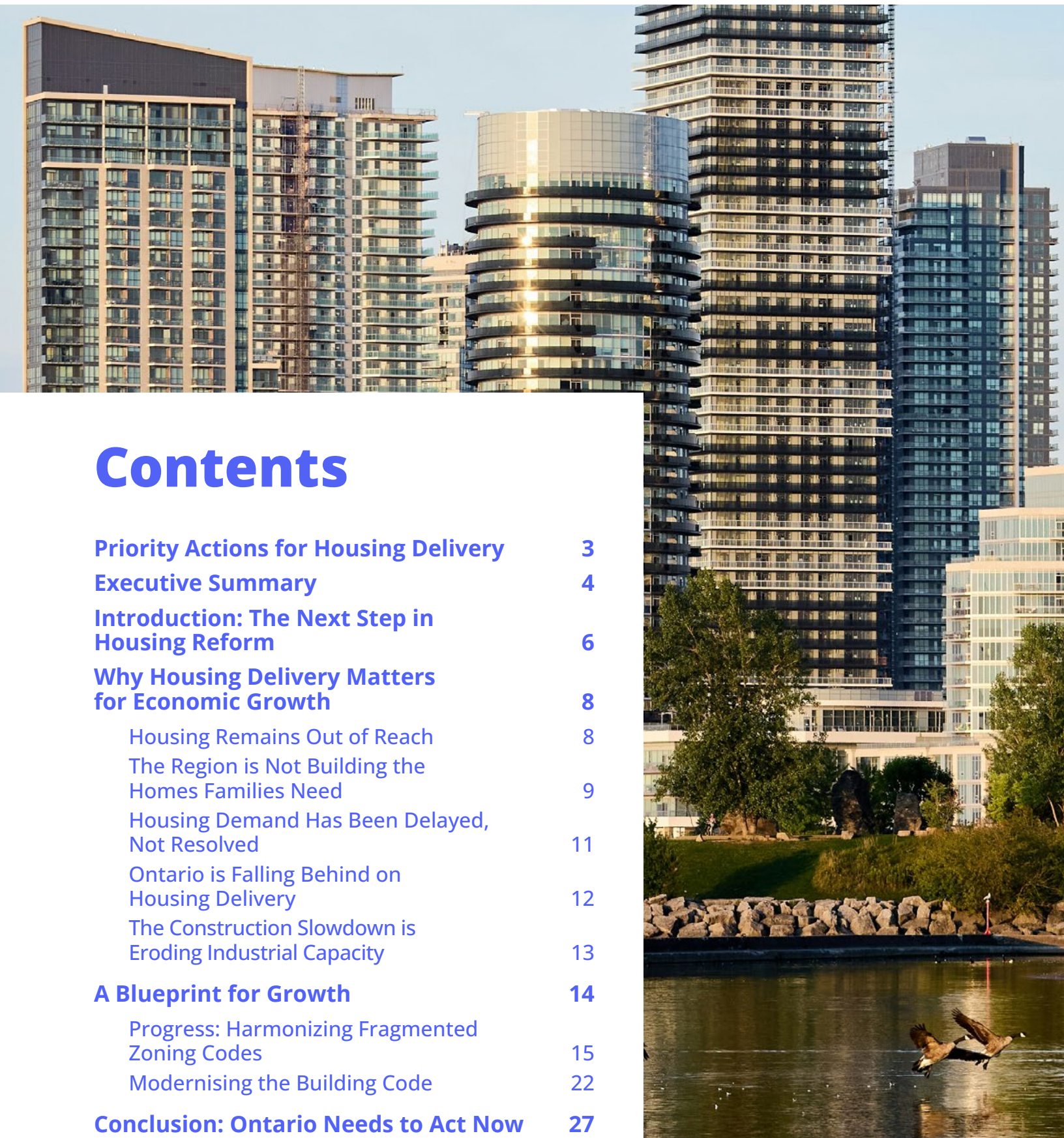


A Blueprint for Growth: Towards a New Deal for Housing

OCTOBER 2026





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Priority Actions for Housing Delivery

The rules around new housing in our region are standing in the way of delivering the new housing we need. Simplifying regulations in two areas would be a big step forward in addressing this challenge:



Zoning Reform

- 1 Develop a provincial zoning code.** Give every municipality the same framework and the same terminology, while leaving them to decide where each permission applies. Examples could include:
 - Set a floor of what housing types can move forward without special approval, starting with townhouses and multiplexes.
 - Establish province-wide limits on the rules that most often block housing: parking, setbacks, lot coverage, height, density, and how far upper storeys must step back.
 - A “five for five” cap on zoning categories — no more than five for residential buildings of five storeys or less — using a hierarchical system where each broader category allows everything the narrower ones do. This allows a small number of zones to cover a wide range of housing types.
 - Set out what municipalities may regulate by publishing a list of the controls they can use, or the ones they cannot. This would continue to provide space to set their own standards while reducing red tape.
- 2 Make the rules easy to find and keep them current.** Require municipalities to publish every zoning bylaw and official plan being enforced, including older ones that still govern particular properties, and to update the published versions at least once a year. This can be initiated immediately and done within a year.
- 3 Promote performance-based standards.** Show municipalities how to manage a building’s impact – height, shadow, setbacks – using clear, measurable standards, instead of writing a separate zoning category for every situation. This maintains municipal control over the impacts of what gets built through simpler rules.

Since this would be a long-term project, developing and consulting on these steps should begin as soon as possible.



Building Code Reform

- 1 Assess every requirement for the cost it imposes to build, run and maintain over the life of the building.** Two changes should be made in the building code review that is currently in process:
 - Allow single-stair buildings up to six storeys, with workable safety requirements such as sprinklers and pressurized stairwells.
 - Allow smaller elevators in smaller buildings, where they still meet safety and accessibility goals.
- 2 Use demonstration projects to inform code reform.** Track the projects approved through the alternative solution route, where a builder proves a different design meets or exceeds the code, then embed these successful projects into the building code itself to allow them to be replicated.



Executive Summary

The housing gap has become one of the most significant constraints on the Toronto region's long-term economic growth and competitiveness.

In the decade from 2014 - 2025, roughly 240,000 people aged 25 - 44 left the Toronto region for other parts of Ontario.ⁱ When they cannot find a home that fits their family, at a price they can manage, within reach of their job, they leave. This means that the region loses its single greatest competitive advantage: talent.

Today's home prices should not be mistaken for a solution.

It is true that prices have come down from their peak, but that is because market costs rose, confidence weakened, and buyers put purchasing decisions on hold.

Housing starts have fallen, while demand has been delayed. When people who have paused a decision to enter the housing market decide to move forward, the region will once again face a large shortage.

Ontario's housing problem is now a delivery problem. Governments have set ambitious targets, but targets do not build homes. The Province is well behind the pace it needs because the system that regulates housing is complicated, fragmented, hard to navigate, and unpredictable.

i TRBOT calculation based on Statistics Canada Data Table: 17-10-0149-01.





Ontario doesn't have one housing market; it has hundreds.

To close the housing gap, Ontario must update the rules. **Two sets of rules matter most, and the Province needs to move on both, quickly: the zoning bylaws municipalities use, and the building code that governs construction.** Other barriers also matter, including project financing and the financial stack, which is the mix of debt, equity and other capital used to fund a development.

These rules make it harder to build across the spectrum, but especially get in the way of the mid-sized housing that sits between a detached house and a tower — duplexes, townhouses and small apartment buildings.

Zoning

Ontario doesn't have one housing market; it has hundreds. Every municipality writes its own zoning bylaws, each with its own terminology and rules on features like building heights, parking requirements, lot size and dozens of other factors.

Builders who complete a successful project in one city and want to replicate it in another, need to go back to the drawing board. Redrawing the design and restarting the approvals process means giving up on the savings that come from repeating something that already works.

This means that different rules in different municipalities act as economic barriers, reducing competition, removing the advantages of scale, and slowing new builds.

The Province has already made a start on addressing this by setting common rules for additional units on residential lots and limits on minimum lot sizes, among other reforms.

Greater progress is urgently needed to create zoning rules that are more consistent across municipalities through a provincial zoning code that municipalities can adopt locally. Broader as-of-right permissions are also needed, meaning a project that follows the published rules goes straight to a building permit instead of a separate, case-by-case approval.

Building Code

Ontario's building code must also be modernised.

Building codes protect safety, accessibility, and public confidence, but they also shape how buildings are designed, what a building costs and whether it makes sense to build at all. Some rules, including how many exit stairs a building needs and how large its elevators must be, cause mid-sized housing to be harder and more expensive to deliver.

The provincial government should create opportunities to enable lower-cost or innovative solutions that can meet the same standards for safety and livability by a different method.

We have already seen that provincial leadership can remove barriers to housing delivery. The same approach now needs to be applied to the rules that determine what can be built.



Introduction: The Next Step in Housing Reform

In 2021, the Toronto Region Board of Trade (the Board) released *Meeting in the Middle: A Plan to End Exclusionary Zoning and Tackle Ontario's Housing Crisis*, which made the case for more attainable, family-suitable housing in communities and called for provincial leadership to enable missing middle homes as-of-right across Ontario.

That report made clear that **housing is not only a planning issue. It is central to talent attraction, labour mobility, affordability, and the region's long-term economic competitiveness.**

It called for five principle-based actions: ending exclusionary zoning, establishing provincial standards, extending those standards across a broad geographic reach, moderating development charges, and creating affordable ownership opportunities.

Since then, the need for a broader range of housing options has only become more pressing. Prices remain structurally high, family-suitable homes are increasingly difficult to find, and too many workers are being pushed farther from the employment opportunities that drive the region's economy. At the same time, Ontario's housing system is struggling to produce the scale and mix of homes the region needs.

The Board's 2025 report, *Priced Out: The High Cost of Development Charges*, addressed one major part of this challenge by showing how development charges raise the cost of new housing and weaken the economics of delivery. That work focused on the cost side of the housing equation.

Prices remain structurally high, family-suitable homes are increasingly difficult to find, and too many workers are being pushed farther from the employment opportunities that drive the region's economy.



The Board's 2026 report, *Patchwork to Prosperity: From Internal Tariffs to One Economy*, demonstrated how a fragmented national building code inhibits housing delivery, calling on governments to reduce fragmentation and work toward one predictable national building code framework. It also noted how intermunicipal zoning barriers would inhibit the efficacy of a national building code.

A Blueprint for Growth builds on the foundation of all these reports by turning to the regulatory side in specific terms: what are the rules that determine what can be built, where it can be built, and whether all forms of housing can be delivered predictably and at scale. In doing so, it addresses the key principles of *Meeting in the Middle* and would enable the full potential of *Patchwork to Prosperity*.

The current slowdown in housing activity makes this work more urgent, not less. Cooling prices do not signify a healthy housing market when housing starts are falling. The supply pipeline is weakening, and the homes being delivered do not adequately reflect the range of needs of workers, families, newcomers, and employers. A healthy housing market would improve attainability while continuing

to deliver new supply. Instead, the region faces the risk of a weaker construction ecosystem today and renewed supply constraints tomorrow. Ontario cannot wait for the housing market to improve to take action – it needs comprehensive reform before that happens.

Housing is now a delivery challenge. The region does not simply need more housing in the abstract; it needs a system capable of delivering the right mix of homes, in the right places, at the right pace. This requires rules that are clear and consistent enough for builders to act on and for communities to evolve.

This report sets out a practical, actionable blueprint for improving housing delivery. **It focuses on two areas where targeted reform can make the system more predictable, more responsive, and more capable of supporting growth: harmonizing fragmented zoning rules and reforming building code requirements that limit the viability of missing middle and midrise housing.**

Together, these reforms would help move the Toronto region from a fragmented housing system toward one better able to support talent, investment, and long-term competitiveness.



Without continued housing construction, recent affordability gains are likely to prove temporary.

Why Housing Delivery Matters for Economic Growth

The Toronto region's economic prosperity depends on a housing market that allows workers to live near employment opportunities. **Housing constraints weaken one of the region's core competitive advantages: access to talent.** When attainable and suitable housing is unavailable, workers are less able to move to, remain in, or relocate within the region. Employers face greater difficulty filling positions, and investment becomes harder to attract.

This challenge is particularly acute for younger workers, families with children, and newcomers, who make up a large share of the region's current and future workforce and are most sensitive to housing cost and fit. Between 2014 and 2025, 240,000 people aged 25 to 44 left the Toronto Census Metropolitan Area (CMA) for other parts of the province.ⁱⁱ A region that cannot house these workers cannot sustain long-term growth and remain economically competitive.

A healthy housing market would demonstrate both improving attainability and a steady supply of homes that meet diverse household needs. Instead, current conditions point to a structural delivery problem: prices remain high, the supply being delivered does not adequately match household needs, provincial housing targets are far off track, demand has been delayed rather than resolved, and construction activity is weakening.

Housing Remains Out of Reach

Between 2006 and 2025, Toronto-area home prices, as measured by the Composite Home Price Index, increased by around 187 percent, significantly outpacing the approximately 51 percent cumulative increase in the Consumer Price Index (inflation) across the same period.¹ This housing demand has consistently outpaced supply.

Recent price cooling does not mean the affordability problem is solved. Prices have moderated because higher borrowing costs and economic uncertainty have pushed some households out of the market or delayed purchasing decisions. That is not the same as improving attainability through sustained new supply.

Durable affordability depends on increasing the supply of homes. Without it, recent price improvements will remain fragile. While weaker demand can ease pressure temporarily, it does not resolve the underlying imbalance between the homes people need and the homes the system can deliver. **Without continued housing construction, recent affordability gains are likely to prove temporary.**

ii TRBOT calculation based on Statistics Canada Data Table: 17-10-0149-01.

Cumulative Comparison of Consumer Price Index and Composite Home Price Index, cumulative percent change since 2006, Toronto CMA (2006 to 2025)

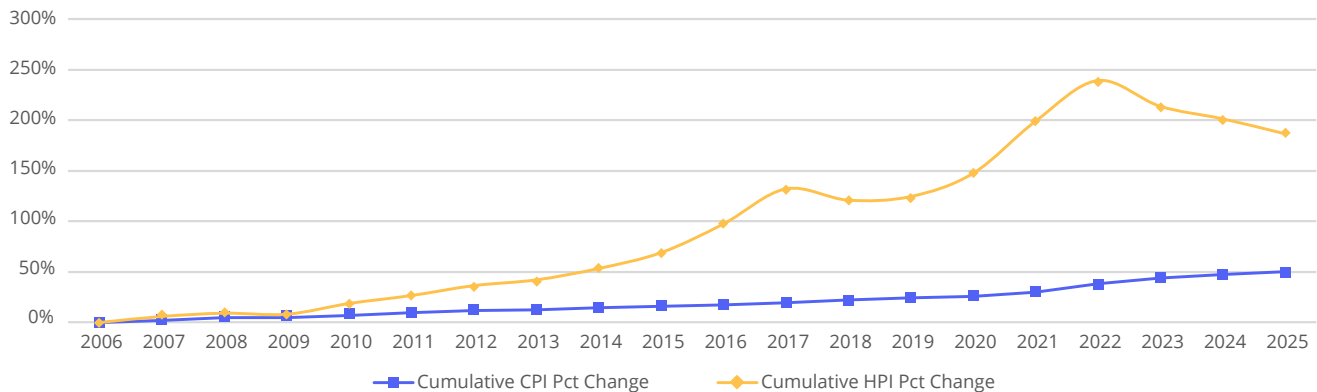


Figure 1: TRBOT based on CREA, Bank of Canada

The Region is Not Building the Homes Families Need

Price is only one part of the housing challenge. **The region also needs homes that fit different household sizes, incomes, life stages, and locations.** A home may be available but still unsuitable if it is too small, too far from work, poorly matched to family needs, or unavailable in a tenure (rental or ownership) households can afford.

Evidence suggests suitability pressures are increasing. A growing share of renter households now live in housing considered unsuitable under the National Occupancy Standard, meaning units are too small or overcrowded for the number of occupants. According to a report by the City of Toronto, a “far greater” proportion of renters aged 35-54 live in unsuitable housing compared to other age groups.²

Work done by the Missing Middle Initiative, based on 2021 Census data, indicates that Toronto has the highest percentage of households in unsuitable housing among major Canadian cities, at 12.5 percent, with the most common shortfall being households in two-bedroom homes that require three bedrooms.³

Current production patterns suggest the region is delivering too narrow a range of housing forms. Between 2016 and 2025, around 57 percent of housing completions in the Toronto CMA were condominiums, rising to about 76 percent in the City of Toronto. At the same time, a growing share of condominium construction has been concentrated in very large buildings, with the proportion of units in projects exceeding 500 units increasing from 14 to 19 percent between 2018 and 2022, the period for which data is available.⁴

Completions by Intended Market, 2016-2025

■ Homeowner ■ Rental ■ Condo

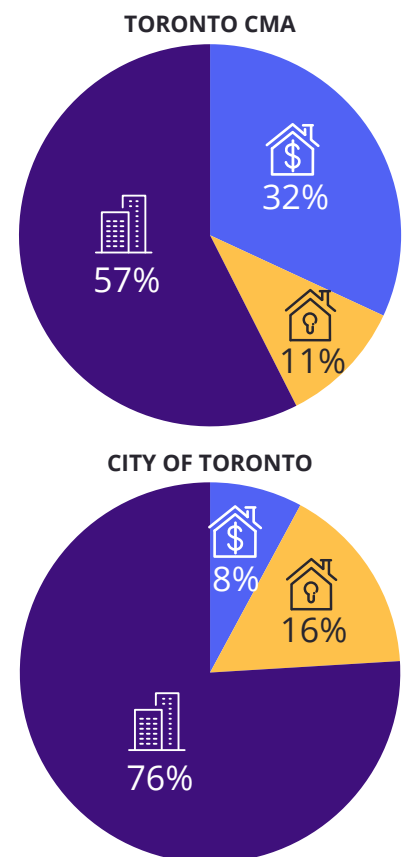


Figure 2: TRBOT based on CMHC Housing Completions Data

A lack of choice drives up the cost of undersupplied housing types, worsens suitability pressures, and pushes workers and families farther from the places where they are needed most – employment hubs.

The issue is also evident in the size and configuration of units being delivered. Census data show that the share of larger, family-oriented units in apartment buildings has declined over time, while studios and one-bedroom units have become more common. **In apartment buildings five storeys tall or higher, the share of two and three-bedroom units has fallen substantially since the 1970s.**^{iii,5}

A City of Toronto analysis using Urbanation data found that the average condominium unit shrank by approximately 19 percent, from 1,087 square feet in 1996 to 885 square feet in 2014.⁶ By contrast, multiplexes average 1,140 square feet per unit, with 65 percent of units containing two or more bedrooms.⁷ This suggests that missing middle forms can help deliver larger, more family-suitable homes in established communities, close to existing infrastructure, amenities, and employment opportunities.

The issue is not that smaller units or condo apartments are unnecessary. They are an important part of the housing market. The challenge is that the region is not delivering enough diversity in housing supply. **A lack of choice drives up the cost of undersupplied housing types, worsens suitability pressures, and pushes workers and families farther from the places where they are needed most – employment hubs that drive the regional economy. In doing so, it undermines both housing affordability and economic competitiveness.**

iii Due to constraints within the dataset and public availability of other sources of data, the most recent comparable 10-year period to 1971-1980 is 1996-2005. However, as this trend is a function of increasing building costs incentivizing lower bedroom mixes, and building costs have only increased since 2005, the inference that this is a continuing and worsening trend remains valid.

Changing market dynamics are beginning to create stronger incentives for condominium projects to deliver larger, multi-bedroom units, including by combining previously planned smaller units. Sustaining and expanding this shift will require market, regulatory, and financial conditions that make family-suitable housing viable at scale.^{8,9}

Bedroom Mix by Period of Construction:
Apartments 5+ Storeys, Toronto CMA

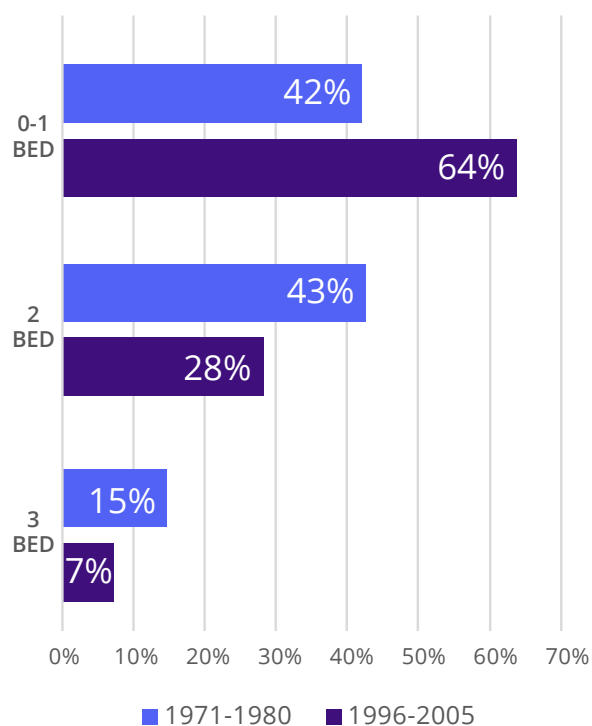


Figure 3: TRBOT based on Statistics Canada, 2011 National Household Survey, Catalogue no. 99-014-X2011026.



Housing Demand Has Been Delayed, Not Resolved

Current demand weakness does not mean the need for housing is shrinking. Many households have delayed purchasing decisions because of interest rates, prices, economic uncertainty, and reduced confidence. In many cases, housing demand has been deferred rather than eliminated.

TRREB's 2026 Market Outlook, based on Ipsos survey data, found that **GTA homebuying intentions declined from 27 percent in 2025 to 22 percent in 2026 despite improved affordability.** TRREB attributed this decline to weaker consumer confidence and economic uncertainty, noting that greater economic clarity could help unlock demand that has been building for several years.¹⁰

A separate Ipsos poll conducted for BMO found that 72 percent of aspiring homeowners planned to wait until mortgage rates declined before purchasing.

These findings suggest that many households are delaying decisions rather than permanently exiting the market.¹¹

Housing supply cannot respond quickly when demand returns. Development timelines are long, financing conditions can delay or cancel projects, and the approval and construction process often takes years.

If buyer confidence improves before the supply pipeline has recovered, the region could face renewed pressure on prices and availability. The implication is straightforward: weaker sales today do not eliminate the need to build. This makes it more important to protect the supply pipeline before demand returns.

These household-level pressures point to a broader question: **whether Ontario's housing system is capable of producing enough homes, in the right forms and locations, to meet current and future need.** The Province's housing targets are the clearest measure of that gap.

Ontario is Falling Behind on Housing Delivery

Ontario's housing targets have made the scale of the problem visible. The goal of building 1.5 million homes by 2031 provided the Province, municipalities, builders, and the public with a common benchmark. **However, a target is not a delivery system. It does not create serviced land, update zoning, finance projects, shorten approvals, make building forms viable, or sustain construction capacity.** It can identify how many homes are needed, but it cannot ensure that the housing system can deliver them.

The gap between ambition and implementation is increasingly apparent. According to the Province's 2026 budget forecast, **Ontario is projected to fall more than 550,000 homes short of the pace needed by 2029, the final year covered in the forecast.**¹²

The problem is not only that targets are being missed. **The target framework has not been sufficiently connected to the rules and conditions that determine whether homes can actually be built. It also treats units as interchangeable, even though a studio apartment, a townhouse, a multiplex unit, and a three-bedroom home serve different needs.**

Housing production can still increase, but there is insufficient time left to reach the 1.5 million home goal by the current deadline. Even if ambitious reforms are adopted today, implementation depends on municipalities updating official plans, amending zoning bylaws, aligning infrastructure investments, servicing land, and processing applications, steps that often take years.

Missing the target is not just about losing the numbers game. A prolonged slowdown risks weakening the construction capacity Ontario will need to increase housing production in the future.

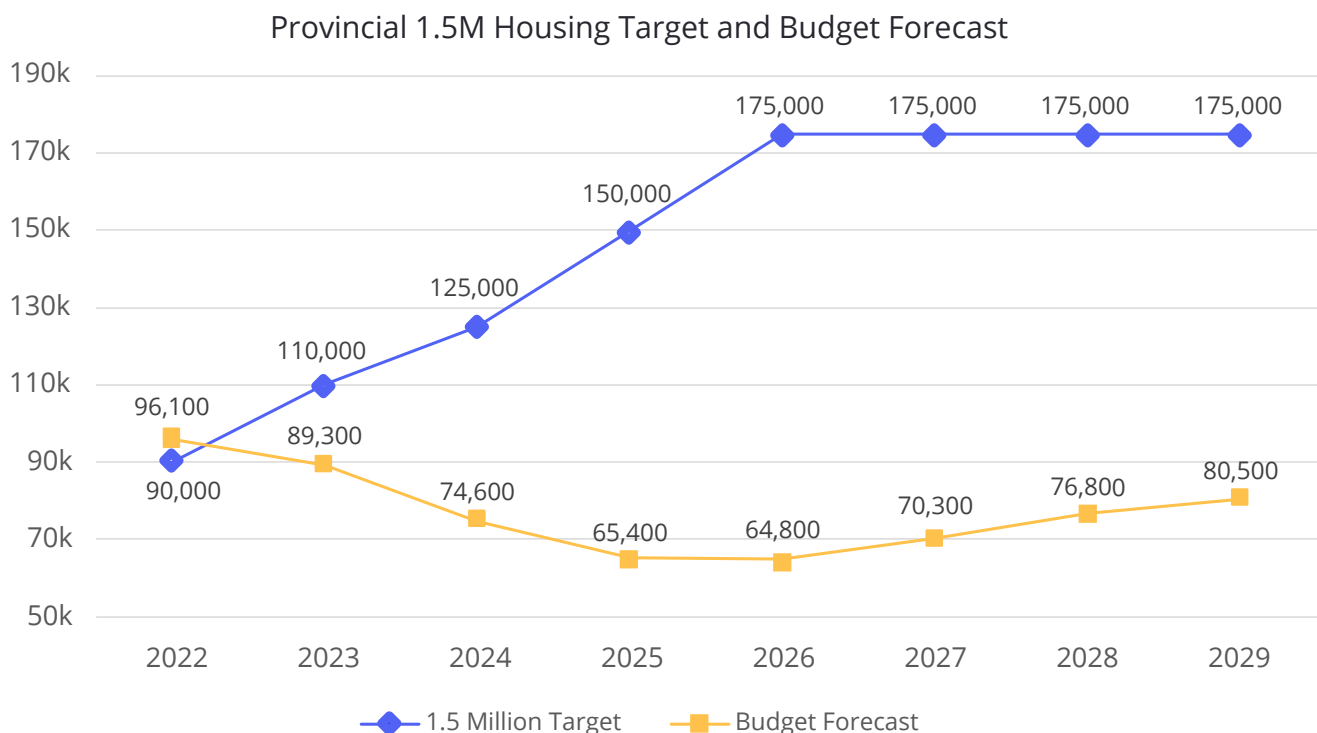


Figure 4: TRBOT based on most recently available figures from the 2023, 2024, and 2026 Ontario Provincial Budget Housing Construction Estimates and Forecasts



To support long-term economic growth, Ontario needs a housing system that is more predictable, more consistent across municipal jurisdictions, and better able to deliver a wider range of homes.

The Construction Slowdown is Eroding Industrial Capacity

Housing is also a major source of economic activity. Construction accounted for approximately 6.4 percent of Ontario's GDP in 2024 and employs roughly 586,000 workers.^{13,14} Residential construction supports jobs, suppliers, skilled trades, professional services, municipal revenues, and investment across the broader economy.

A prolonged slowdown can weaken productive capacity as skilled workers leave the sector, suppliers scale back operations, firms reduce investment, and capital shifts elsewhere. **When demand returns, the region may face not only a shortage of housing-ready projects, but also a smaller and less responsive construction ecosystem.**

The risk is that today's construction slowdown reduces the region's ability to respond to future demand. The challenge is not only maintaining a pipeline of projects, but preserving the construction capacity needed to build them.

The Challenge Ahead

These trends should not be viewed as a normal market correction alone. They point to a system that is not responsive enough to changing demand, not flexible enough to deliver a wider range of housing forms, and not predictable enough to support investment at the scale required.

The region's housing challenge is now a delivery challenge. It is not enough to identify how many homes are needed. Ontario needs a system capable of delivering those homes in the forms, locations, and timelines required to support workers, employers, and long-term economic growth. Many of the barriers are structural rather than cyclical.

Fragmented zoning rules create many local regulatory markets, making routine forms of low-rise and missing middle housing more difficult to replicate across jurisdictions and reducing the benefit of scale. Building code requirements can also create cost and design constraints that limit the viability of missing middle, small apartment, and midrise housing, including requirements related to egress and elevators.

To support long-term economic growth, Ontario needs a housing system that is more predictable, more consistent across municipal jurisdictions, and better able to deliver a wider range of homes. That requires reducing unnecessary zoning fragmentation and reforming building code requirements that limit the viability of missing middle, small apartment, and midrise housing.

These reforms are not separate from the region's economic agenda. They are central to whether the Toronto region can house its workforce, attract investment, and sustain long-term growth.



A Blueprint for Growth

The current slowdown in housing activity provides a momentary opportunity to comprehensively address the structural barriers limiting housing delivery before the consequences of inaction are felt. While prices have moderated, the underlying constraints remain. **Without reform, fragmented zoning rules and rigid building code requirements will continue to limit the region's ability to deliver the range of homes its economy requires.**

The task ahead is to make the housing system more responsive, more predictable, and capable of delivering housing through changing market conditions. Achieving this requires decisive and sweeping action in two areas: reducing unnecessary variation in municipal zoning frameworks and reforming how building code requirements are developed, evaluated, and applied.

These reforms are critical to determining whether diverse housing forms can be delivered at scale. **More consistent zoning rules would make common housing forms easier to build across municipalities, while a more cost-conscious building code framework would improve the viability of missing middle, small apartment, and midrise housing.**

Together, these reforms would expand housing choice, strengthen labour mobility, support employers, and secure the region's long-term prosperity and competitiveness.

The task ahead is to make the housing system more responsive, more predictable, and capable of delivering housing through changing market conditions. Achieving this requires decisive and sweeping action in two areas: reducing unnecessary variation in municipal zoning frameworks and reforming how building code requirements are developed, evaluated, and applied.

The Province has increasingly recognized that some planning and zoning rules should be standardized when local variation creates barriers to housing supply.

Zoning Codes Harmonization

Ontario's housing system is divided across hundreds of local zoning frameworks. Each municipality uses its own bylaws, designations, terminology, and standards to determine what can be built and where. This variation creates regulatory compliance costs, limits the ability of firms to repeat successful housing designs across markets, and makes routine forms of low-rise and missing middle housing harder to deliver at scale.

Since the release of Ontario's Housing Affordability Task Force report in early 2022, the Province has increasingly recognized that some planning and zoning rules should be standardized when local variation creates barriers to housing supply.

In late 2022, Bill 23 required municipalities to update their Official Plans to permit up to three residential units on low-rise residential lots, with an additional fourth accessory dwelling unit permitted. Municipalities then had to update their zoning bylaws to implement those permissions, but the Province did not standardize the zoning rules. As a result, local implementation continued to vary across municipalities.

After seeing how municipalities implemented these permissions locally, the Province went further by standardizing aspects of zoning for accessory dwelling units, limiting municipal restrictions such as floor space index limits and angular plane requirements.

In 2026, Bill 98 expanded provincial authority over local planning by enabling the Minister of Municipal Affairs and Housing to prescribe minimum lot

sizes for urban residential land. It also seeks to standardize the structure and land-use designations used in municipal official plans by 2029.

These reforms reflect a clear shift towards greater provincial oversight and a reduced reliance on municipality-specific planning and zoning standards. The Province must continue this trajectory by further harmonizing zoning frameworks so that basic housing permissions are more consistent across municipalities.

The goal is not to eliminate local decision-making, but to reduce unnecessary variation that makes housing delivery harder to scale across municipalities. Official plans set the broad land-use framework for growth, while zoning bylaws translate those policies into parcel-level rules that determine what can be built and where.

Zoning bylaws regulate matters such as height, setbacks, density, lot coverage, parking, and other built form^{iv} requirements. These rules are organized through zoning designations, such as R1, R2, or R3, which apply specific standards to parcels of land and determine what development may or may not occur.

The scale of variation remains significant. Across Ontario's municipalities, zoning bylaws differ substantially in structure, terminology, and application, including where older and newer bylaws continue to operate at the same time.

One way to see this variation is in the number of zoning designations municipalities use. Designation counts help show whether zoning rules are organized, published, and maintained in a way that makes them easy to find, compare, and interpret.

iv Built form: The physical size, shape, height, layout, and placement of a building on a site.



Toronto illustrates the challenge. More than 20,000 parcels remain subject to pre-amalgamation zoning bylaws despite the the city’s harmonized 2013 zoning bylaw.¹⁵ As a result, the number of low-rise residential zoning designations effectively in force rises from five in the harmonized bylaw to at least 35 when legacy bylaws are included.^v

The City of Burlington recently passed a new residential zoning bylaw with eight designations that allow for low-rise development. However, this new bylaw does not apply to lands found within major transit station areas (MTSAs). Despite the city’s effort to rationalize its zoning structure, Burlington now has 21 low-rise residential designations in effect.

Similar patterns exist across the GTA, where municipalities often have multiple concurrent zoning bylaws in effect, or a single city-wide bylaw with many area-specific carve-outs. The result is a labyrinth of different regulations governing similar housing forms.

The issue is not only administrative complexity. A zoning code with many narrow designations often reflects an inflexible regulatory structure. Instead of establishing broad rules for common housing forms, these systems divide similar housing types across multiple categories, each with different standards.

^v A more definitive count is not possible because not all zoning bylaw information for the former pre-amalgamation municipalities is available to the public in an easily accessible format online.

**Sample of Municipalities in the GTA
Zoning Designations for Low-Rise
Residential Development**

MUNICIPALITY	LOW-RISE HOUSING ZONING DESIGNATIONS
Toronto	5/35+
Pickering	14/21
Markham	10/16
Richmond Hill	9
Burlington	8/21
Mississauga	15

Note: Includes zoning designations for low-rise or ground-oriented residential development where zoning information was publicly available online. Where a municipality has multiple zoning bylaws in effect, or area-specific zoning categories, a split count is used. The first number reflects the primary or current city-wide low-rise residential zones. The second number includes additional applicable older bylaw or area-specific low-rise residential zones. A plus sign indicates that the count may be incomplete because not all relevant zoning information was available.

Figure 5: TRBOT based on zoning information posted on municipal websites

There is no single optimal number of zoning designations, and consistency across municipalities is ultimately more important than any particular number. As a starting point, however, **the Province should work toward a “five for five” standard: no more than five zoning designations for residential buildings of five storeys or less, built on a hierarchical zoning model.**

Toronto’s consolidated zoning bylaw provides a practical model, using a hierarchical structure in which more permissive residential zones retain the housing forms permitted in more restrictive ones. This approach allows a relatively small number of zones to accommodate a broad range of housing types.

Similar hierarchical systems in jurisdictions such as Japan demonstrate how relatively few land-use categories can support considerable flexibility at much greater scale. Japan, for example, uses 13 “use zone” designations nationwide, including only 8 residential zones. The value of this kind of simplification is not administrative parsimony for its own sake, but the ability to accommodate more housing through clear, broadly applicable rules.

Zoning should create clear as-of-right rules. If a project complies with those rules, it should be able to proceed without discretionary planning approvals beyond the standard building permit process.

Municipal efforts to process applications more quickly are welcome, but they do not address why routine housing requires discretionary approval in the first place.

Broader as-of-right permissions would allow more routine housing to proceed directly to the building permit stage, because the fastest application is the one you never have to make in the first place.

When zoning becomes overly narrow or site-specific,^{vi} routine housing projects instead depend on case-by-case municipal approvals. The system may still be called zoning, but in practice it begins to operate more like a discretionary planning system.¹⁶

vi Site-specific rezoning: A change to zoning rules made for a particular property to allow development that is not permitted under the existing zoning.

Broader as-of-right permissions would allow more routine housing to proceed directly to the building permit stage, because the fastest application is the one you never have to make in the first place.



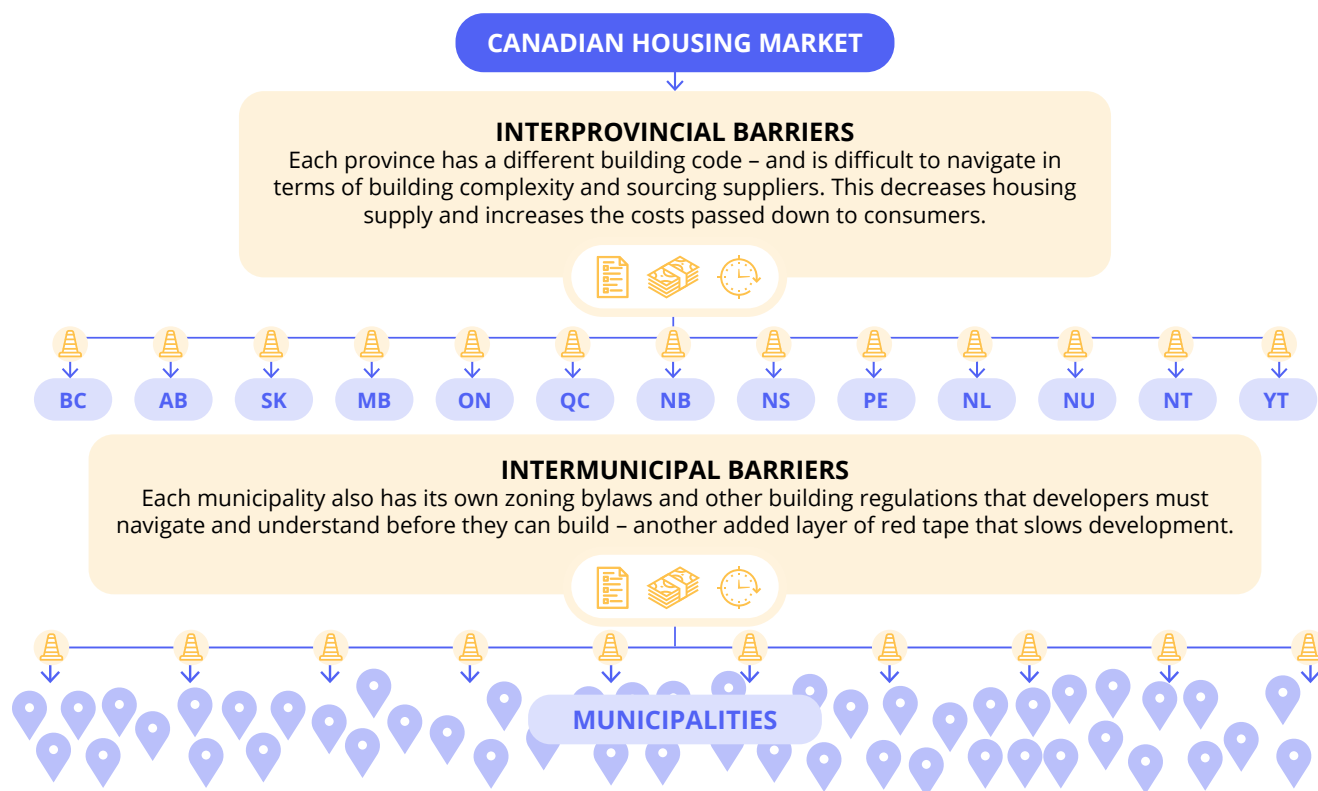


Figure 6: Building code and zoning interprovincial barriers

For firms operating in multiple jurisdictions, this creates real economic costs. **Even when housing products are similar, differences in local regulations often require redesigns, re-approvals, and changes to financing and delivery processes. These adaptation costs reduce the benefits of economies of scale, discourage expansion into new markets, and contribute to a fragmented industry structure that keeps firms small.**^{17,18}

The effects are especially significant for modular and other industrialized housing producers, whose business models depend on repeatable designs and production at scale. Excessive regulatory variation undermines these models by forcing projects to be adapted to different local requirements rather than replicated across markets.¹⁹

As a result, competitive advantage shifts away from firms best able to deliver housing efficiently and towards those with the strongest local regulatory knowledge. Rather than competing primarily on cost, quality, or innovation, companies are rewarded for

their ability to navigate jurisdiction-specific rules and approval processes. In this sense, fragmented zoning functions as an intermunicipal economic barrier.

By forcing firms to relearn and redesign for each local market, fragmented zoning limits competition within the province and amplifies the interprovincial barriers that already make it difficult for companies to scale housing delivery across Canada.

A more consistent provincial land-use planning system would turn hundreds of separate local regulatory markets into a larger, more unified provincial housing market that supports scale.

Greater certainty about what can be built would make it easier for firms to repeat successful housing designs and operate across municipal boundaries. Clearer as-of-right permissions would also expand the inventory of development-ready sites close to existing amenities and infrastructure, helping firms deliver the housing the region needs to remain competitive.

Implementation: A Phased Path to Zoning Harmonization

Moving towards a more harmonized provincial zoning framework would be a significant, long-term undertaking. **That only makes it more important to begin now and with urgency;** delaying reform risks leaving Ontario perpetually trying to solve tomorrow's housing problems with yesterday's rules.

It does not need to occur all at once. Incremental standardization can deliver near-term benefits, with each phase adding clarity, predictability, and scalability to the system.

Implementation should begin where the benefits are clearest and the risks are most manageable, such as lower-density housing types, fully serviced lots, and the largest and fastest-growing municipalities.^{vii}

Reforms should be developed in partnership with municipalities to account for legitimate local constraints, including servicing capacity, environmental risks, infrastructure limitations, and site-specific conditions. However, this flexibility should operate within clear provincial guardrails to prevent the reemergence of fragmentation.

Each phase should improve the transparency and digital accessibility of zoning regulations. The long-term objective is both a more consistent zoning system and one that residents, municipalities, and builders can understand and use with confidence.

Finally, harmonization should maintain critical compatibility protections. As-of-right housing permissions should not come at the expense of employment lands or create land-use conflicts that undermine industrial activity and high-value jobs and employment. **A provincial zoning framework should expand housing permissions while protecting the employment lands the region cannot afford to lose.**

vii A category of 29 municipalities defined in the Provincial Planning Statement.





Priority Areas of Action: Zoning

1 DEVELOP A PROVINCIAL ZONING CODE

Building on efforts to standardize official plan structures and land-use designations, a provincial zoning code would create a common framework, terminology, and set of baseline permissions while preserving municipal authority over where different permissions apply. Iterative steps towards this should include:

i. Establish Baseline As-of-Right Permissions for Specific Housing Forms: The Province should define minimum as-of-right permissions for key housing types, beginning with low-rise and missing middle forms such as multiplexes, townhouses, and small apartment buildings. These permissions should be supported by baseline standards for core zoning parameters such as height, setbacks, lot coverage, density, parking, and basic design rules. British Columbia has already taken a similar approach through its small-scale multi-unit housing reforms, which require local governments to permit between 2 and 6 units in many residential zones and use provincial site standards to guide local bylaw updates.

ii. Expand Provincial Standards for Specific Zoning Controls: The Province should continue identifying municipal zoning controls that create unnecessary barriers to housing delivery and set province-wide standards or limits where appropriate. Recent action on minimum lot sizes provides a model for this approach. Similar reviews should be applied to other controls that affect low-rise

and missing middle housing, such as parking requirements, setbacks, lot coverage, height, floor space index, and angular planes. This would reduce some of the most restrictive or inconsistent local rules without requiring a fully harmonized zoning code.

- iii. Cap the Number of Zoning Designations:** The Province should begin by limiting municipalities to no more than five zoning designations for residential buildings of five storeys or less. This “five for five” standard should encourage broader, hierarchical zones that retain permissions as intensity increases, reducing narrow and overlapping categories while making housing rules more consistent across municipalities.
- iv. Define Permitted Categories of Residential Zoning Regulation:** Establish a positive list of permitted zoning controls or a negative list of prohibited controls for residential zones. Municipalities would retain authority over standards, but the categories of regulation available to them would be more clearly defined. This would reduce unnecessary variation in how zoning bylaws are structured across Ontario.

Full implementation can begin after municipalities have standardized their official plans according to their requirements under Bill 98, *Building Homes and Improving Transportation Infrastructure Act*, 2026, around 2029. Because this would be a long-term project, it is imperative that wide-ranging development and consultation of these steps begin immediately.

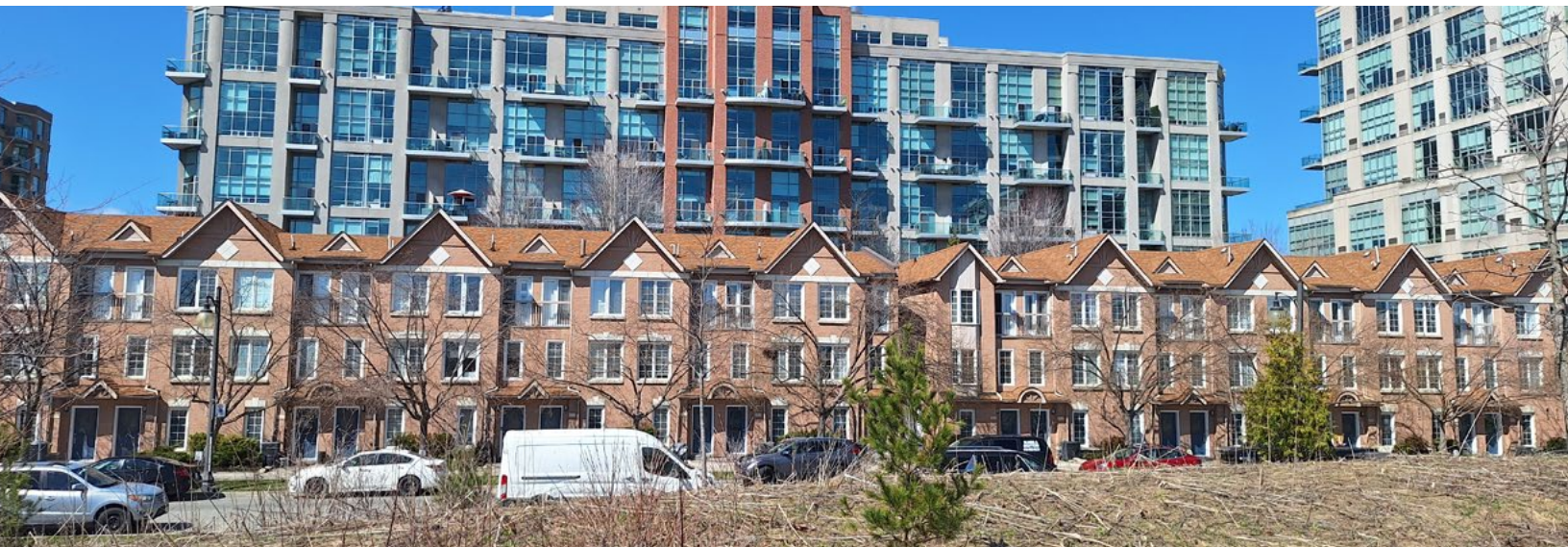


2 MAKE THE RULES EASY TO FIND AND KEEP THEM CURRENT

The Province should require municipalities to publish all zoning bylaws and official plans online in effect within their jurisdiction, including older bylaws that continue to apply to specific parcels or areas. **Municipalities should also be required to consolidate their zoning bylaws at least annually, so publicly available documents reflect current rules.** This would improve transparency and make planning rules easier for residents, builders, and investors to find, compare, and interpret. Clear and current information would reduce uncertainty, lower compliance costs, and help projects move from planning to construction more quickly. This could be initiated immediately and carried out over the following year.

3 PROMOTE PERFORMANCE-BASED STANDARDS

Over the next couple of years, **the Province should provide guidance to municipalities on how to use clear, objective performance standards to regulate built form impacts within residential zones.** Rather than creating separate zoning designations for every housing type or local condition, municipalities should use standards for height, setbacks, lot coverage, servicing, access, shadowing, and other measurable impacts to manage development within broader zones. This would allow municipalities to reduce the number of residential designations while preserving local control over built form outcomes. **A performance-based approach would accommodate a wider range of housing designs and reduce the need for site-specific rezonings without compromising community objectives.**



Building Code Modernisation

If zoning determines where housing can be built and what it can look like from the outside, the building code determines what is possible inside the building. It shapes layout, unit size, circulation, accessibility, fire safety, building systems, and construction cost. For many housing types, especially missing middle and midrise buildings, the building code can determine whether a project is viable at all.

The building code is essential to safety, durability, accessibility, and public confidence in the built environment. These objectives should remain. But code requirements also carry costs, and those costs affect what gets built. Requirements related to stairs, elevators, corridors, fire separation, accessibility, and mechanical systems can reduce usable floor area, limit design flexibility, and push development toward larger buildings with smaller units.

This is particularly evident at the transition between Part 9 under the Ontario Building Code, which governs smaller residential buildings, and Part 3, which applies to larger and more complex buildings. **Once a residential building reaches four storeys, it moves into a more complex regulatory framework. That shift can create a sharp jump in cost and complexity for buildings**

that are only modestly taller than low-rise forms. In practice, this can make smaller midrise buildings economically prohibitive to build.

A study by The Pew Charitable Trusts found that per-square-foot construction costs in the GTA are significantly higher than our international peers, and increase with density.²⁰

Another study by the Neptis Foundation on the Ontario Building Code estimated that targeted reforms to the building code could save as much as \$174,000 in construction costs and increase annual net operating income by \$26,400 for a hypothetical four-storey development.^{viii,21}

This inflation in cost has real impacts on housing outcomes. Accordingly, **Ontario should embed cost-value evaluation into the development and review of building code requirements.** New and existing provisions should be assessed not only for the public-interest objectives they serve, but also for their impact on construction cost, operating and lifetime costs, and project feasibility. This approach would not weaken core standards. It would help ensure those standards are delivered in the most effective way.

Two examples illustrate this opportunity.

viii Calculations assume an annual net operating income (NOI) of \$300/m² (monthly rent of \$3 per sq. ft. minus 25% operating expenses), which is equal to monthly rents of \$1,500 for a 500ft² one-bedroom home or \$2,250 for a 750ft² two-bedroom home.

The project shows that these buildings can be designed to meet safety objectives while supporting more efficient and livable apartments on constrained urban sites.

Example 1: Extending Permissions for Single-Egress Buildings

Egress rules determine how residents exit a building in an emergency, including the number and design of stairwells. In Ontario, many multi-unit residential buildings above two storeys require more than one exit stair. In many jurisdictions outside North America, single-stair buildings are permitted at much greater heights, often with complementary fire-safety measures.²²

The distinction is more significant than it may appear at first glance. Stair requirements shape building design and economics. On smaller or irregular sites, a second stairwell can consume space that would otherwise support larger units, better layouts, natural light, ventilation, and more efficient circulation. These benefits are especially important for missing middle and midrise housing, where sites are more constrained and project economics are more sensitive. Toronto has already begun to test alternative approaches. A proposed three-storey apartment building on Delaware Avenue, in Toronto, recently received approval through an alternative solution proposal: a building code compliance pathway that allows a different design or construction approach where it can be demonstrated that it meets or exceeds the same performance requirements as the standard Code provisions. This allowed for a single-stair design that would otherwise not be permitted.

The project shows that these buildings can be designed to meet safety objectives while supporting more efficient and livable apartments on constrained urban sites.²³

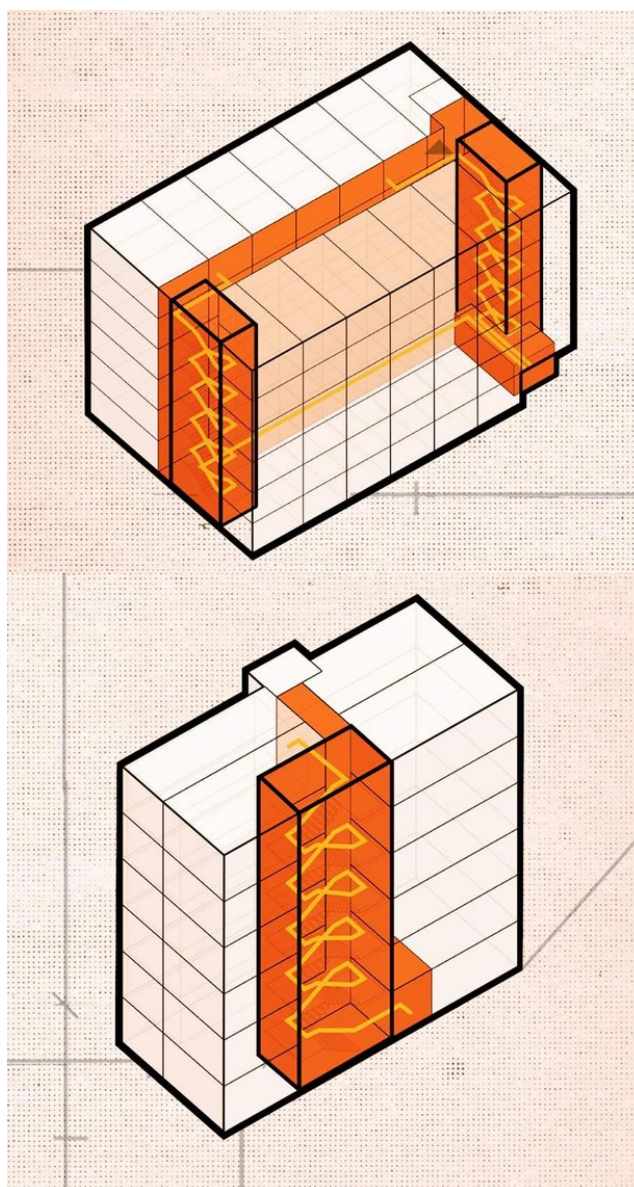


Figure 7: The Pew Charitable Trusts, 2025

Where alternative solutions demonstrate that housing forms can achieve building code objectives, Ontario should convert those lessons into standardized code provisions.

However, this project required special approval, negotiations with building officials, and a project-specific alternative solution. Critically, the approval did not create a precedent that other builders can rely on. That means each future project would need to address the same technical questions, adding time, uncertainty, and cost.

Where alternative solutions demonstrate that housing forms can achieve building code objectives, Ontario should convert those lessons into standardized code provisions.

Single-egress buildings up to six storeys should move from an exceptional approval process to a clear and predictable regulatory pathway.

Example 2: Right-Sizing Elevator Requirements for Smaller Buildings

Elevator standards are another example of how building code requirements can shape housing feasibility. In Canada, elevator requirements are largely harmonized with those of the United States, including specifications to accommodate medical stretchers. These standards serve an important purpose, but they also require larger and more expensive elevator systems than those used in many other jurisdictions.²⁴

Developers may face a choice between absorbing the cost, reducing building height, or proceeding without elevator access altogether. **In practice, a requirement intended to support accessibility can reduce the number of smaller buildings where elevators are financially viable.**

EXAMPLE 2

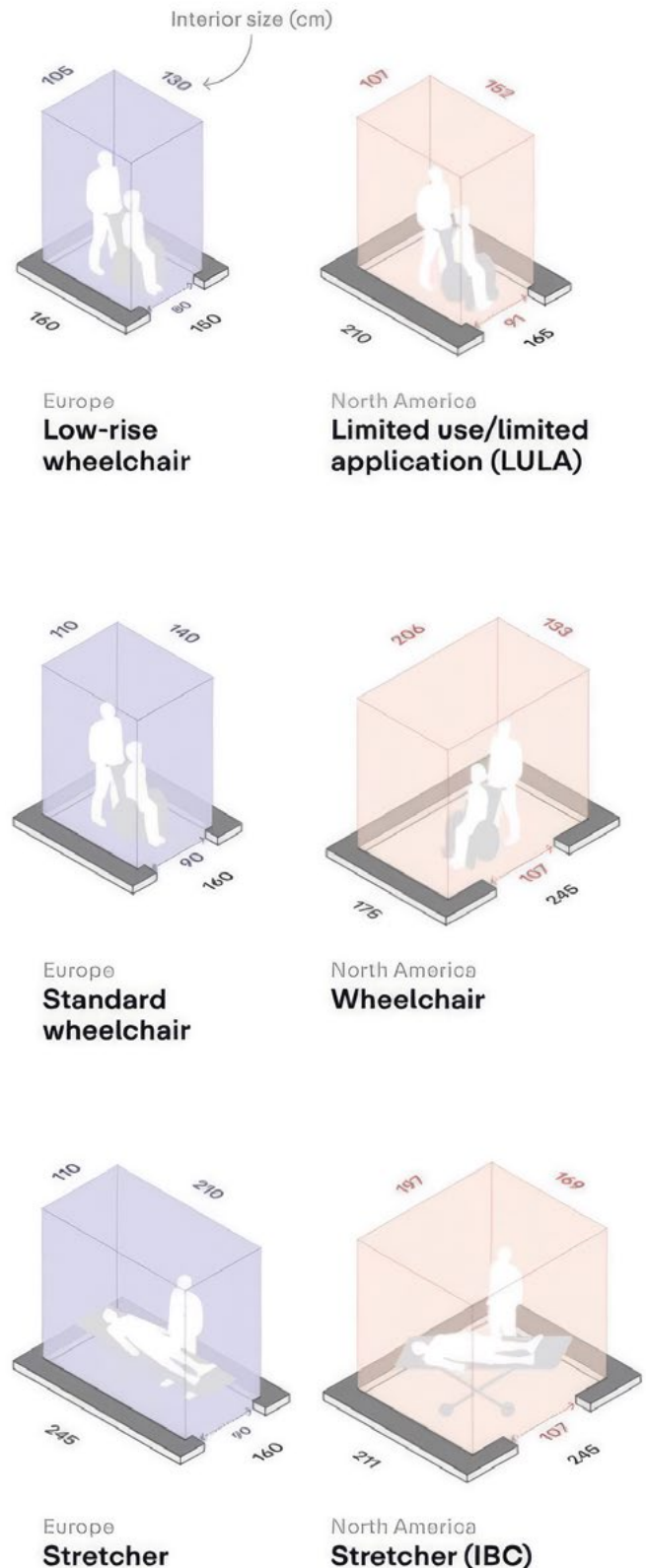
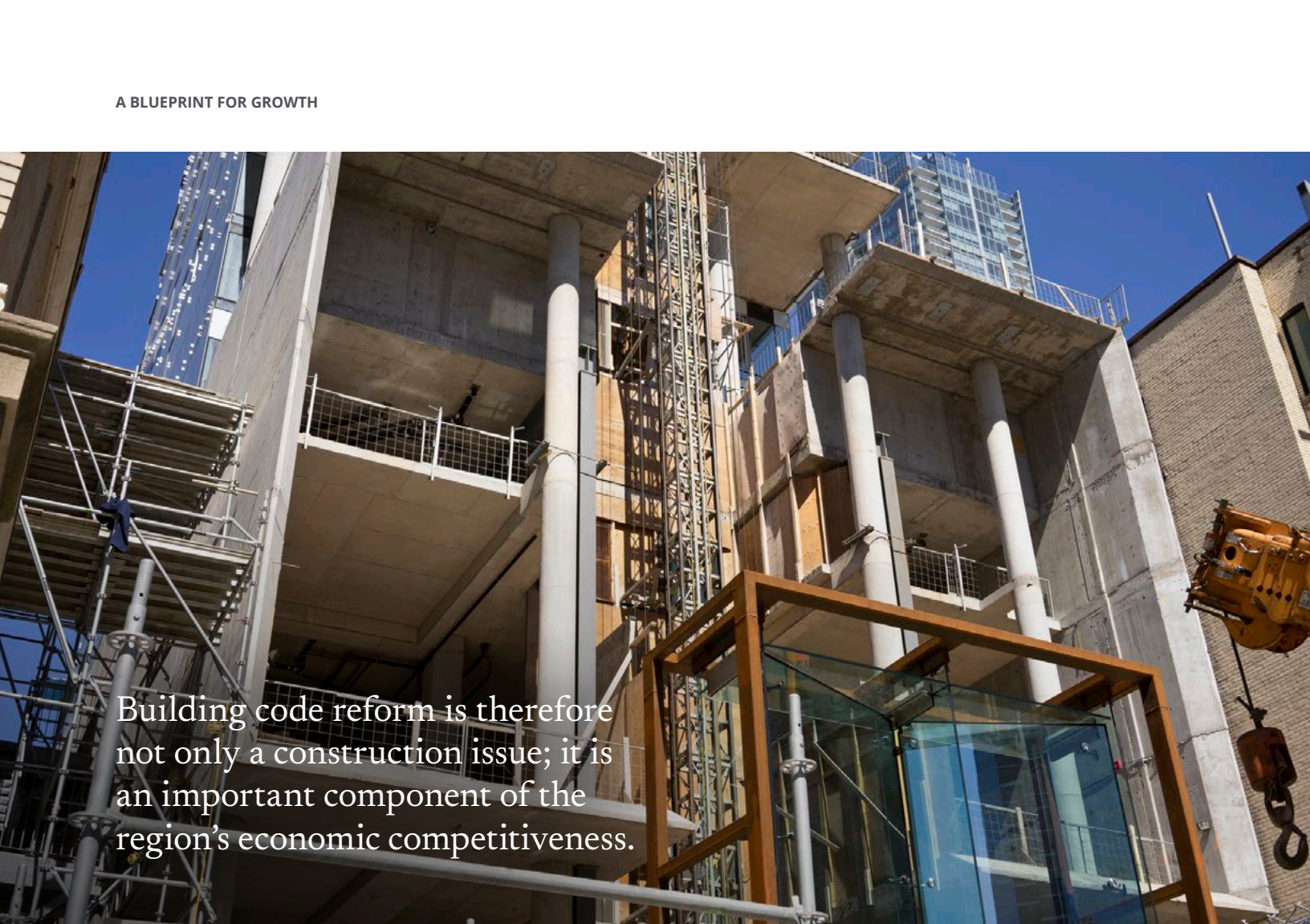


Figure 8: Center for Building in North America



Building code reform is therefore not only a construction issue; it is an important component of the region's economic competitiveness.

Accordingly, Ontario should allow smaller accessible elevators in appropriate missing middle and midrise contexts.

Ontario already permits an elevator approximately the same size as the standard European accessible elevator (Limited Use/Limited Application, or LU/LA), but does not generally permit using that elevator as an ordinary, full-function passenger elevator in the same range of residential buildings. LU/LA elevators are also significantly slower than their European counterparts.

Bringing Ontario's standards into line with global peers would reduce construction and operating costs, make elevators viable in more buildings, improve accessibility, and support more livable upper-floor units. Additionally, it would open up a significantly larger market for export and import for elevators and their component parts than the one currently available in North America.

These examples point to the broader purpose of building code reform. Single-egress and elevator requirements are not isolated technical issues. They affect whether smaller apartment buildings, missing middle housing, midrise buildings, and family-suitable units can be delivered at costs the market can support. When code requirements make these forms harder to build, the housing system becomes more dependent on a narrow range of large, high-cost, high-density projects.

Improving the viability of a wider range of housing types would make the housing system more responsive to different household needs and income levels. The result would be more attainable and suitable homes, greater labour mobility, and better access to talent for employers. Building code reform is therefore not only a construction issue; it is an important component of the region's economic competitiveness.

Priority Areas of Action: The Building Code

1 ASSESS EVERY REQUIREMENT FOR THE COST IT IMPOSES TO BUILD, RUN AND MAINTAIN OVER THE LIFE OF THE BUILDING

For all future reviews of the building code, Ontario must assess new and existing building code requirements not only for the public-interest objective they serve, but also their impact on construction cost, operating and lifetime cost, and project feasibility. As part of its current review of the building code, the Province should implement the following changes:

- i. **Create a Standardized Code Pathway for Single-Egress Buildings.** Ontario should amend the building code to permit single-egress buildings up to six storeys, subject to appropriate but feasible design, sprinkler, fire separation, ventilation, stairwell, and other emergency standards. This would move single-egress buildings from a case-by-case alternative solution process to a framework that can be used consistently across the province.
- ii. **Permit Smaller Accessible Elevators in Appropriate Building Types.** Ontario should review elevator requirements for low-rise, missing middle, and midrise buildings and allow smaller accessible elevator formats where they can meet safety and accessibility objectives.

2 USE DEMONSTRATION PROJECTS TO INFORM CODE REFORM

Ontario should track approved alternative solution projects on an ongoing basis, including single-egress buildings, and use the evidence generated to inform future building code updates. Where repeated alternative solutions demonstrate that a building form can meet or exceed safety objectives, the Province should convert that learning into standardized code provisions. This could be tracked with an online database of previously approved decisions at the provincial level for municipal reference.





Ontario's housing shortcomings are not inevitable. They are the result of barriers that have accumulated across the housing system and now limit the ability to deliver the volume, speed, and variety of homes the province needs.

Conclusion: Ontario Needs to Act Now

Ontario's housing shortcomings are not inevitable. They are the result of barriers that have accumulated across the housing system and now limit the ability to deliver the volume, speed, and variety of homes the province needs. The result is a housing system that permits more in theory than it delivers in practice. This report builds on the Board's earlier housing work, *Meeting in the Middle*, which made the case for more attainable and family-suitable homes in complete communities.

Priced Out: The High Cost of Development Charges showed how development charges and infrastructure costs affect the economics of housing delivery. This report focuses on the next challenge: the rules and regulatory systems that determine whether the region can deliver the scale and mix of housing its economy requires.

The reforms proposed in this report are neither radical nor untested. Ontario has already demonstrated the value of provincial baseline standards through province-wide permissions for additional residential units. The same logic now being applied to interprovincial trade barriers should be applied to the intermunicipal economic barriers that constrain housing delivery across Ontario.

The current slowdown makes reform more urgent, not less. Softer prices do not solve a housing shortage if they are accompanied by falling starts.

Workers face fewer attainable options near opportunity, employers face a smaller and less mobile talent pool, and growth pressures spill into overstretched infrastructure systems and competing land uses. Builders pull back, projects stall, and the capacity to respond to future demand erodes. When demand returns, the region will either be ready to meet it or it will not. That depends on the decisions made today.

The Toronto Region Board of Trade calls on the Province to adopt the reforms outlined in this report. **Ontario needs provincial baseline zoning standards that make as-of-right permissions workable and a building code development process that evaluates cost, feasibility, and value. It needs them urgently.**

These reforms are not the final word on housing policy. Additional work is needed to address other barriers to housing delivery, including taxes and fees, financing, insurance, utility connections, permitting systems, and system visibility. But Ontario cannot wait for every challenge to be resolved before acting on the rules that determine what can be built.

The choice is clear: maintain a fragmented system that limits delivery or build a more predictable framework capable of housing the workforce and supporting long-term economic growth.

Endnotes

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