CALNAN REAL ESTATE GROUP

Building Our Way Out

A Practical Framework for Solving Canada’s Housing Crisis Through Supply, Innovation and Partnership

EXECUTIVE BRIEF · PREPARED BY MATT CALNAN, CPA, CMA — MANAGING DIRECTOR, CALNAN REAL ESTATE GROUP

The problem. Canada has the fewest homes per person in the G7 and builds about as many each year as it did fifty years ago — for several times the population growth. The recent easing of rents is largely a by-product of the immigration slowdown and will not last. Beneath it sits a structural shortage that building has failed to scale to meet.

Why housing goes unbuilt. A developer does not build because homes are needed; a developer builds when a finished project is worth more than it costs to create. That margin is thin, and it is governed by one relationship:

The Housing Viability Equation

Value Created > Construction Cost + Government Charges + Time Cost + Financing Cost

When the four costs overwhelm the value a home creates, the project dies and the home is never built. *A housing shortage can persist even when everyone wants more housing, because it is the project — not the need — that has to add up.* The places that most need housing are often the places where it is hardest to build.

What the evidence supports. Canada under-builds; building more lowers rents; the binding constraints are approvals, charges, construction cost, and financing — three of the four set largely by government; and for rental, CMHC financing is usually the difference between built and not built.

What it does not support. That the crisis is only about supply (ownership prices are also a credit and demand story); and that demand-side buyer subsidies, foreign-buyer bans, or speculation taxes meaningfully improve affordability — the evidence says they do little, and can make prices worse.

What would most increase supply by 2035.

- **Tier 1 — the reforms that matter most.** As-of-right zoning with statutory approval timelines (cuts Time Cost); development-charge reform funded by senior-government infrastructure money (cuts Government Charges); stable, better-targeted CMHC rental financing (the Financing hinge). These move three of the four costs directly.
- **Tier 2 — high-impact complements.** Financed industrialized construction (for speed) and a deliberate role for capable secondary markets.
- **Tier 3 — necessary complements.** A non-market tier for the lowest incomes and fair-conduct rules for large landlords — for those the market cannot reach.

No single measure is enough; their power is in combination. Alberta is the proof: hold approvals, charges, and financing friction down at once, and — even into record demand — viable projects get built.

The bottom line. Canada’s housing crisis is not, at its root, a shortage of demand, of builders, of capital, or of ideas. It is a shortage of viable projects — and that is a shortage we can choose to end.

This one-page brief summarizes the full white paper. Prepared by Matt Calnan, CPA, CMA, Managing Director, Calnan Real Estate Group. Full sources and the underlying research are available on request.

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