable for mid-rise housing, pushing development pressure toward fewer, larger sites or greenfield areas.

The result is fewer housing starts, delayed projects, and a development pattern that is inconsistent with provincial growth objectives. Mid-rise housing is disproportionately affected.

Why We Need Provincial Leadership

Municipal reliance on rigid angular plane standards reflects a broader tendency to prioritize perceived neighbourhood impacts over housing supply outcomes. While local context matters, the cumulative effect of these controls across multiple corridors and municipalities has been to suppress density well below levels contemplated by provincial policy. Left to municipal discretion, angular plane requirements have become a de facto tool to limit growth in areas explicitly designated for intensification. This creates a disconnect between provincial planning objectives and on-the-ground implementation.

Provincial leadership is necessary to ensure that built-form controls support, rather than undermine, housing supply goals. Without clearer provincial direction, municipalities will continue to apply angular plane rules in ways that erode the feasibility of mid-rise development and frustrate efforts to deliver housing at scale.

Case Studies

Toronto: Avenue Studies and Constrained Mid-Rise Development

Toronto's experience with mid-rise development along designated avenues illustrates the impact of rigid angular plane rules. Despite policy direction encouraging mid-rise intensification, many avenue segments have seen limited housing delivery due to strict angular plane requirements embedded in design guidelines and zoning by-laws.

Developers and planning practitioners have consistently identified angular plane constraints as a primary reason why many mid-rise projects stall or require site-specific rezonings, introducing delay, risk, and political opposition. The result has been slower-than-anticipated housing delivery along corridors intended to absorb growth.

City of Ottawa's New Zoning By-law

Ottawa's proposed new comprehensive zoning by-law reflects a comparable approach. While the City has expanded permissions for mid-rise and missing-middle housing along transit corridors and main streets, the by-law retains angular plane, height transition, and stepback requirements that tightly regulate building massing. In practice, these controls often determine the maximum achievable height and density well below what is nominally permitted, particularly on shallow lots or along established arterials where intensification is explicitly encouraged by provincial and municipal policy.

Recommendations:

To address angular planes and stepbacks as structural barriers to housing supply, the province should pursue targeted reforms under the *Planning Act* and associated regulations, including:

1. **Establish Provincial Guidance on Mid-Rise Built-Form Standards**

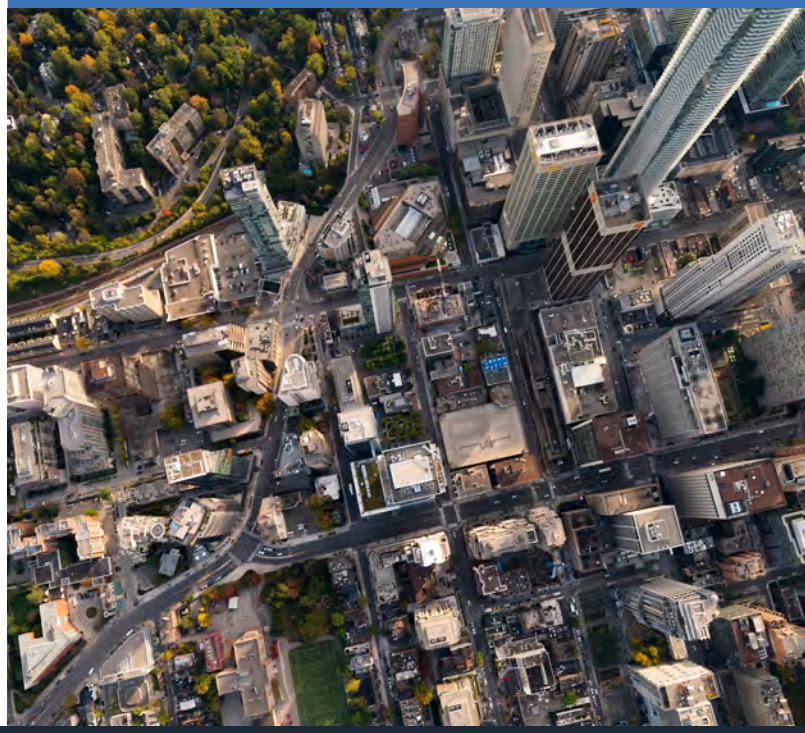
   The province should issue binding guidance setting out acceptable ranges for angular planes and stepbacks in designated intensification areas, ensuring that built-form controls align with provincial density and housing targets.

2. **Limit the Use of Rigid Angular Planes in Growth Areas**

   The *Planning Act* should be amended or regulations introduced to prohibit the application of overly restrictive angular plane requirements in areas designated for mid-rise and transit-oriented development, except where clearly justified by site-specific conditions.

3. **Clarify That Design Guidelines Cannot Undermine Permitted Density**

   Provincial policy should make clear that urban design guidelines and secondary plans may not be used to reduce density or unit counts below what is otherwise permitted under zoning and provincial growth policies.



Setbacks, Lot Coverage, and Minimum Lot Sizes

Legislative Context

Setbacks, lot coverage limits, and minimum lot size requirements are imposed through municipal zoning by-laws enacted under the authority of the *Planning Act.* These technical standards regulate how buildings are positioned on a lot, the proportion of a lot that may be covered by buildings, and the minimum parcel size required to permit certain forms of development.

While originally intended to ensure adequate light, access, and servicing, these standards have become increasingly restrictive in many municipalities. They are often embedded deep within zoning by-laws and apply uniformly across large residential areas, regardless of lot depth, urban context, or proximity to transit and services.

In recent years, the province has taken steps to expand permissions for additional residential units (ARUs) and multiplexes, including legalizing up to three residential units as of right on most urban residential lots. However, these permissions are implemented through municipal zoning frameworks that retain discretion over setbacks, coverage, and lot dimensions. As a result, provincial intent is frequently undermined by local technical standards.

In 2026, the Province introduced additional reforms through Bill 98, which signal a more direct approach to addressing these constraints. The legislation introduces new authority to standardize elements of municipal zoning frameworks, including minimum lot sizes, and reflects a broader shift toward limiting the ability of municipalities to use technical standards to restrict housing supply. This represents an important evolution in provincial policy, moving from enabling permissions toward actively constraining exclusionary implementation.

Impact

Restrictive setbacks, lot coverage limits, and minimum lot size requirements function as powerful, but often invisible, barriers to housing supply. Even where provincial legislation permits additional units or multiplexes, these technical standards can make compliance impossible on typical urban lots.

Hamilton's zoning by-law provides a clear example. While recent provincial and municipal reforms have expanded permissions for additional dwelling units (ADUs), local zoning regulations still include setback, separation, lot coverage, and unit size standards that many properties cannot meet without a minor variance. In practice, homeowners and small builders frequently must seek committee of adjustment variances even where provincial policy is intended to permit ADUs as-of-right.

Toronto also provides a clear illustration of how municipal zoning standards can constrain gentle density despite formal permissions. While the City permits laneway suites and garden suites across most residential areas, zoning requirements related to setbacks, lot coverage, separation distances, height limits, and built-form transitions frequently make compliance impossible on typical urban lots. In practice, many homeowners must apply to the committee of adjustment for minor variances, thus cost, delay, and uncertainty even where the use is permitted in principle.

A similar pattern exists in Mississauga, where additional residential units are allowed across much of the city, but technical standards such as side-yard setbacks, maximum lot coverage, unit size limits, and parking or access requirements often necessitate variances, particularly on smaller or older lots. In both cases, the cumulative effect of multiple design and zoning controls undermines the province's intent to enable gentle density as-of-right, shifting development from a rules-based process to a discretionary one.

Minimum lot size and frontage requirements similarly limit the feasibility of multiplex development, particularly in older neighbourhoods characterized by narrow or irregular parcels. These rules disproportionately affect missing middle housing, which relies on incremental intensification of existing lots rather than large-scale redevelopment. The cumulative effect is that housing forms explicitly permitted by provincial law remain effectively prohibited in practice. This outcome undermines housing supply goals and discourages participation by small-scale builders and homeowners who are critical to delivering incremental density.

Why We Need Provincial Leadership

Municipal incentives strongly favour the use of technical standards as a means of resisting growth. Unlike outright prohibitions, setbacks and lot coverage limits appear neutral and technical, making them politically easier to defend while achieving exclusionary outcomes.

Left to municipal discretion, these standards can be adjusted in ways that preserve the appearance of compliance with provincial policy while preventing actual implementation. This dynamic depicts the broader failure seen with exclusionary zoning: permission exists on paper, but feasibility is eliminated through technical detail.

Provincial leadership is required to ensure that technical zoning standards do not override provincial housing objectives. Without clear provincial limits on how setbacks,

lot coverage, and minimum lot sizes may be used, municipalities will continue to deploy these tools to resist growth incrementally and quietly.

While these new provincial measures acknowledge the role of technical standards in constraining housing supply, their impact will depend on how they are implemented and enforced. In the absence of clear, binding provincial standards across all relevant zoning provisions, municipalities may continue to rely on a combination of setbacks, coverage limits, frontage requirements, and other controls to limit the

Case Studies

Hamilton: Zoning By-law and Barriers to Gentle Density

Hamilton's zoning by-law 05-200 demonstrates how technical zoning standards can frustrate provincial housing reforms. While the City has updated elements of its zoning to reflect provincial permissions for additional residential units, the by-law continues to impose restrictive setbacks and lot coverage limits that make it difficult to add units on many existing residential lots.

Planning practitioners and housing advocates have identified these standards as a primary obstacle to implementing gentle density in Hamilton. Rather than enabling as-of-right development, the zoning framework pushes applicants into minor variance and site-specific approval processes, increasing costs and uncertainty and discouraging participation by small builders and homeowners.

Recommendations:

To address setbacks, lot coverage, and minimum lot sizes as structural barriers to housing supply, the province should pursue targeted reforms under the *Planning Act* and associated regulations, including:

1. **Establish Provincial Maximums for Setbacks and Minimum Lot Sizes in Urban Areas**

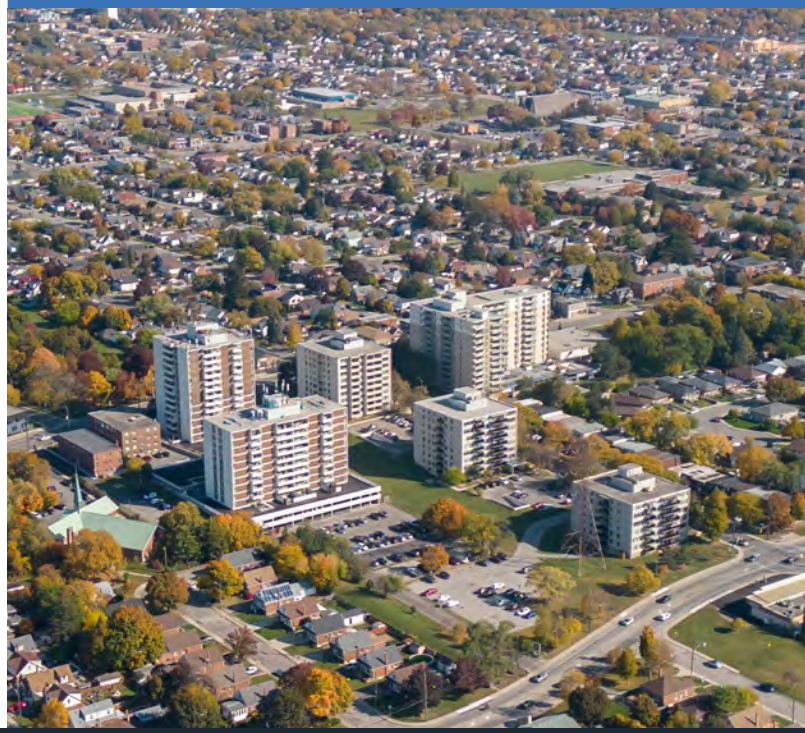
   The province should build on recent reforms and introduce regulations setting upper limits on setbacks and minimum lot sizes in serviced urban areas, calibrated to typical lot conditions and housing forms, to prevent municipalities from imposing exclusionary technical standards.

2. **Mandate Minimum Lot Coverage Allowances for Permitted Housing Forms**

   Provincial regulations should require municipalities to permit sufficient lot coverage to accommodate housing forms explicitly allowed under provincial law, including accessory units and multiplexes.

3. **Clarify That Technical Standards Cannot Nullify Provincial Permissions**

   The *Planning Act* should be amended to specify that municipal zoning standards may not be used to defeat housing permissions granted under provincial legislation, including additional residential units and multiplexes.



Parking Minimums

Legislative Context

Municipal parking minimum requirements are imposed through zoning by-laws enacted under the *Planning Act*, which allow municipalities to regulate the number, type, and location of parking spaces required for new development. These requirements are typically expressed as minimum ratios such as spaces per unit, per bedroom, or per square metre of floor area and in many cases apply regardless of proximity to transit, building type, or market demand.

Historically, parking minimums were introduced to manage on-street congestion in an era of rising automobile ownership and suburban expansion. Over time, however, these requirements became embedded in zoning by-laws across Ontario, including in urban cores and transit-rich areas where car ownership is lower and alternatives to driving are readily available.

In recent years, the province has acknowledged that parking minimums have become a barrier to housing supply. Ontario's Bill 185 eliminated minimum parking requirements for developments located near major transit stations, marking an important recognition that mandatory parking adds cost and constrains density. Some municipalities have also taken steps to reduce or remove parking minimums, particularly in downtowns, along transit corridors, or for certain housing types. However, outside limited areas and discretionary exemptions, municipalities retain broad authority to impose parking requirements, and minimum parking standards remain the norm across most residential zones.

As a result, parking minimums remain widespread across Ontario's urban municipalities, particularly for low-rise, mid-rise, and missing middle housing.

Impact on Development

Municipal parking minimums materially increase the cost of housing construction and reduce the feasibility of new development. Research by the Canada Mortgage and Housing Corporation (CMHC), the Urban Land Institute, the City of Toronto, and other large Canadian municipalities consistently shows that structured parking is among the most expensive components of residential construction. In major urban markets, these studies find that the cost of a single underground parking space typically ranges from $50,000 to $80,000 per stall, depending on site conditions, depth, and local construction costs.

Municipal cost studies and industry benchmarks further show that above-grade structured parking commonly adds $25,000 to $40,000 per stall, while surface parking reduces developable land area and lowers achievable density, increasing per-unit land and construction costs. In practice, required parking often becomes the binding constraint on unit counts, particularly for mid-rise and missing middle housing, meaning parking requirements, rather than zoning permissions, directly limit housing supply and embed unnecessary costs into prices and rents. Because parking minimums are fixed ratios, they function as a binding constraint on density. In many cases, the amount of parking required determines the maximum number of units that can be built on a site. This is particularly damaging for mid-rise and missing middle projects, where parking requirements can force additional excavation, reduce unit counts, or make projects financially unviable altogether.

The cumulative effect is fewer housing starts, higher per-unit costs, and a housing mix skewed away from more affordable, less parking-dependent forms of development. Recognizing that on-street parking can be a challenge to navigate especially in winter conditions, there can be other innovative solutions that allow for parking offsite but not on streets. These can include shared parking agreements with nearby commercial or institutional lots, municipal or district parking facilities serving multiple developments, off-site parking within a defined walking radius, market-based residential parking permits, and the use of car-share spaces or mobility hubs that reduce the need for individual parking stalls.

Why We Need Provincial Leadership

Parking minimums persist because local decision-making around parking is often driven by concerns about on-street congestion and neighbourhood opposition, rather than evidence-based assessments of transportation demand or housing affordability. Left to municipal discretion, parking policy becomes a proxy for resisting growth. Councils may support intensification in principle while using parking requirements to limit density in practice. This dynamic mirrors similar challenges with implementing exclusionary zoning: permission exists on paper, but implementation is undermined through technical standards.

Provincial leadership is required to ensure consistency and to align parking policy with broader housing, transit, and climate objectives. The partial reform introduced through Bill 185 demonstrates that the province recognizes the problem, but a limited, geography-specific approach is insufficient. Without province-wide standards, municipalities will continue to impose parking minimums that inflate costs and suppress supply.

Case Studies

Toronto: High Parking Minimums Outside Transit Station Areas

Despite progress in eliminating parking minimums near major transit stations, large portions of Toronto - home to the largest transit system in Canada and one of the most extensive urban transit networks in North America - remain subject to zoning rules that require one or more parking spaces per unit for low-rise and mid-rise housing. In many neighbourhoods, these requirements force small infill and missing middle projects to include underground parking, significantly increasing costs and reducing unit counts. The result is fewer feasible projects in exactly the areas where gentle density, strong transit access, and reduced car dependence should make it easiest to deliver new housing.

Hamilton's Parking Reform and the Limits of Municipal Discretion

In 2024, the City of Hamilton adopted a new parking standards by-law as part of a broader effort to modernize zoning and better align parking rules with housing affordability, transit access, and climate objectives. The reform aimed to significantly reduce or eliminate minimum parking requirements in transit-supportive areas and introduce a more flexible, geography-based approach to parking. However, elements of the new by-law, particularly requirements related to electric vehicle infrastructure, were appealed to the Ontario Land Tribunal, preventing full implementation. As a result, many developments remain subject to older parking standards or must seek site-specific variances, reintroducing delay, cost, and uncertainty at the approvals stage.

Recommendations:

To address municipal parking minimums as a structural barrier to housing supply, the province should move beyond partial exemptions and adopt clear, province-wide reforms under the *Planning Act* and associated regulations.

1. **Amend the *Planning Act* to Prohibit Mandatory Parking Minimums for Residential Development in Urban Settlement Areas**

   The *Planning Act* should be amended to prohibit municipalities from imposing minimum parking requirements for residential development in designated urban settlement areas, allowing parking provision to be determined by market demand rather than regulation.

2. **Use Regulation-Making Authority to Establish Maximum Parking Standards Where Justified**

   Where parking regulation is deemed necessary, the province should establish maximum parking standards through regulation, calibrated by proximity to transit, unit size, and housing type, to prevent overbuilding of parking and unnecessary cost escalation.

3. **Extend and Strengthen the Bill 185 Framework Province-Wide**

   Bill 185 recognizes that minimum parking requirements undermine affordability and density within provincially designated Major Transit Station Areas, which exist across Ontario's larger urban municipalities. However, the framework is currently limited to these defined station areas, leaving most urban residential land subject to municipal parking minimums. Extending this approach across urban municipalities, particularly in built-up areas with strong transit access, would better align parking policy with housing and climate objectives.

4. **Allow Overnight Off-Site Parking in Designated Areas**

   Recognizing that some residents will continue to rely on cars for mobility, and that on-street parking can be difficult to manage particularly during winter months, municipalities should allow and actively facilitate overnight off-site parking options in designated areas where on-site parking is not provided. This could include enabling shared parking agreements with nearby commercial plazas, office buildings, schools, or places of worship whose parking lots are largely unused overnight, as well as allowing residents to use municipal lots or district parking facilities within a short walking distance of their homes. Cities can support these arrangements through permit systems, digital reservation platforms, or shared-use parking programs that allocate spaces to residents during off-peak hours.

Toronto Regional
Real Estate Board

The Roadblocks:
Development Costs

Development Charges

Legislative Context

Development charges are imposed by municipalities under the authority of *Ontario's Development Charges Act, 1997,* which allows municipalities to levy fees on new development to fund growth-related infrastructure and services. The Act sets out eligible services, calculation methodologies, and timing for payment, but grants municipalities significant discretion to determine charge levels within that framework.

Over time, successive amendments to the *Development Charges Act* expanded the range of eligible services and normalized the use of development charges as a primary municipal financing tool. Rather than serving as a marginal cost-recovery mechanism, development charges have increasingly been used to fund long-lived infrastructure and offset broader fiscal pressures at the municipal level.

Recent provincial reforms, including Bills 23, 97, and 17, have sought to curb the growth of development charges, introduce deferrals, and reduce or eliminate charges for certain housing types. However, the underlying legislative framework continues to permit substantial variation across municipalities, and in many cases, development charges remain a significant portion of the costs of a new home. Moreover, despite the changes, Ontario continues to have the highest development charges in Canada.

Expanded HST rebates and infrastructure funding are expected to improve project viability. However, development charges remain a significant upfront cost that must be financed early in the development process. Without further reform, these charges may continue to offset the benefits of tax relief.

Toronto Regional Real Estate Board

Impact

Ontario is home to the highest development charges in Canada, and these fees are a direct contributor to rising housing costs. CMHC's 2025 research on development charges confirms that in many Ontario municipalities, these charges account for a significant share of total housing costs; often reaching tens of thousands of dollars per unit for apartments and well over $100,000 per unit for ground-related housing.

Critically, development charges increase the upfront cost of construction. Because charges are payable at or near the time of building permit issuance, they must be financed early in the development process, increasing borrowing requirements, carrying costs, and risk exposure particularly in a higher interest rate environment. For projects with tighter margins, including rental housing, mid-rise buildings, and missing middle housing, these upfront costs can render projects financially infeasible. High development charges also distort housing supply by favouring larger, higher-priced projects that can absorb fixed costs, while discouraging smaller-scale and incremental development. The result is slower project delivery, fewer housing starts, and a housing mix increasingly misaligned with affordability objectives.

While some municipalities such as Mississauga and Vaughan have taken steps to reduce or defer development charges to stimulate housing construction, others, including Windsor, Niagara Region, and Essex County, have recently considered higher fees. This divergence underscores the limitation of a system that relies on municipal discretion to address a province-wide housing crisis.

In 2026, the federal and provincial governments announced new funding to support housing-enabling infrastructure and reduce reliance on development charges as a primary municipal revenue tool. These measures are intended to enable municipalities to lower or defer development charges without compromising infrastructure investment.

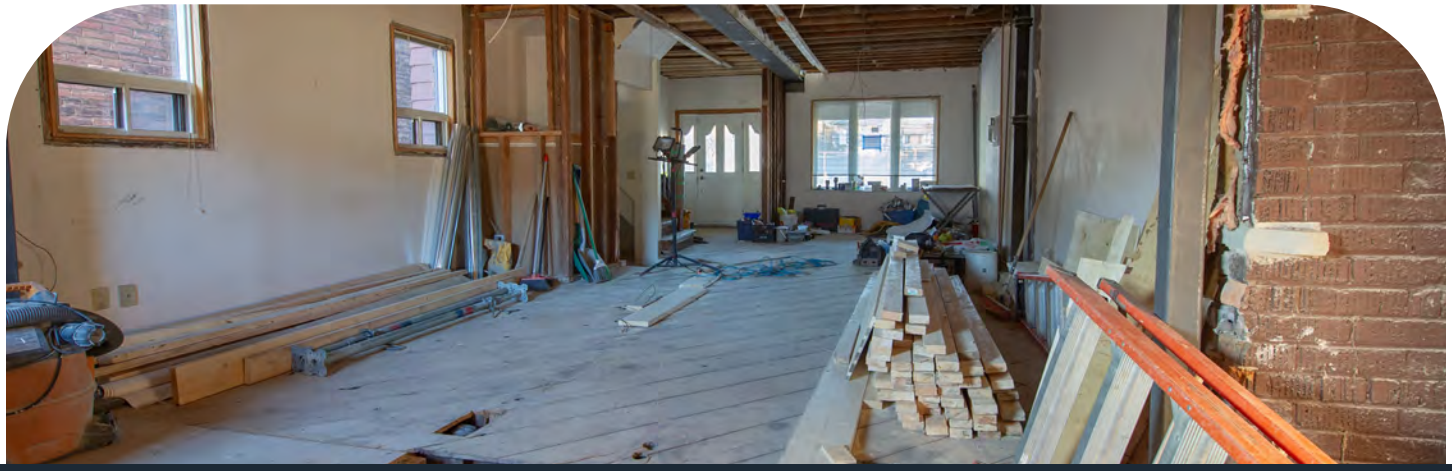
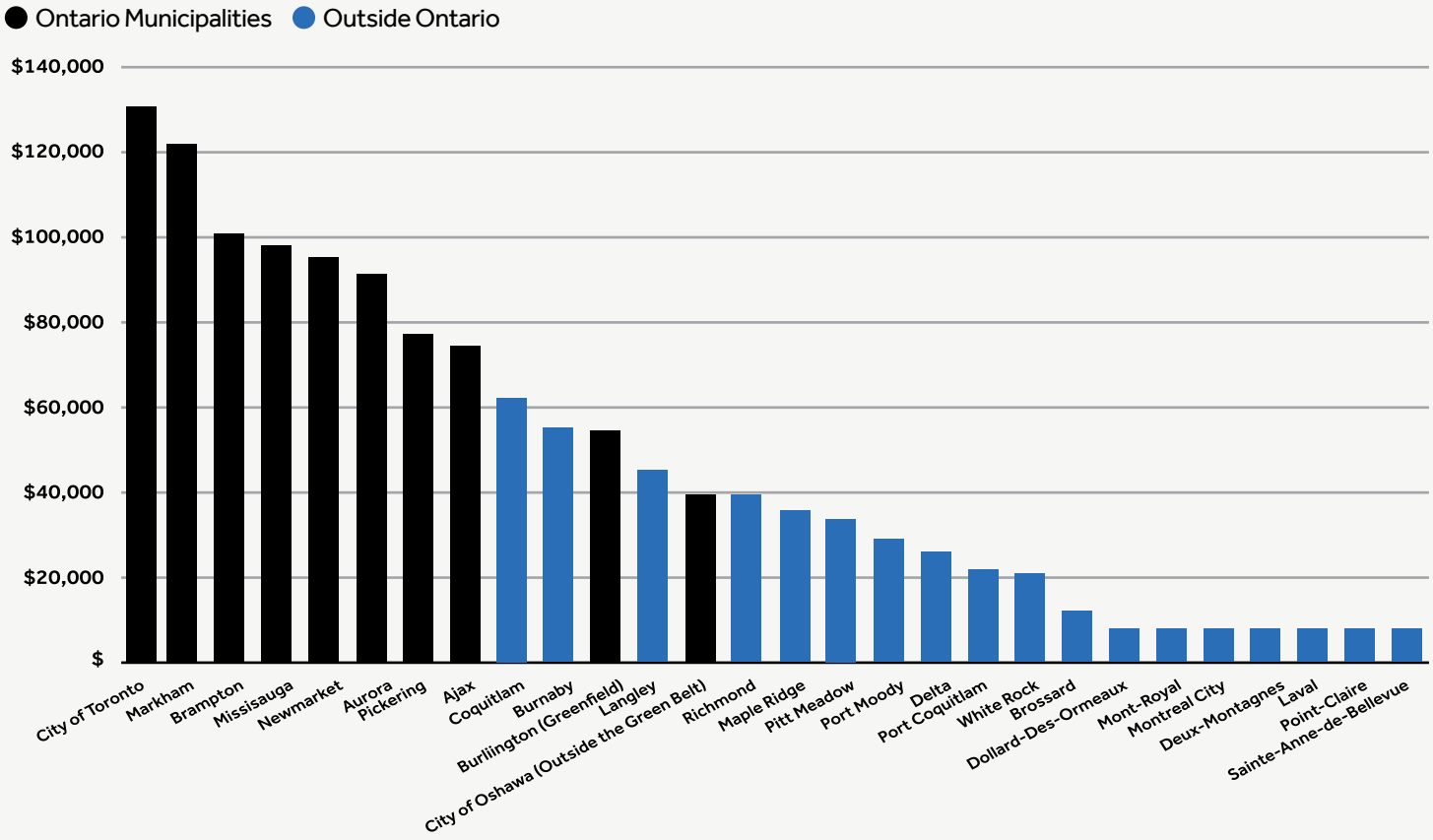


Chart 2: Canadian DCs on Apartments (2+ Bedrooms or 700 sq.ft.)



Why We Need Provincial Leadership

The over-reliance on development charges reflects a deeper structural problem in municipal finance. Municipalities face rising infrastructure and service costs but lack access to stable, growth-neutral revenue tools. Development charges have become a convenient, politically insulated mechanism to fund these pressures, even though they directly increase housing costs and suppress supply.

Left to municipal decision-making, this dynamic is unlikely to change. Councils face strong incentives to shift costs onto new housing rather than existing taxpayers, despite the broader economic consequences. Provincial leadership is required to realign municipal finance with provincial housing objectives. Because development charges are entirely creatures of provincial statute, the province has both the authority and responsibility to ensure they do not undermine housing supply and affordability.

The introduction of time-limited funding to offset development-related infrastructure costs represents an important shift in policy direction. However, as this support is program-based and not a permanent replacement for municipal revenue, municipalities will continue to rely heavily on development charges in the absence of structural reform to the framework, limiting the long-term impact of broader housing affordability measures.

Case Studies

Niagara Region (2024): Development Charge Increase Implemented Amid Declining Starts

In 2024, Niagara Region implemented an increase to its development charges as part of a new regional by-law. The increase applied across multiple service categories and affected both low-rise and higher-density housing forms. The decision was taken during a period of slowing housing activity and rising construction costs, adding further upfront cost to new residential development in a region already facing affordability and supply challenges.

Essex County (2025–2026): Development Charge Increase

In Essex County, a development charge increase was approved by council in February 2026. The increase was being advanced despite ongoing affordability pressures and a cooling housing market, illustrating how development charges continue to be treated as a primary fiscal lever even when housing supply is under strain.

Ottawa (2024): New By-law and Multiple In-Year Increases

In May 2024, Ottawa City Council adopted a new development charge by-law, replacing the City's 2019 framework and resulting in an immediate increase of approximately 11–12 per cent. Later in the same year, the City implemented additional increases, including a 7.8 per cent indexing adjustment effective October 1, 2024, as well as further increases linked to updated infrastructure planning decisions. These changes occurred while housing starts were falling and affordability pressures were intensifying, compounding the cost of new housing delivery in Ontario's second-largest city.

Recommendations:

To address development charges as a structural barrier to housing supply, the province should pursue targeted reforms under the *Development Charges Act, 1997*, building on recent legislative efforts.

1. **Amend the *Development Charges Act* to Cap or Standardize Charges in Large Urban Municipalities**

   The province should establish provincial caps or standardized charge ranges for development charges in large and fast-growing urban municipalities, reducing extreme variation and preventing fees from reaching levels that undermine housing feasibility.

2. **Mandate Broad Deferrals of Development Charges Until Occupancy**

   While recent legislation has expanded deferrals for certain housing types, deferral until occupancy should be mandatory for all residential development, reducing upfront financing costs and improving project viability.

3. **Introduce Provincial Oversight of Development Charge By-laws**

   The province should require review and approval of municipal development charge by-laws to ensure alignment with provincial housing objectives, including authority to reject or modify by-laws that materially impede housing supply.

4. **Review and Reform the Categories Under Which DCs Can be Charged**

   The province is currently reviewing the DC framework, as it looks to merge service categories, redefine "local services" and standardize calculations to reduce complexity and inconsistency across municipalities. Throughout this exercise of defining the criteria for what costs should be captured by development charges, the province should focus on two core principles: nexus – the degree of connection to the actual project; and proportionality – how much of this cost will be used by or benefit the new development and how much will be used by or benefit existing residents.

Municipal Land Transfer Tax (MLTT)

Legislative Context

Municipal land transfer taxes are authorized in Ontario under the *City of Toronto Act, 2006*, which grants Toronto unique authority to levy a municipal land transfer tax in addition to the provincial land transfer tax imposed under the Land Transfer Tax Act. Toronto is currently the only municipality in Ontario that has this authority.

The MLTT was introduced in 2008 as a temporary fiscal measure but has since become a permanent and significant source of municipal revenue. Unlike development charges or growth-related fees, the MLTT is triggered by housing transactions, not new construction, and applies equally to resale and newly built homes.

As a result, the upfront tax directly increases the cost of moving within the housing system, affecting household mobility rather than housing production.

Impact on Development

Toronto's MLTT materially increases the cost of moving and discourages housing mobility. When combined with the provincial land transfer tax, buyers in Toronto face some of the highest transaction taxes in North America.

For example, the purchase of a $1.2 million home in Toronto can trigger combined provincial and municipal land transfer taxes of $40,950, payable upfront at closing. This cost acts as a significant deterrent to households seeking to move, whether to the right size (downsize, upsize) to relocate within the city.

Research by the C.D. Howe Institute has demonstrated that land transfer taxes reduce housing turnover by "locking in" households that would otherwise move. Reduced mobility leads directly to fewer resale listings, constraining supply and placing upward pressure on prices in high-demand markets. The MLTT therefore worsens affordability not by limiting demand, but by restricting the availability of existing homes.

Why We Need Provincial Leadership

Municipal reliance on transaction taxes creates a structural conflict with provincial housing objectives. While the Municipal Land Transfer Tax (MLTT) generates revenue that is politically attractive at the municipal level, the broader economic costs - reduced mobility, fewer listings, and higher transaction costs - are borne across the housing system. In Toronto, where buyers must pay both the provincial Land Transfer Tax (LTT) and the MLTT, the cumulative tax burden on housing transactions has become one of the highest in North America, creating a significant barrier for first-time buyers and existing homeowners seeking to move.

Because the authority to impose a municipal land transfer tax exists entirely through provincial legislation, the Province of Ontario retains full authority to address its systemic impacts. As TRREB has previously called for, the province should intervene to prevent further municipal increases to the MLTT and ensure that municipal land transfer taxes are aligned with the provincial LTT framework, including limiting municipal rates so they do not exceed provincial levels. Without provincial action, the MLTT will continue to function as a structural affordability barrier in Ontario's largest housing market, undermining provincial efforts to improve housing supply, mobility, and choice.

Case Studies

Toronto: Reduced Mobility in a High Demand Market

Toronto remains the only Ontario municipality with a municipal land transfer tax, placing its homebuyers at a structural disadvantage relative to buyers in neighbouring regions. Stakeholders across the housing sector have identified the MLTT as a key factor discouraging mobility, particularly among long-tenured homeowners who would otherwise free up existing housing stock. The result is fewer listings, tighter resale markets, and higher prices.

Recommendations:

To address the MLTT as a structural barrier to housing supply and affordability, the province should pursue reforms under the *City of Toronto Act, 2006*, including:

1. Phase out Toronto's Municipal Land Transfer Tax

The province should work with the City of Toronto to establish a clear, time-limited path to eliminating the MLTT, paired with transitional fiscal measures where necessary.

2. Prohibit Additional Municipal Transaction Taxes

The province should confirm that land transfer taxation is a provincial responsibility and prevent the expansion of municipal transaction taxes elsewhere in Ontario.

3. Align Housing Tax Policy with Supply Objectives

Provincial housing policy should explicitly recognize the link between transaction taxes, mobility, and housing supply, ensuring fiscal tools do not undermine affordability in high-demand markets.

Parkland Dedication and Cash-in-Lieu

Legislative Context

Parkland dedication requirements in Ontario are imposed under section 42 of the *Planning Act*, which authorizes municipalities to require the conveyance of land for park purposes or the payment of cash-in-lieu as a condition of development or redevelopment approval. While the statute applies broadly, the framework was functionally designed in an era dominated by greenfield subdivision growth, where new housing created demand for new parks and on-site land conveyance was feasible.

Over time, through statutory amendments and evolving interpretation, municipalities were permitted to apply parkland dedication requirements to infill and higher-density residential development, including mid-rise and high-rise projects, often through land-value-based cash-in-lieu formulas. Although the *More Homes Built Faster Act, 2022* (Bill 23) introduced caps and alternative rates for higher-density development, municipalities continue to retain broad discretion over how parkland obligations are calculated, valued, and administered.

In practice, this discretion has allowed parkland dedication approaches developed for large subdivisions to be applied to small and mid-scale infill projects, particularly in built-up urban areas where land values are high and opportunities for on-site parkland are limited, significantly increasing per-unit housing costs.

The Province's 2026 legislation also introduced changes to parkland dedication rules, including allowing certain forms of encumbered land such as podiums and structured spaces to count toward parkland requirements.

Impact on Development

Parkland dedication and cash-in-lieu requirements have become a significant cost driver for infill and mid-rise housing, particularly in Toronto and other high-value urban markets. In Toronto, mid-rise developers routinely face parkland obligations measured in the millions of dollars per project, even where developments add only modest incremental population and place limited additional demand on existing park infrastructure.

According to research commissioned by BILD and prepared by Altus Group, parkland dedication formulas can significantly penalize intensification. In one GTA case study, a 200-unit residential project faced cash-in-lieu obligations rising from roughly $4 million to $10 million as density increased on a smaller site, even though the total number of units and population served remained the same. This translated into per-unit parkland costs increasing from approximately $20,000 to $50,000, illustrating how land-value-based formulas can escalate costs for mid-rise and infill housing in high-value urban markets. Parkland costs in other municipalities like Richmond Hill, Vaughan and Oakville can also range over $50,000 a unit.

This outcome reflects a functional mismatch between policy intent and application. Parkland dedication frameworks that evolved in the context of greenfield growth are being applied to infill projects in established communities that already contain parks, schools, and recreational facilities. As a result, per-unit parkland costs escalate sharply as density increases, even though marginal demand does not rise proportionally.

For mid-rise and missing middle projects, cash-in-lieu obligations are typically unavoidable, as on-site land dedication is impractical or impossible on small urban parcels. These payments must be financed upfront, increasing borrowing requirements and eroding project feasibility. In many cases, parkland costs, combined with development charges and other municipal fees, push otherwise viable projects below acceptable return thresholds, delaying or cancelling new housing supply.

The effect is particularly acute along designated growth corridors, where provincial and municipal policy explicitly encourages intensification, yet parkland requirements impose the highest cost burdens on precisely the housing forms those policies are intended to support.

While these changes may reduce reliance on cash-in-lieu payments in some cases, parkland dedication frameworks continue to impose significant costs on infill and mid-rise development.

Why We Need Provincial Leadership

Municipal discretion over parkland dedication has produced outcomes that conflict directly with provincial housing objectives. Councils face strong incentives to maximize parkland revenue from infill development in high-value areas, particularly where opportunities to acquire new parkland are limited and politically sensitive.

Left to municipal decision-making, this dynamic results in infill housing being treated as a revenue source rather than as an efficient use of existing infrastructure. The costs of this approach are borne by households and the broader economy, not by municipal budgets.

Provincial leadership is required to ensure that parkland dedication policy reflects actual incremental demand, rather than land value alone, and that it supports, rather than penalizes, intensification.

Without stronger provincial direction, municipalities will continue to apply parkland frameworks that are misaligned with Ontario's housing supply goals.

Recommendations:

To address parkland dedication as a structural barrier to housing supply, the province should pursue targeted reforms under the *Planning Act*.

1. **Amend the *Planning Act* to Recalibrate Parkland Dedication for Infill Development**

   The Act should be amended so that parkland requirements for infill and redevelopment are based on the actual additional demand created by a project, not simply land value or unit counts. This would better reflect the reality that most infill projects are built in established neighbourhoods that already have parks and recreational infrastructure in place.

2. **Establish Province-Wide Caps for Cash-in-Lieu in Built-Up Areas**

   While Bill 23 introduced limits for certain higher-density developments, the province should extend and standardize caps on cash-in-lieu payments for infill and mid-rise projects to prevent parkland costs from rendering projects infeasible.

3. **Mandate Alternative Compliance Options**

   The *Planning Act* should require municipalities to provide alternative compliance mechanisms, such as off-site improvements, shared facilities, or payments allocated to park upgrades within a defined radius, rather than defaulting to high cash-in-lieu payments.

Case Studies

Toronto: Mid-Rise Infill and Disproportionate Parkland Costs

Toronto provides the clearest illustration of the problem. Mid-rise developments along designated avenues and corridors are routinely subject to cash-in-lieu parkland payments reaching several million dollars per project. These levies are imposed despite the fact that such projects typically add a relatively small number of households and are located near existing parkland and recreational amenities.

Developers and planning practitioners have consistently identified parkland dedication as a primary barrier to mid-rise feasibility in Toronto, contributing to the slow pace of development along corridors intended to absorb growth. The result is fewer housing starts in locations best suited for gentle intensification.

Ottawa: Infill and Mid-Rise Development Subject to Subdivision-Era Parkland Frameworks

Ottawa illustrates how parkland dedication rules rooted in subdivision-era frameworks can affect infill and mid-rise housing. Under Ottawa's Parkland Dedication By-law, mid-rise projects along designated main streets and arterial corridors are routinely required to satisfy parkland obligations through cash-in-lieu payments calculated using the alternative rate (one hectare per 500 units) where on-site land conveyance is impractical. Because cash-in-lieu is based on the appraised value of urban land, obligations for mid-rise and infill projects in high-value areas can be substantial, adding significant upfront costs despite these developments being in established neighbourhoods already served by parks and recreational infrastructure. Industry practitioners and municipal reports have identified these cash-in-lieu requirements as a meaningful cost contributor to mid-rise project economics in Ottawa's urban area, particularly where land values are high and parkland dedication triggers the maximum alternative rate.

Inclusionary Zoning Without Offsets

Legislative Context

Inclusionary zoning (IZ) in Ontario is authorized under section 35.2 of the *Planning Act*, which permits municipalities to require a portion of new residential units to be provided as affordable housing in Protected Major Transit Station Areas (PMTSAs) and other prescribed locations. The policy rationale is to secure affordable housing in high-growth, transit-oriented areas without relying solely on direct public subsidy.

From the outset, the provincial framework recognized that inclusionary zoning carries inherent economic risk. The *Planning Act* and associated regulations contemplated that affordability requirements would need to be carefully calibrated and, where necessary, paired with offsets or incentives such as additional density, reduced fees, or other cost relief to preserve development feasibility.

In practice, however, several large municipalities have adopted or proposed inclusionary zoning by-laws that impose significant affordability requirements without meaningful offsets, layering these obligations on top of already high development charges, parkland dedication, and parking requirements.

More recently, the province has acknowledged these concerns. In 2025, the Ministry of Municipal Affairs and Housing posted a proposal on the Ontario Regulatory Registry (Proposal 53094) that would pause or exempt certain development applications from inclusionary zoning requirements until July 1, 2027. The proposal applies to projects in Toronto, Mississauga, and Kitchener, where complete zoning, site plan, or building permit applications are submitted before that date. The stated rationale is to respond to current market conditions and concerns that inclusionary zoning, as presently implemented, may be constraining housing supply.

Impact

Inclusionary zoning policies that are implemented without adequate offsets materially undermine the financial feasibility of new housing projects. By requiring units to be sold or rented below market value without compensating increases in permitted density or reductions in cost, municipalities impose a direct reduction on project revenues.

Feasibility analyses submitted during municipal consultations have consistently demonstrated that aggressive affordability set-asides particularly when combined with high upfront municipal charges can push projects into negative return territory. When this occurs, projects are delayed, redesigned, or cancelled outright.

The impacts are most acute for rental, mid-rise, and transit-oriented housing, where margins are already tight and financing is highly sensitive to risk. Rather than producing affordable units, inclusionary zoning without offsets can suppress overall housing supply, reducing both market and affordable housing outcomes.

The province's decision to consult on pausing inclusionary zoning reflects this reality. The current proposal explicitly recognizes that applying inclusionary zoning obligations under current market conditions risks stalling development activity, undermining both affordability and supply objectives.

Why We Need Provincial Leadership

Municipal incentives are poorly aligned to manage inclusionary zoning independently. Local councils face pressure to maximize affordability requirements within their jurisdictions, while the broader consequences of reduced housing supply such as higher prices, slower delivery, and weakened investment, are borne regionally and provincially. The fact that the province has proposed a time-limited exemption through its current proposal underscores a growing recognition that municipal inclusionary zoning regimes have, in some cases, exceeded what the market can sustain. Left to local discretion, inclusionary zoning risks becoming a symbolic policy tool that delivers fewer homes overall.

Provincial leadership is required to ensure that inclusionary zoning, where used, supports housing supply rather than undermines it. Clear provincial standards are necessary to prevent municipalities from imposing affordability obligations that are disconnected from economic feasibility.

Case Studies

Toronto, Mississauga, and Kitchener: Provincial Intervention to Prevent Supply Impacts

The municipalities identified in the January 2026 EBR posting (Toronto, Mississauga, and Kitchener) provide clear examples of where inclusionary zoning has raised concerns about feasibility and supply impacts. In each case, inclusionary zoning by-laws impose affordability set-asides in transit-oriented areas without guaranteed density or cost offsets sufficient to preserve viability. The province's proposal to exempt qualifying applications from inclusionary zoning requirements until July 1, 2027 represents a significant intervention. It reflects provincial concern that, under current market conditions, enforcing these requirements risks delaying or cancelling projects that are critical to meeting housing supply targets.

Recommendations:

To prevent inclusionary zoning from becoming a structural barrier to housing supply, the province should pursue targeted reforms under the *Planning Act* and related regulations, including:

1. **Implement the Proposed Pause on Inclusionary Zoning**

   The province should proceed with the regulatory changes outlined in the January 2026 EBR posting formally pausing or exempting inclusionary zoning requirements for qualifying projects while broader reforms are developed. The province should review the IZ pause at that time (July 2027) and determine if the pause should continue or be lifted based on whether the market has recovered.

2. **Amend the *Planning Act* to Require Mandatory, Quantifiable Offsets**

   The *Planning Act* should be amended to require that any inclusionary zoning requirement be paired with mandatory, measurable offsets, such as increased density permissions, reduced development charges, or other cost relief.

3. **Limit the Scope and Duration of Inclusionary Zoning Requirements**

   The province should impose clear limits on affordability set-aside rates and affordability periods to prevent inclusionary zoning from operating as a long-term or escalating constraint on housing supply.

Toronto Regional
Real Estate Board

The Roadblocks:
Regulatory & Approval Systems

Slow and Unpredictable Approvals

Legislative Context

Municipal authority over development approvals in Ontario flows primarily from the *Planning Act*, which establishes statutory timelines for the review of official plan amendments, zoning by-law amendments, plans of subdivision, and site plan applications. Historically, these timelines were intended to provide certainty and prevent undue delay, while preserving municipal discretion over land use planning.

In response to growing concerns about approval delays, which according to reports from the Building Industry and Land Development Association (BILD) and Altus Group, add between $2,673 and $5,576 per unit per month, to the cost of producing housing, for a total of $43,000 to $90,000 per unit per application submission, the province enacted several legislative reforms aimed at streamlining processes and strengthening accountability.

The More Homes for Everyone Act, 2022 (Bill 109) introduced financial consequences for missed timelines, including mandatory refunds of planning application fees where municipalities fail to render decisions within legislated periods. Subsequent legislation reaffirmed these timelines and expanded provincial oversight of municipal planning performance.

Despite these reforms, municipalities retain significant control over how and when applications are deemed complete, the sequencing of reviews, and the number of internal and external circulation steps required. As a result, legislated timelines have not translated into consistently faster or more predictable approvals.

Bill 98 introduced new limits on municipal site plan control, including restricting requirements to health and safety considerations and reducing the use of discretionary design standards. The legislation also signals further reforms aimed at limiting repeated review cycles and improving consistency in planning approvals.

Impact

Slow and unpredictable municipal approvals remain one of the most significant barriers to housing supply in Ontario. The Canadian Home Builders' Association's (CHBA) 2024 national study on housing approvals found that approval timelines in many Ontario municipalities routinely exceed statutory requirements, with delays measured in months or years rather than weeks. The study identified inconsistent processes, excessive circulation requirements, and repeated requests for additional studies as key contributors to delay.

CHBA's findings also highlight a critical and unintended consequence of Ontario's current legislative framework. In some municipalities, the introduction of mandatory timelines and fee refunds has created an incentive to delay the formal acceptance or circulation of applications, allowing municipalities to avoid triggering statutory clocks altogether. Rather than accelerating approvals, minimum timelines have, in some cases, shifted delays earlier in the process, reducing transparency and predictability for applicants.

For developers, these delays translate directly into higher costs. Prolonged approval timelines increase land carrying costs, financing expenses, consultant fees, and exposure to market and interest rate risk. Industry research has repeatedly demonstrated the magnitude of these impacts. Studies by the Building Industry and Land Development Association (BILD) and the Residential Construction Council of Ontario (RESCON) estimate that each additional month of delay in the development approval process can add approximately $2,500–$5,000 per unit to the cost of housing, primarily through financing and carrying costs associated with land and capital tied up during prolonged approvals.

These costs ultimately flow through to purchasers and renters in the form of higher housing prices and rents. Smaller builders and infill developers are particularly vulnerable, as they lack the capital to absorb prolonged uncertainty. The cumulative effect is fewer housing starts and delayed delivery of new supply.

While Bill 98's reforms represent an important step toward streamlining approvals, municipal processes continue to involve multiple layers of review, discretionary interpretation, and iterative resubmissions that can significantly delay project timelines.

Why We Need Provincial Leadership

Municipal incentives continue to favour risk avoidance and process control over timely decision-making. While approval delays impose real economic costs on housing delivery, those costs are borne by builders, buyers, and renters; not by municipal governments. In this context, voluntary municipal reform has proven insufficient.

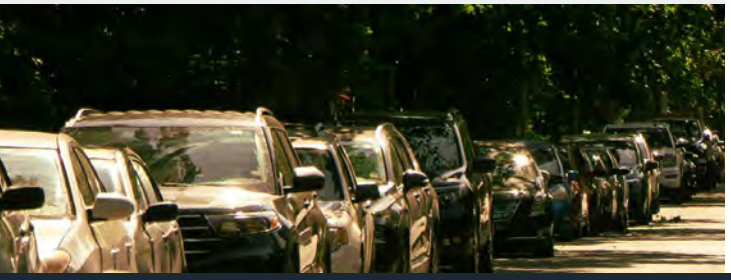
Provincial leadership is required to ensure that legislated timelines function as intended. Without clear provincial rules governing when applications must be accepted, circulated, and reviewed, municipalities can continue to manage risk by slowing processes rather than making decisions. The housing crisis is defined by scale and urgency, and approval systems that remain slow, opaque, and unpredictable are incompatible with Ontario's housing objectives.

Case Studies

Ontario Municipalities: Pre-Application and Completeness Delays

The CHBA 2024 study documents a widespread pattern across Ontario municipalities in which lengthy pre-application consultation requirements and discretionary "completeness" determinations delay the formal start of the approval process. In several large urban municipalities, developers reported waiting months for applications to be deemed complete, during which time statutory timelines do not apply and no formal recourse exists.

These practices effectively neutralize provincial streamlining reforms. While municipalities may technically comply with legislated timelines once the clock starts, the overall approval process remains lengthy and unpredictable. The result is a system that rewards delay rather than efficiency.



Recommendations:

To address slow and unpredictable approvals as a structural barrier to housing supply, the province should pursue targeted reforms under the *Planning Act* and related regulations.

1. **Amend the *Planning Act* to Trigger Statutory Timelines Upon Application Submission**

   The Act should be amended to require that statutory approval timelines commence upon application submission, rather than upon a discretionary municipal determination of completeness. This would prevent delays at the front end of the process and restore transparency.

2. **Limit Pre-Application Consultation Requirements**

   The province should restrict the use of mandatory pre-application consultation for residential development, particularly for projects that conform with provincial and municipal policy. Where permitted, pre-application requirements should be time-limited and standardized.

3. **Standardize Application Requirements Province-Wide & Support Introduction of Technology**

   The province should impose clear limits on affordability set-aside rates and affordability periods to prevent inclusionary zoning from operating as a long-term or escalating constraint on housing supply.

4. **Limit Iterative Information Requests ("Three Strikes" Rule)**

   The province should consider introducing limits on the number of iterative information requests municipalities can make during the review of an application. A model exists in the City of Vaughan, where a "three strikes" approach is used to prevent repeated rounds of technical comments that can delay approvals indefinitely. Under this approach, municipalities must identify all major deficiencies within a limited number of review cycles. Once these cycles are completed, applications proceed to a decision rather than returning repeatedly for additional revisions. Expanding a similar framework province-wide would reduce procedural back-and-forth, increase predictability for applicants, and ensure that municipal review processes focus on decision-making rather than indefinite reconsideration.

Single Stair Egress (SSE)

Legislative Context

Under Ontario's current Building Code, multi-residential buildings exceeding two storeys above grade are generally required to provide more than one means of egress. This requirement reflects longstanding fire safety standards dating back to the early development of building codes in the early 20th century, when construction practices, fire suppression technologies, and emergency response systems were far less advanced than today.

These provisions are embedded in the Ontario Building Code, which draws heavily on historical principles established in earlier editions of the National Building Code of Canada. The traditional model assumes that providing two exit stairways reduces risk by ensuring that if one exit path becomes compromised during a fire or emergency, occupants can evacuate through an alternate route.

However, advances in building safety technologies - including sprinkler systems, fire-resistant construction materials, smoke control systems, compartmentalized fire design, and modern alarm systems - have significantly improved fire safety outcomes in newer residential buildings. As a result, many jurisdictions have begun to reconsider whether two exit stairs are necessary for all building types.

Several jurisdictions including British Columbia, Seattle, and New York City now permit single stair residential buildings up to six storeys, subject to additional safety provisions such as limits on floorplate size, number of units per floor, and enhanced fire protection measures. These reforms are intended to enable smaller apartment buildings and "missing middle" housing forms that are often difficult to deliver under conventional two-stair design requirements.

In Ontario, the 2022 Ontario Housing Affordability Task Force recommended that the province modernize the Building Code to permit single-stair buildings up to four storeys, recognizing the potential for this design approach to unlock additional housing supply while maintaining appropriate safety standards.

Impact

Two-stair requirements can significantly constrain the design of smaller apartment buildings. Because stairwells occupy valuable floorplate area and require additional corridor space, they often limit the number of units that can be built on small or narrow urban sites.

Single stair buildings are common in many European cities and allow for more efficient layouts with fewer corridors and more usable floor area.

These layouts can accommodate larger family-sized units and support more flexible building forms that fit on smaller lots.

Research summarized by the Pew Charitable Trusts indicates that single stair buildings with relatively small floorplates can cost 6 per cent to 13 per cent less to construct than comparable dual-stair buildings. These savings arise primarily from reduced corridor space, simplified structural design, and more efficient use of building floorplates.

In addition to cost savings, single stair buildings can enable housing development on parcels that would otherwise be too small to accommodate dual-stair layouts. This is particularly relevant in established urban neighbourhoods where land assembly is difficult or expensive.

Modern multifamily buildings also demonstrate strong safety outcomes. According to Pew research, fire-related death rates in modern multifamily buildings constructed since 2000 are significantly lower than those observed in older housing types, largely due to improved building codes, sprinkler systems, and fire compartmentalization. Data from jurisdictions that permit single stair buildings have not shown elevated fire fatality rates attributable to the absence of a second stairway when appropriate safety provisions are in place.

Why We Need Provincial Leadership

Because egress requirements are governed by the Ontario Building Code, municipalities cannot independently authorize single-stair residential buildings through zoning or planning approvals. As a result, even municipalities seeking to support missing-middle housing or mid-rise development have limited ability to enable these building forms under current provincial regulations.

At the same time, Ontario's housing strategy increasingly emphasizes the need to deliver more mid-scale and missing-middle housing, particularly in urban areas served by transit. Building forms that can fit on smaller parcels - such as four- to six-storey apartment buildings are widely recognized as essential to achieving these supply objectives.

Without Building Code reform, however, the design constraints imposed by dual-stair requirements continue to limit the feasibility of these projects. Provincial leadership is therefore required to evaluate whether modern fire safety technologies and building practices can support updated egress standards while maintaining public safety.

Case Studies

British Columbia: Building Code Reform for Missing-Middle Housing

British Columbia recently updated its Building Code to allow single stair residential buildings up to six storeys, provided they meet enhanced safety provisions including sprinkler systems, limitations on floorplate size, and restrictions on the number of units per floor.

The reform was designed specifically to enable smaller apartment buildings and missing-middle housing forms that can be delivered on constrained urban sites. The policy reflects growing recognition that modern fire protection technologies can support alternative building layouts while maintaining safety outcomes.

Recommendations:

To address building code constraints that limit housing supply, the Province of Ontario should consider the following reforms:

1. **Permit Single Stair Residential Buildings up to Six Storeys**

   Ontario should amend the Building Code to permit single stair residential buildings up to six storeys, consistent with recent reforms adopted in British Columbia and other jurisdictions, subject to appropriate safety conditions.

2. **Establish Clear Safety Standards for Single Stair Buildings**

   Any reform should incorporate clear technical safeguards, including full sprinkler systems, limits on floorplate size, restrictions on the number of units per floor, enhanced fire-rated construction, and increased stair width to ensure safe evacuation and firefighter access.

3. **Integrate Single Stair Reform with Missing-Middle Housing Policy**

   Building code modernization should be coordinated with provincial planning policies supporting multiplexes, mid-rise buildings, and transit-oriented development to ensure that regulatory frameworks align with Ontario's broader housing supply objectives.

Renoviction By-laws

Legislative Context

"Renoviction" by-laws are municipal licensing and tenant-protection regimes layered onto the provincial *Residential Tenancies Act* (RTA), typically focused on the N13 process (evictions for demolition, repair, or conversion). In Ontario, municipalities have relied primarily on their by-law and licensing powers under the *Municipal Act, 2001* (and, in Toronto, the *City of Toronto Act, 2006*) to create local regimes that require landlords to obtain a licence and meet prescribed conditions before proceeding with renovations that require tenants to move out.

Ontario now has clear, concrete examples of these regimes moving from concept to implementation. Hamilton's Renovation Licence and Relocation by-law took effect January 1, 2025, requiring landlords to apply for a renovation licence within seven days of serving an N13 notice and to comply with prescribed relocation/tenant protection requirements. Toronto adopted its Rental Renovation Licence framework in November 2024, with the by-law coming into force July 31, 2025.

At the same time, additional Ontario municipalities have been actively exploring similar approaches. Mississauga is publicly developing a renoviction by-law model through an ongoing consultation process. Ottawa has also produced staff reporting in response to Council direction to assess tenant protection/ renoviction tools.

Impact

Renoviction by-laws are intended to deter bad-faith evictions and protect tenants during major repairs. However, as implemented, they can also create a parallel municipal process that adds cost, delay, and procedural risk to legitimate rehabilitation particularly for older, smaller rental buildings where reinvestment is urgently needed.

Hamilton's regime illustrates this risk clearly. By requiring a renovation licence on a short timeline after serving an N13 notice, and by tying renovation activity to additional municipal conditions and compliance steps - the by-law adds administrative burden and uncertainty to projects that are already governed by building permits, RTA requirements, and financing constraints. Toronto's framework similarly establishes a licensing gate that must be satisfied before renovations requiring tenant displacement can proceed, reinforcing the risk that legitimate reinvestment can be slowed or made less feasible especially for small landlords and smaller-scale rehabilitation projects.

Where by-laws increase uncertainty around repairs, they can deter rehabilitation and capital renewal, contributing to the deterioration of aging stock. In supply-constrained markets, slowing reinvestment also risks discouraging the conversion and renewal activity that can stabilize long-term rental supply and investment in new rental housing.

Why We Need Provincial Leadership

The province has a direct interest in preventing tenant displacement while also ensuring that Ontario's rental housing stock is maintained, modernized, and expanded. A patchwork of municipal renoviction regimes each with different licensing triggers, timelines, evidentiary requirements, and penalties, creates inconsistent compliance burdens and unpredictable investment conditions across Ontario.

Provincial leadership is also necessary to align municipal action with the provincial RTA framework. The province sets the core eviction rules and tenant remedies. Municipal add-on regimes should not evolve into de facto parallel adjudication systems that discourage legitimate repairs or create barriers to reinvestment in older housing.

Case Studies

Hamilton (in force): Renovation Licence and Relocation By-law

Hamilton's by-law is the clearest Ontario example of a comprehensive municipal licensing model now in operation. It requires landlords to apply for a renovation licence shortly after initiating the N13 process and establishes municipal conditions intended to prevent bad-faith evictions. The structure illustrates the central concern for housing supply: even well-intentioned tenant protections can impose added process costs and risks that discourage legitimate rehabilitation.

Toronto: Rental Renovation Licence

Toronto's regime was adopted by Council in November 2024 and has taken effect on July 31, 2025. It similarly requires a municipal licence for renovations that require tenants to move out. Toronto's approach shows how quickly these models can become formal, city-wide licensing systems - creating additional procedural steps on top of provincial requirements.

Guelph: Consultation and staff review

Guelph offers a current and instructive case study on renovictions in a mid-sized Ontario city with a tight rental market. In 2024 and 2025, tenants in several older low-rise apartment buildings, including on Brant Avenue, received N13 eviction notices tied to proposed renovations that landlords said required vacant possession. Tenant advocates raised concerns that the notices were being used to displace long-term, rent-controlled tenants and re-rent units at significantly higher market rates rather than to carry out essential repairs.

In response, Guelph City Council has formally initiated work on a rental renovation (renoviction) by-law, directing staff to develop a framework that would require landlords to demonstrate the necessity of vacant possession and strengthen tenant protections during major renovations. While some eviction applications were ultimately withdrawn prior to Landlord and Tenant Board hearings, the case has underscored both the limits of existing provincial protections and the growing role municipalities are seeking to play in preventing displacement and preserving affordable rental housing.

Recommendations:

1. **Prioritize enforcement of existing provincial tenant protections under the *Residential Tenancies Act***

   Rather than expanding municipal licensing regimes, Ontario should focus on strengthening enforcement of existing renoviction protections already embedded in the Residential Tenancies Act, including rules governing N13 notices, right of first refusal, compensation, and good-faith renovation requirements. Improved resourcing for the Landlord and Tenant Board and targeted compliance audits would address bad actors directly without imposing new regulatory burdens on compliant landlords.

2. **Improve tenant and landlord education to reduce misuse and misunderstanding of renoviction rules.**

   Many renoviction disputes stem from a lack of clear understanding of rights and obligations on both sides. The province should develop standardized, plain-language guidance for tenants and landlords explaining when vacant possession is legally permitted, what compensation and return rights apply, and how disputes are resolved. This material should be made available through municipalities, legal clinics, and permitting processes to reduce conflict and prevent unlawful evictions before they occur.

3. **Focus municipal involvement on information-sharing and early intervention, not new licensing layers.**

   Where municipalities engage in renoviction issues, their role should emphasize early identification of potential non-compliance and referral to provincial enforcement mechanisms, rather than creating parallel licensing or approval systems. This approach would reduce duplication, maintain regulatory clarity, and ensure renoviction enforcement remains grounded in provincial law.

Tree Protection and Landscaping Rules

Legislative Context

Municipal tree protection and landscaping requirements are implemented through private tree by-laws, site plan control policies, and urban forestry standards enacted under the authority of the *Municipal Act, 2001,* the *Planning Act,* and, in some cases, the *City of Toronto Act, 2006.* These by-laws are generally intended to protect urban tree canopy, manage environmental impacts, and ensure appropriate landscaping in new development.

Many of these rules were originally designed for greenfield subdivisions and large development sites, where tree removal and grading can have significant cumulative impacts and where replacement planting can be planned at scale. Over time, however, municipalities have increasingly applied the same permitting, compensation, and replacement frameworks to small infill and low-rise residential projects, including duplexes, triplexes, and fourplexes.

While provincial planning policy supports gentle density and infill development in existing neighbourhoods, municipal tree protection regimes remain largely unchanged, with limited differentiation between large-scale subdivision activity and small urban redevelopment.

Impact

When applied to small infill projects, tree protection and landscaping rules can become a disproportionate and decisive barrier to housing supply. Private tree by-laws frequently require arborist studies, tree protection plans, permit fees, and financial securities or deposits as conditions of approval. For small projects, these requirements can add tens of thousands of dollars in upfront cost before construction begins.

In many cases, the presence of a single mature tree can prevent the construction of additional units altogether. Replacement ratios and canopy compensation formulas, designed for subdivision-scale impacts, are applied without regard to the modest incremental footprint of missing middle housing. These requirements also introduce uncertainty and delay. Tree permits are often processed separately from planning approvals, creating parallel review streams that can extend timelines by months. For homeowners and small builders, the cost and complexity of navigating arborist reviews, permit conditions, and security postings can render multiplex or accessory unit projects financially infeasible, even where overall canopy impact is minimal.

The cumulative effect is that tree protection rules - while well intentioned - are frequently used to block or discourage precisely the types of small-scale infill development that provincial housing policy seeks to enable investment in new rental housing.

Why We Need Provincial Leadership

Municipal incentives favour a highly precautionary approach to tree protection, particularly in established neighbourhoods where residents are sensitive to change. While urban canopy preservation is an important public objective, the absence of proportionality in current rules has resulted in tree protection regimes that operate as a de facto land use control.

Left to municipal discretion, these rules are often applied uniformly, regardless of project scale or actual environmental impact. This allows municipalities to resist gentle density through technical and environmental standards that are difficult to challenge and politically popular, even when they conflict with housing supply goals.

Provincial leadership is required to ensure that environmental objectives and housing objectives are balanced appropriately. Without provincial guidance, tree protection by-laws will continue to be applied in ways that disproportionately constrain infill housing and undermine affordability in older housing.

Case Studies

Urban Infill Across Ontario: Small Projects, Large Barriers

Across Ontario's larger urban municipalities, including Toronto, Ottawa, and Mississauga, municipal tree protection by-laws require permits to injure or remove mature trees on private property and embed detailed protection, replacement, and compensation conditions that must be addressed in the planning and building process. In Toronto, for example, city reports explicitly link tree canopy protection and "growing space" considerations with infill housing growth in low-rise neighbourhoods, requiring developers and homeowners to plan around regulated trees as part of infill proposals.

In Ottawa, protected trees 10 cm or greater trigger tree information and conservation reporting requirements in development applications, integrating tree protection into infill planning reviews. In Mississauga, private tree protection rules require permits for removal of trees 15 cm or greater with defined replacement obligations, standards that must be navigated by proponents of infill projects.

Recommendations:

To address tree protection and landscaping rules as a structural barrier to housing supply, the province should pursue targeted reforms through the *Planning Act*, the Municipal Act, and related regulations, including:

1. **Require Proportional Application of Tree Protection Rules**

   The province should mandate that municipal tree protection by-laws distinguish between subdivision-scale development and small infill projects, with proportionate requirements based on project scale and actual canopy impact.

2. **Integrate Tree Protection Reviews Into Planning Timelines**

   Tree protection approvals should be required to align with statutory planning timelines, preventing parallel processes from extending approval periods unnecessarily.

3. **Clarify That Tree Protection Rules Cannot Nullify Provincial Housing Permissions**

   The province should clarify that municipal tree protection by-laws may not be applied in a manner that effectively prohibits housing forms permitted under provincial legislation, including additional residential units and multiplexes.

Short-Term Rental Regulation (STR)

Legislative Context

Short-term rentals are regulated primarily through municipal licensing and zoning by-laws enacted under the *Municipal Act, 2001* and, in some cases, enforced through related property standards and nuisance by-laws. Across Central Ontario and cottage-country municipalities, the dominant policy model has been to require licensing/registration, impose operating conditions (parking, occupancy, safety), and in many cases restrict STRs based on principal residence or other location-based permissions.

Impact

STR regulation can affect housing supply in two ways. First, it can return "commercial" STR units to the long-term rental or ownership market, but it can also reduce the flexibility of the broader accommodation system in places where STRs fill genuine gaps. A growing body of Canadian research argues that when STRs operate at scale as de facto hotel inventory (entire-home listings operated by multi-listers), they can measurably reduce long-term rental availability and put upward pressure on rents, an effect documented in large markets like Toronto and in province-wide analysis in British Columbia. In these contexts, tighter STR rules are often framed as a housing-supply intervention, limiting commercial STRs is intended to shift units back into the long-term market.

At the same time, opponents of strict STR frameworks, particularly in U.S. cities, have centered their arguments around property rights, small-scale host income, and the legitimacy of STRs as an investment strategy, while also warning about spillover effects on the visitor economy and accommodation prices. New York City's Local Law 18 is a prominent example of a regime explicitly designed to curtail non-compliant STR activity through registration and verification. The key policy tension is that many municipal systems struggle to distinguish, in enforcement practice, between truly "home-sharing" hosts and commercial operators running multiple full-time units - so broad restrictions can unintentionally sweep in legitimate, small-scale use.

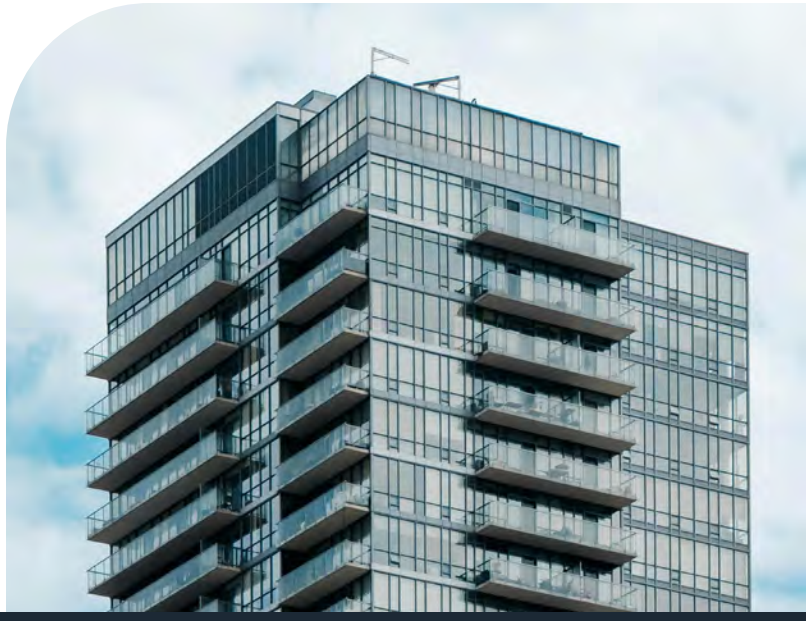
That distinction matters because STRs can also function as critical "gap accommodation" in communities with limited hotels or purpose-built, short-term housing especially for temporary workers. For example, travelling nurses and other health workers on placements, construction crews on project-based work, seasonal or contract staff, and families displaced by insurance repairs. In those markets, STRs can be a pressure-release valve that supports local labour mobility and service delivery when traditional short-stay inventory is thin or non-existent. The best regulatory models therefore aim to preserve actual home sharing and legitimate short-term demand (through clear rules and workable licensing) while targeting commercial-scale conversion of housing into year-round STR supply - because that is where the housing-supply impact is most acute.

Why We Need Provincial Leadership

Ontario currently leaves STR regulation almost entirely to municipalities, producing a patchwork of rules with uneven enforcement. Provincial leadership is warranted for two reasons. First, housing supply outcomes are provincial in scale, but enforcement capacity is municipal and often limited especially in smaller municipalities with seasonal populations. Second, municipalities are incentivized to create additional rules to respond to resident complaints, even where the binding constraint is enforcement resources and data, not regulatory authority.

A provincial role should not be to impose a one-size-fits-all STR framework, but to ensure enforceability and proportionality. Where municipalities choose principal-residence or licensing regimes, the province can support standardized data access, compliance tools, and outcome-focused enforcement benchmarks, rather than encouraging escalating layers of local regulation.

Provincial leadership is required to ensure that environmental objectives and housing objectives are balanced appropriately. Without provincial guidance, tree protection by-laws will continue to be applied in ways that disproportionately constrain infill housing and undermine affordability in older housing.



Case Studies

Barrie: Enforcement and principal-residence concerns

Barrie's adopted motion (March 6, 2024) is a clear example of a municipality recognizing the enforcement gap. Council directed staff to investigate options to "further regulate and enforce" STRs to address issues such as noise and waste and concerns about STRs operating in homes that are not the principal residence. The motion also sought options for an escalated response to repeat-problem properties.

Collingwood: Licensing regime in force, with compliance burden front-loaded on operators

Collingwood's licensing by-law came into effect in January 2025, requiring operators to obtain a licence and warning that operating without a licence may lead to charges/penalties. This is a comprehensive regulatory approach, but - like many licensing systems - its effectiveness depends on inspection capacity, complaint follow-up, and ongoing monitoring of unlicensed operators.

Huntsville / Muskoka (cottage country): high-intensity enforcement tools

Huntsville's STR licensing framework differentiates fees between principal residence and secondary residence and has also implemented a 24-hour hotline to report concerns - an indicator of how STR issues often manifest as nuisance and compliance matters that require real-time response capacity.

Recommendations:

To address STR regulation by municipalities as a potential roadblock to housing supply in Ontario, the province should pursue the following changes:

1. **Shift municipal STR policy toward enforceable, outcome-based regulation.**

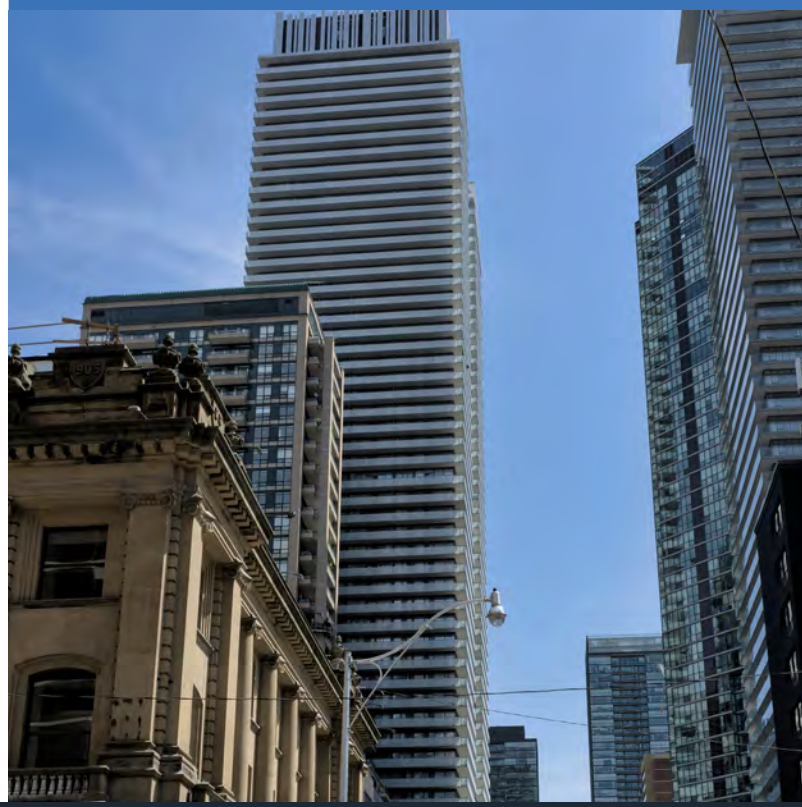
   Provincial guidance should encourage municipalities to report and manage STRs based on measurable outcomes (e.g., unlicensed listings removed, repeat-problem properties addressed), rather than layering new restrictions without enforcement capacity.

2. **Protect small-scale housing providers through proportional compliance rules.**

   Ontario should support a proportional approach that distinguishes between occasional/home-sharing activity and de facto commercial STR operations, so compliant homeowners and small landlords are not deterred from providing housing.

3. **Prioritize enforcement of existing by-laws for nuisance impacts.**

   Where the core impacts are noise, waste, parking, and property standards, municipalities should be encouraged to prioritize enforcement of existing by-law tools supported by provincial best practices - rather than relying solely on expanded STR-specific regulation



Conclusion

Ontario's housing affordability crisis is not the result of a lack of demand, capital, or policy attention, despite the current broad decline in confidence experienced across the housing ecosystem. We acknowledge that the current housing challenges are complex and they require renewed action and focus from all levels of government when it comes to policies that support housing investment and the right type of supply. However, the municipal planning and fiscal framework has gradually evolved to constrain housing supply, increase costs, and create roadblocks. Some of these challenges have existed for years at the municipal level, hence a legislative rebalancing approach is needed. Despite action to increase housing construction, municipal zoning rules, fees, approval processes, and discretionary controls continue to blunt those efforts. Particularly in the Greater Golden Horseshoe Region, where the gap between population growth and housing supply is most acute.

This report demonstrates that the problem is institutional, not conceptual. Ontario once built housing at scale when zoning was permissive, costs were broadly shared, and approvals were predictable. We can and must be able to do that again if all levels of government work together, not against each other, to find solutions that benefit all residents, including those who want to call Ontario home. Today, even where higher-order governments have legalized gentle density, streamlined approvals, and invested heavily in supply-side solutions, municipal implementation has too often undermined those reforms through technical standards, escalating charges, slow approvals, and risk-averse decision-making. The result is a system that allows compliance in theory while preventing delivery in practice.

The recent actions taken by the federal and provincial governments to reduce housing costs, align infrastructure funding, and streamline planning and construction processes represent meaningful progress. Measures such as expanded HST rebates, new infrastructure funding, and reforms to site plan control and planning standards address key economic and systemic barriers to housing development. However, without complementary reforms to municipal planning rules, development cost structures, and approval systems, these measures alone will not be sufficient to restore housing affordability or meet Ontario's housing supply targets.

The central conclusion of this report is therefore clear: Ontario cannot solve its housing crisis through voluntary, municipality-by-municipality reform alone. The province must use its legislative authority to realign municipal rules, incentives, and financial frameworks with provincial housing objectives. This is not a rejection of local planning, but a recognition that housing outcomes of provincial significance require enforceable provincial standards - particularly where municipal discretion has become a structural barrier to supply.

Removing the municipal roadblocks identified in this report would unlock private investment, accelerate housing delivery, and improve affordability without sacrificing community outcomes. TRREB undertook this research to support practical, evidence-based reform and stands ready to work with the province and municipalities to ensure Ontario's housing system is once again designed to deliver homes at the scale, pace, and affordability that Ontarians need and demand.

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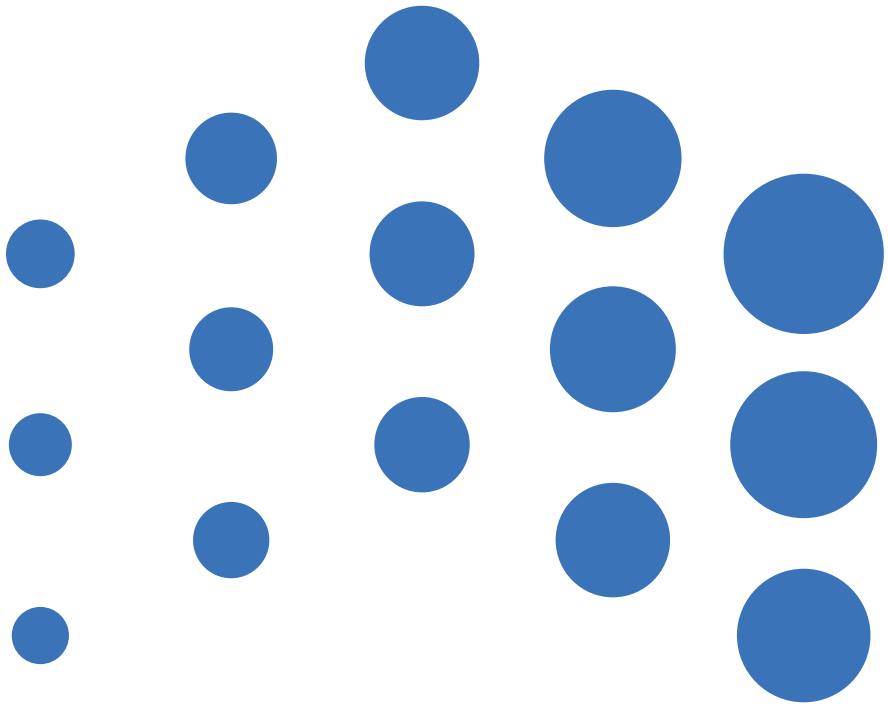

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