

Tools for Overcoming Institutional Barriers to Non-Profit Housing Production

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Vivre en Ville acknowledges the ancestral presence of the Kanien'kehá:ka communities of Kahnawà:ke and Kanehsatà:ke, who have historically occupied the territory now known as Greater Montreal. It also wishes to highlight that this territory has, over time, welcomed many Indigenous nations who settled here at various moments throughout history. To this day, a diverse Indigenous population—including members of First Nations, Inuit, and Métis—reside on this land in a variety of socioeconomic conditions. It is in a spirit of peace, justice, and reconciliation, and by drawing inspiration from Indigenous knowledge, that Vivre en Ville works toward the well-being of communities and the protection of the Greater Montreal territory—today and for generations to come.

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Table of Contents

- 1. Introduction5
- 2. Study Area: The Metropolitan Community.6
- 3. The Point of Supporting Non-Profit Housing.8
- 4. Who is Non-Profit Housing For?10
- 5. Methodology11
- 6. Barriers to Non-Profit Housing Development13
 - 6.1 Financial Barriers.13
 - 6.2 Political Barriers15
 - 6.3 Organizational Barriers17
- 7. Existing Solutions to Overcome these Barriers19
 - 7.1 Facilitating Access to the Land 19
 - 7.2 Regulatory Reform20
 - 7.3 Reduce Development Costs.21
- 8. Recent Advnaces in Housing in Montreal22
- 9. Contextualized Pathways and Recommendations24
- References26

Summary

Abstrait

Aux lendemains de l'abolition du programme québécois AccèsLogis, visant à favoriser la production d'unités de logement subventionnées, les porteurs de projet à but non lucratif ont nettement ralenti l'allure malgré la crise de l'habitation secouant pourtant l'ensemble du Grand Montréal. Plutôt, ils semblent se buter continuellement à de nombreux obstacles systémiques, notamment la hausse des coûts de développements et la rigidité des programmes de financement. En effet, les politiques et réglementations gouvernementales semblent créer un environnement hostile à la production de cette offre, menaçant la viabilité des projets concernés. En collaborant avec des acteurs du secteur du logement à but non lucratif dont les projets sont limités par ces obstacles, cette étude vise la documentation des divers obstacles financiers, politiques et institutionnels à la production de logements sociaux dans la région métropolitaine de recensement (RMR) de Montréal ainsi que la recommandation de leviers à saisir afin d'établir un contexte favorable à la création d'unités à but non lucratif subventionnées.

Abstract

With the end of Quebec's AccèsLogis program, its largest and most productive subsidized housing program, the construction of new non-profit housing has significantly slowed amidst the housing crisis currently shaking the Greater Montreal Area. Making matters worse, non-profit housing developers continue to encounter systemic obstacles, including rising development costs and rigid financing conditions. In fact, government policies and regulations often limit the production of non-profit housing, threatening the viability of such development projects. In collaboration with non-profit housing stakeholders whose projects are directly impacted by such limitations, this study aims to document the various financial, political, and institutional obstacles to the production of social housing in the Montreal Census Metropolitan Area (CMA) and to recommend pathways to a favorable environment to increase subsidized, non-profit housing units.

1. Introduction

Quebec has long been an exception in Canada when it comes to the production of social and community housing. After the withdrawal of federal investments in the 1990s, most provinces simply ceased most of their efforts to build new subsidized housing units, particularly for low- and very low-income households. The Quebec AccèsLogis program, launched in 1997, was especially foundational, allowing the financing and construction of tens of thousands of units across the province.

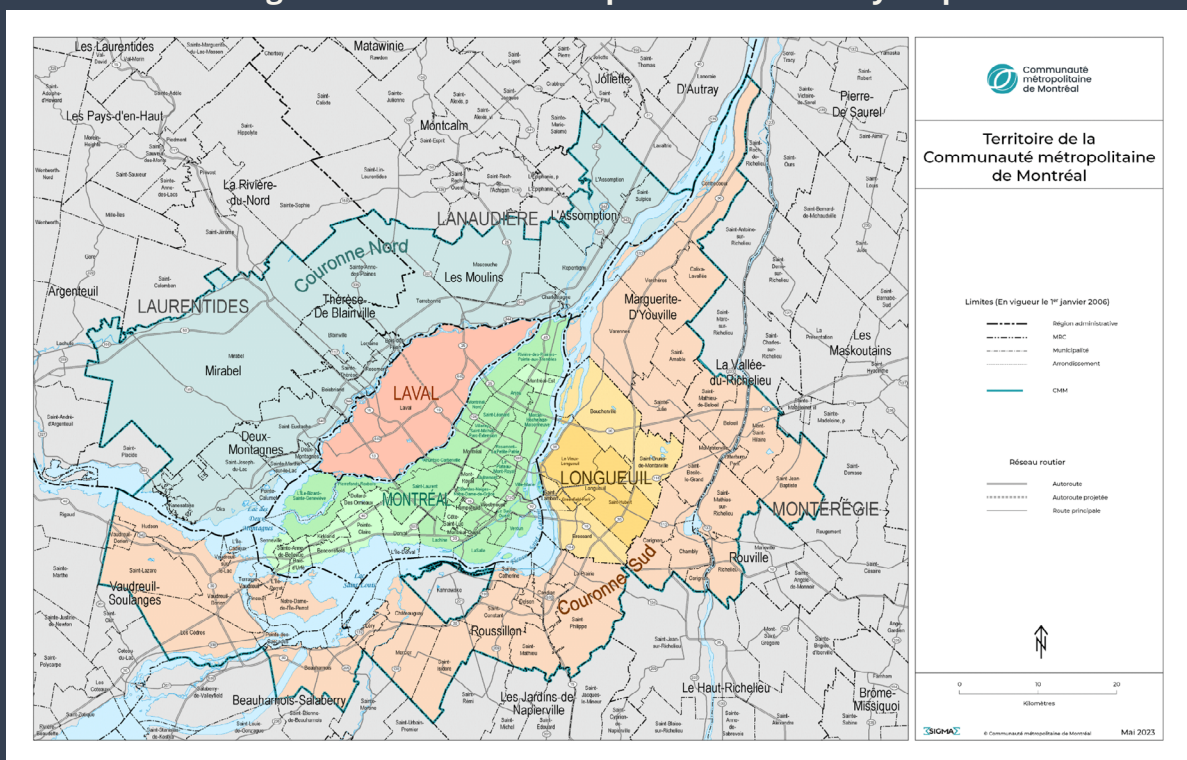
The program's historical productivity makes it possible to assess its underperformance in recent years. Indeed, even before the inflationary shock caused by the pandemic, AccèsLogis was beginning to show signs of fatigue and obsolescence, and the program's termination was announced by the Government of Quebec in 2023. However, the end of AccèsLogis presents an interesting research opportunity: what has changed, between 1997 and 2023, for a program that is exceptionally successful in the Canadian context to become so dysfunctional? This opportunity is all the more valuable because the program's successful operation helped create and sustain a rich ecosystem of cooperative and community housing professionals, from whom we can solicit insight informed by decades of experience.

In this study, conducted by Vivre en Ville in collaboration with McGill University and supported by the Balanced Supply of Housing Research Node, we look into the case of the Montreal Census Metropolitan Area (CMA) to examine the development of the non-profit housing sector, document the barriers to its growth, and guide public actors—both in Montreal and other Canadian metropolitan areas—in crafting new strategies and policies. This work was carried out in collaboration with non-profit organizations involved in the production, renovation, and management of non-profit housing stock. Four main objectives structure the project as follows: (1) to identify the financial, political and institutional barriers that hinder the implementation or threaten the survival of non-profit residential projects; (2) document financial, legislative, and regulatory solutions to address barriers faced by nonprofits; (3) develop context-sensitive guidelines and recommendations aimed at public actors to reduce or eliminate barriers to nonprofit production; and (4) create a training offer for public actors who wish to revise their strategies and policies to support non-profit residential production.

2. Study Area: The Metropolitan Community

The Montreal CMA, as defined for statistical research purposes, is not a particularly coherent geographic framework for studying the institutional barriers to non-profit housing. Indeed, its boundaries do not represent any territory governed by a single set of regulations or subject to the democratic governance of a single electorate. It would be unproductive to limit our study to the strict boundaries of the City of Montreal, since it is made up of several boroughs that each have distinct zoning bylaws and municipal powers. For its part, the Agglomeration of Montreal is also made up of several municipalities distinct from the City of Montreal, which share the territory of the Island of Montreal. This is why the Communauté métropolitaine de Montréal (CMM) was chosen as the area of focus for the study.

Figure 1: Montreal Metropolitan Community Map



Credit: Communauté métropolitaine de Montréal, 2017.

The CMM is an institution that brings together 82 municipalities in the Montréal region to ensure regional integration in land use planning, economic development, environmental protection, public transit, and social housing. It provides a coherent territorial framework, since the CMM holds significant planning and administrative powers, such as the development and implementation of the *Plan métropolitain d'aménagement et de développement* (PMAD), which all member municipalities must adhere to.

Since its inception in 2001, improving access to housing has been central to CMM's mission, and it plays an important role in providing financial support for housing programs. The CMM allocates between 30% and 50% of its annual budget to the *Fonds du logement social métropolitain*. This fund, unique in Canada, reimburses municipalities for their contributions to social housing and ensures an equitable distribution of funding across the region. It is also used to support municipalities when they choose to pre-empt market buyers in real estate transactions, through a first right of refusal that they can declare on lots within their territories. In 2022, the CMM introduced its first Metropolitan Housing Policy, structured around three guiding principles, the first of which is to sustain and accelerate the development of the social and community housing stock¹. While the policy calls for increased financial efforts by the governments of Canada and Quebec, it also draws attention to the important role of municipal governments and the need for innovative strategies.

Several municipalities within the Montreal CMM were already actively seeking solutions to support non-profit housing. For example, in 2021, the City of Montreal introduced the *Règlement pour une métropole mixte*. This by-law, which iterates on the basis of an older inclusionary zoning policy, requires any developer who builds more than 450 m² of residential space to contribute to a share of social, affordable, and family housing, either in-kind or in lieu.

¹ The CMM's Metropolitan Housing Policy is organized around three guiding principles: (1) Sustaining and accelerating the development of social and community housing through predictable, sufficient funding and stronger municipal tools to support delivery; (2) Expanding a high-quality, affordable, and diverse residential offer by preserving affordability in the private housing stock, increasing its supply, and adapting it to the evolving needs of households; and (3) Fostering quality living environments through thoughtful densification by promoting inclusive, sustainable residential density and strengthening community resilience in the face of climate change.



3. The Point of Supporting Non-Profit Housing

In Quebec, although there is no official terminology and each government program has its own definitions, non-profit housing is generally understood as a form of housing that does not adhere to the pricing practices of the conventional real estate market, which is to say, prices adjusted based on speculation on future cashflows. It operates within a financial framework where housing is not based on rent extraction for the enrichment of a private owner. In this sense, it includes units that are owned, managed, or financed by the government, non-profit organizations, or cooperatives. While some literature refers to these forms of housing as 'non-market housing,' it is imperative to note that this term is erroneous—any type of housing, regardless of ownership type, has market effects as soon as it absorbs any amount of the aggregate demand for housing services. No unit that can be inhabited can actually exist outside the market in which it is situated.

Non-profit forms of housing have long played an essential role in Quebec's housing system. However, public investment in the construction and maintenance of these homes has declined significantly over the past 30 years. It is widely acknowledged that current funding levels are no longer sufficient and that new supply has not kept pace with community demand.

Sustained development of non-profit housing projects remains a powerful tool to ensure adequate housing for all. Rents for non-profit housing are less sensitive to speculative market dynamics, so expanding the non-profit housing stock can help temper market speculation overall.



Moreover, non-profit real estate developers, who do not account for profit margins in their financing calculations, are less sensitive to economic conditions than for-profit developers (who pause their projects if the return forecast is not profitable or otherwise too risky). In the context of the housing crisis, we cannot rely solely on for-profit real estate developers to address the housing supply gap. With skyrocketing housing prices in Quebec, it is imperative to change course and produce an abundance of non-profit housing. Achieving this requires political will at all levels of government. Funding for non-profit housing and development models must reflect the urgency of the current situation.

Unfortunately, non-profit housing producers are in competition with private developers for limited resources—materials, labour, and especially land. Given these limits, this competition threatens the viability of non-profit development projects, especially with the layering of institutional, political, and financial barriers non-profit developers face. Conditions for non-profit housing development are suboptimal, imposing additional costs that either increase rents or require more subsidies to maintain affordability. The key question is how to optimize each dollar invested to ensure the true productivity of public investments. Potential solutions include regulation, taxation, and governance reforms targeting entities operating in this sector.



4. Who is Non-Profit Housing For?

Beyond the obstacles presented above, non-profit residential development seems to suffer from an ideological constraint. The sector is often expected to serve those only in core housing need, reinforcing its identity as a social service. However, as the current housing crisis takes on new and severe dimensions, a broader reflection is emerging: should we aim to expand non-profit housing to reach a wider share of the population?

While the idea may seem morally contentious, it is important to note that, from a public affairs and advocacy perspective, it is by demonstrating the slide of the middle class into poor housing that we could secure resources to expand the non-profit housing stock. Indeed, in the context of a housing crisis, society is united by the challenges of financialization and speculation. Young professionals who want to form families are forced to lower their aspirations due to a lack of adequate housing. Seniors with a home are forced to stay in it, even though it is now too large for their needs and abilities.

However, it is absolutely necessary to layer these observations with the recognition of the insensitivity shown by society towards the unhoused and ill-housed. If it is now broadly accepted that there is a housing crisis, it is because it affects the middle class. However, many people have experienced episodes of homelessness, evictions, and abusive rent increases. In this sense, it is essential that non-profit housing actors mobilize their advocacy and research resources to raise awareness among decision-makers about housing issues that include the need for both affordable and deeply-affordable units.



5. Methodology

This study was conducted through three workshops and nine interviews with professionals who develop and operate non-profit housing within the territory of the CMM. Although the subject of social and community housing is one of interest throughout the world, the particularities of the Quebec context limit the scope of the possible learning from a simple literature review. That said, a review was nevertheless carried out to compare local experiences with phenomena and practices recorded internationally.

To recruit our expert practitioners, we have chosen non-profit actors working in the production, renovation, and management of non-profit housing stock in the Greater Montreal Area. The pool of participants was relatively strong thanks, in part, to the legacy of the AccèsLogis program, whose funding had enabled the development and retention of professionals specializing in community housing. The majority of these professionals work in organizations called Groupe de ressources techniques (GRTs), which act as intermediaries between housing construction subsidy programs and the community groups carrying out housing projects. Some participants were also municipal employees supporting the development of non-profit housing.

The workshops were designed to explore the main barriers to non-profit housing production, as well as the solutions that could help overcome them. Each session included a literature review followed by a discussion with the participants. The discussion revolved around these questions:

- What challenges do you face as a non-profit housing developer or manager?
- What are the main solutions you are aware of to address these challenges?
- What do the issues [identified in the literature] mean to you? How do they compare to the issues you've encountered?
- What do you think of the proposed solutions [identified in the literature]? How do they compare to the solutions you've encountered?
- Have you ever reached out to public actors to encourage the implementation of these solutions or other solutions? What kind of response did you receive?
- Do you think certain solutions have more potential to move forward at the political or administrative level? If so, which ones?

As for the interviews, they took place in a semi-structured format over a period of 30 minutes. The discussion focused on the following questions:

- How do you view the efficiency of the permit delivery process in general?
- How could the process be more efficient?
- What actions have you taken in your municipality regarding permitting? What did you find? What solutions did you propose?

These sessions produced valuable data on the non-profit housing situation in Montreal, chiefly about its conjunctural, institutional, and systemic challenges. These insights will help scholars, advocates, and interested parties in creating coherent recommendations to overcome the identified barriers. The recommendations themselves could be packaged into a portable training program for public actors wishing to advance the construction and maintenance of non-profit housing in their jurisdictions.

As to not jeopardize current or future negotiations with public actors, we agreed to grant our participants confidentiality for this report. The comments cited in this report are therefore anonymous. We do not believe the report is negatively affected by this measure, as the participants demonstrated a notably shared understanding of the issues at stake, with no significant divergence between different them regarding challenges and potential solutions.



6. Barriers to Non-Profit Housing Development

Although this study focuses on the institutional barriers to the production of non-profit housing specifically, these barriers must be understood as stemming from the general nature and organization of Quebec's institutions. They are not necessarily created by these institutions but are the result of a systemic logic. Moreover, while influencing each other and situated within a broader context, these barriers take different forms and affect the development of non-profit housing in various ways. As a result, we have identified three types of institutional barriers: financial, political, and organizational.

6.1 Financial Barriers

Historically, non-profit housing production has been closely tied to government funding programs. In Quebec, the AccèsLogis program has been the main source of funding offered by the Société d'Habitation du Québec (Quebec Housing Society) since its creation in 1997. The program was designed to help municipal housing authorities, non-profit organizations, and housing co-operatives create rental units for low-income households (SHQ, 2022). While AccèsLogis has been a significant contributor to non-profit housing projects, the Quebec government significantly reduced the program over the past ten years, beginning in 2015 when the program's funding was cut in half (Vaillancourt et al., 2016) before the government discontinued it entirely a few years later.

In 2022, the Government of Quebec announced the creation of the Programme d'habitation abordable Québec (PHAQ), a new source of funding for affordable rental housing projects. Unlike AccèsLogis, which was limited to non-profit organizations and cooperatives, the PHAQ is also open to private sector developers. This means that, without a dedicated program for social and community housing developers, non-profit providers will have to compete with private developers, who have more resources and capacity to access provincial funding (Deschatelets, 2022).

In addition, most non-profit housing projects require additional funding to cover financial needs that are not met by government programs. This funding can come from a variety of sources, such as private, public, or civil organizations. The criteria for obtaining a loan are nearly the same for non-profit organizations and private developers. Funders assess the viability and risk level of a proposed project. Loan amounts are then determined by a project's ability to repay the debt. Projects with high net revenue will be able to obtain a larger loan (Gaudreault and Bouchard, 2002), and non-profit actors do not have the same income-generating capacity as for-profit private developers. Indeed, large financial institutions have historically been reluctant to provide loans for projects that are not profit-driven (Bouchard and Gaudreault, 2008). The fact that non-profit housing projects are generally considered risky investments means that public support is still necessary for this type of project.

Moreover, residential construction costs in Montreal have increased between 7% and 18% since 2018 (Altus Group, 2023). Over the past 20 years, land prices have also increased by more than 200% (CMHC, 2018). The increase in land values can be attributed to a variety of factors, including high housing demand, speculation, lack of adequate supply, and slow construction (Schechter, 2022). With limited public funding and rising construction costs in recent years, development opportunities are limited, and the viability of non-profit residential projects is under threat. It should be noted that financial barriers become major issues when they are compounded by political and organizational barriers.

6.1.1 Lack of funding or misallocation of resources?

The first issue raised by most players in the non-profit housing sector is that there is not enough money to meet existing needs. While funding amounts are far from sufficient, respondents were more concerned by how the available funding was being allocated. Funds have either not been spent or have been misallocated. In one of the workshops, a participant reported:

“There is \$150 million in a fund called Capital Social d’Investissement Immobilier (CSII), which was allocated two years ago from the federal and provincial governments. There is zero chance that these funds have been spent. There is \$175 million in government subsidies that was given to Desjardins for social housing. As far as we know, it hasn’t been spent either. [...] It is a bit shocking how Quebec has not spent funds from the National Housing Strategy in line with the presumed capacity of the community housing sector. Quebec has the most structured non-profit housing sector, but we have not managed to access that money. All the money has been put into renovating existing social housing or giving subsidies to households rather than into constructing new non-profit units.”

There was also a need for funding programs that covered development costs. Development financing, which includes pre-construction expenses like land acquisition, architecture, and expert advisor costs, presents a real challenge for the construction of new non-profit housing because it is the riskiest investment phase, and subsidies often do not cover these expenses. One of the participants in our workshops spoke at length on the issue:

“The AccèsLogis program covered development costs, but PHAQ only accepts projects ready to build within 12 months, meaning development costs must already be paid before the project is submitted [...] Everything you spend from land purchases to the time you get the zoning change is the riskiest investment phase. It falls into the category of development financing that no one currently funds for non-profit housing. Private developers put their own money into this step. For non-profit actors, they need organizational capacity to free up funds for land purchases.”



6.1.2 New co-investment logic

Final financing, including construction-related expenses, often comes from government programs and loans. Recently, there has been a shift toward co-investment between levels of government. This logic can become a barrier when municipalities have to take on a larger share of the financial burden without access to additional funds, making non-profit housing projects dependent on local political will. One of the professionals surveyed as part of the study noted:

"In the co-investment funds, there must be another level of government that participates. Sometimes, the definition is very loose. It can just be regulatory acceleration by the municipality, and that is considered sufficient. But in the new provincial programs, the requirements for municipal funding are much higher. So, it creates conditions where you can have, for example, provincial funding for a project but you can't spend it because the municipality can't afford its share or vice versa."

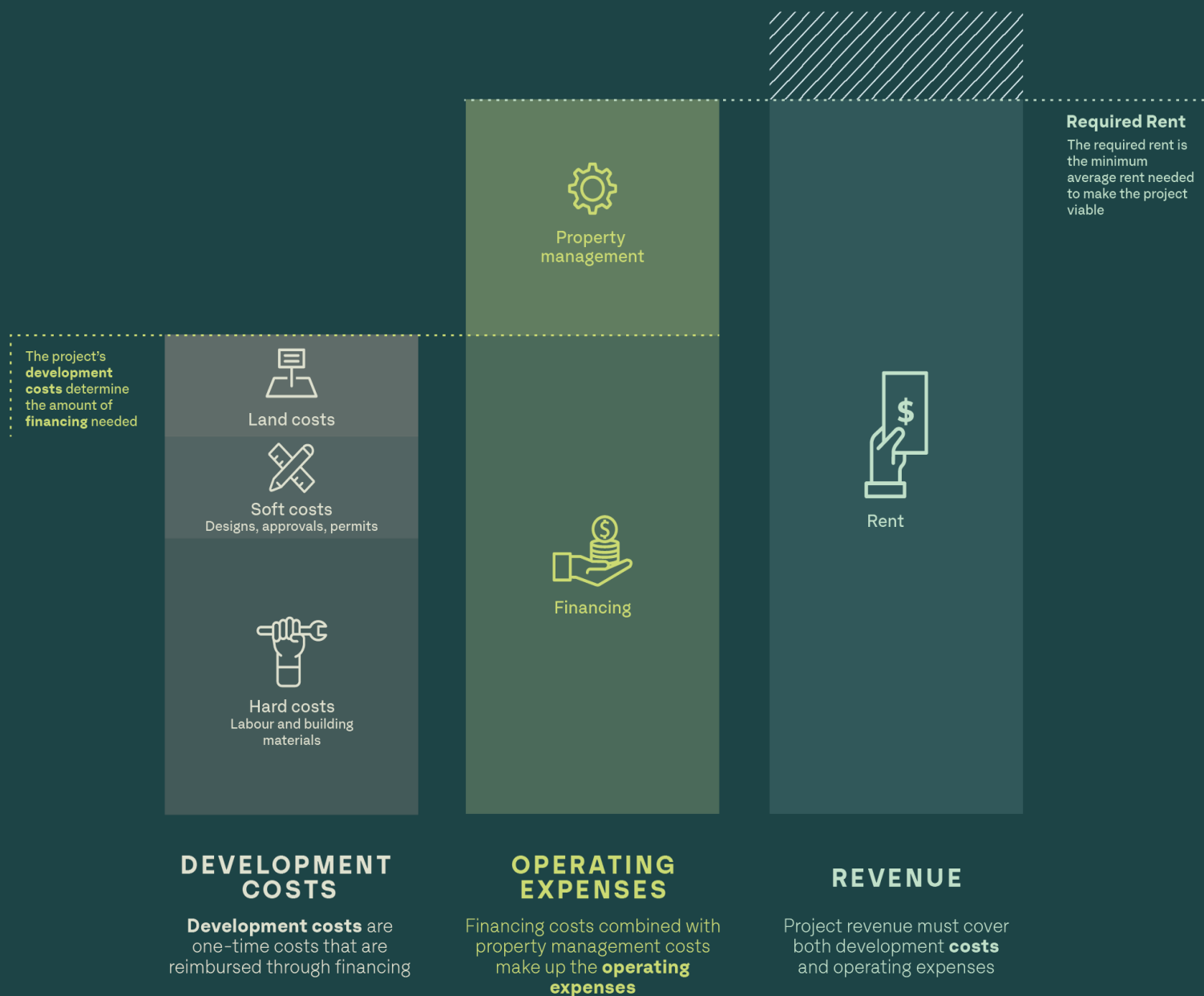
6.2 Political Barriers

Local policies play a critical role in the development process of non-profit housing projects. Through laws and regulations, municipalities can impact the amount of land available and the feasibility of projects (Glaeser and Gyourko, 2002). In Canada, restrictive zoning regulations have often been cited as a barrier to housing affordability. For example, 63.5% of residential land in Toronto and 80.5% in Vancouver is reserved exclusively for single-detached homes, which are generally inaccessible to low-income households (Whitzman et al., 2022). Montreal is a notable exception, where multi-residential buildings dominate the urban form, which is an important reason why Montreal has a higher proportion of rental units compared to the rest of the country.

The increased construction of condominiums in the early 2000s created a new challenge regarding land access for rental housing developers in general, and non-profit actors in particular. Hulchanski (2007) describes how, prior to the legalization of condominium construction in the 1970s, any land zoned for multi-residential buildings was limited to the construction of rental housing. Today, however, rental developers, whether for-profit or not-for-profit, are competing with condominium developers for land (Prince, 2021). In addition, developers who build condominiums generally have better access to capital and resources, making it more difficult for non-profit actors to outbid each other without government assistance.

This competition between condominium developers, for-profit rental, and non-profit housing means that regulatory changes to facilitate residential development can lead to higher prices without differential treatment for non-profit actors. One of the professionals consulted during the workshops adds:

“In fact, if the City of Montreal revises its master plan to rezone certain areas for everyone, it will just increase the value of the land. The barrier at the regulatory level that we identified is the ability to seize land opportunities with the possibility of capital gains. That means being able to buy land at a better price than its fair value. That’s what we need to facilitate for non-profit housing.”



6.3 Organizational Barriers

In addition to financial and policy constraints, non-profit housing developers have varying levels of technical, administrative, and development expertise that can further impact their day-to-day operations (Campbell et al., 2015). High rates of employee turnover, recruiting workers with the skills needed to support housing development, and the loss of organizational memory can also be barriers (Fraser et al., 2022). In addition, the majority of existing non-profit housing was built in the 1970s and 1980s and therefore requires a lot of maintenance and renovation. This means that more resources are allocated to maintaining the existing housing stock than to investing in the construction of new developments.

6.3.1 Limited organisational capacity for innovative financial arrangements

Actors in the production of non-profit housing have historically had a strong capacity to access and manage subsidies and operate housing units. Despite this, their ability to maximize loans in financial planning and to secure development financing is much more limited, considering that for years most of the financing in Quebec has been channeled through AccèsLogis. With the elimination of this program, non-profit housing organizations are de facto encouraged to optimize their capital and explore new avenues. While many promising financing schemes have been documented overseas, such as preferential lending for non-profit projects and bullet loans, development professionals are evidently bound by the availability of existing credit instruments in the Canadian context.

6.3.2 Rigidity in procurement processes

The non-profit housing development sector does not have a singular capacity to innovate in construction methods and delivery models, and its expertise in cost control is limited due to the rigidity of funding programs. This barrier is partly regulatory—programs often require working with the lowest bidder in service tenders—which limits non-profits' ability to develop internal or partner expertise by choosing third-party collaborators based on criteria beyond price alone. One expert provided the following observation:

“We need to be more precise about the problem of costs. Because it’s not automatically a problem—it becomes one when you don’t have the ability to turn to the same trusted professionals. Not being able to build a long-term working relationship with providers often ends up being more expensive, because you end up with the least competent contractors or the most exploitative. The initial price may be lower, but the final cost is higher. Private developers, they have their architects, their engineers, so they know who works well, who gives them good cost control.”

The rigidity highlighted by the participants is not only burdensome, but it's also growing in several ways. Experts with the longest experience working with funding programs unanimously identified the gradual increase in standards and requirements as a key institutional obstacle. As reported by a workshop participant:

"When we started working with AccèsLogis, the program guide was 30 pages long. It was easy, we had a project, we did it. Now there is no one who prints the guide anymore because it is a thousand pages long. They've been adding constraints and obligations for 30 years, and it takes someone working full-time just to understand the rules to get funding. Sometimes it's for good reasons, but there are plenty of rules that only exist to create work for program administrators."

The weaknesses and shortcomings of the AccèsLogis program are not major obstacles to the future of non-profit housing, given that the program has been discontinued. The programs that are set to replace it as the main funding mechanisms for non-profit housing are not, however, immune to the same proliferation of requirements and prescriptions that made AccèsLogis impractical.



7. Existing Solutions to Overcome these Barriers

There is no one-size-fits-all solution to the systemic problems blocking the production of non-profit units. Rather, through a review of internationally applied methods and discussions held during the workshops and interviews, it is possible to highlight the plurality and diversity of tools used by various housing stakeholders. To this end, the list of solutions presented in this report is not exhaustive and cannot fully ensure the development of non-profit housing; in a housing market that allows and encourages real estate speculation, the development of non-profit housing is de facto discouraged. Thus, the solutions proposed in this report are levers designed to offer a competitive advantage to this market segment.

7.1 Facilitating Access to the Land

Land acquisition, with its associated costs, is an important issue in non-profit housing development projects. Public actors can support non-profit developers in their land acquisition efforts in various ways.

First, they can transfer public land, free of charge or below its fair market value, to non-profit developers. According to a study in Vancouver, reducing or eliminating land prices can reduce development costs by up to 25% (Coriolis and Wollenberg, 2019). Public actors can also authorize the transfer of ownership of the land to be made once the project is completed. This approach reduces the initial capital that non-profit developers must have. This strategy is used in the United Kingdom (Great Britain Department for Communities and Local Government, 2011).

Second, rather than selling public land, governments can proceed with a long-term lease, which means using land lease agreements to reduce the costs of non-profit housing development projects. Through this strategy, the government remains the owner of the land while transferring its rights of use to non-profit developers under a long-term lease, usually between 50 and 99 years. These leases of public land are a practice that has long been used in different countries such as Singapore, Austria, France, Sweden, and the Netherlands.

Finally, governments and municipalities can acquire the land on the private market and set it aside for non-profit housing developments. The right of first refusal, which gives priority to municipalities in purchasing property, is a tool for replenishing public land reserves.

7.2 Regulatory Reform

Regulatory framework can facilitate and encourage the construction of non-profit housing projects. Inclusionary zoning and differentiated zoning are two strategies policy makers can leverage to facilitate non-profit development.

Inclusionary zoning is a strategy that requires or encourages private developers to include various forms of housing at a discounted price in their residential development project. The literature on inclusionary zoning suggests that while these policies may increase the supply of affordable housing, they may have negative effects, such as increasing the prices of remaining residential units (Hamilton, 2021). In a study of inclusionary zoning strategies in the United States, Wang and Fu (2022) find that the most effective inclusionary zoning policies are those that were mandatory, older, and covering the entire territory. While some units produced through incentive zoning are transferred to non-profit organizations to manage, the success of the strategy ultimately relies on the involvement of the private sector.

Differentiated zoning includes policies that grant specific approvals to certain types of residential development projects in areas where they are not typically permitted. In this context, layering zoning for non-profit housing on top of existing regulations is an effective strategy to support the construction of this type of housing. This strategy can be seen as an additional rule to the existing zoning bylaw, granting greater density to non-profit housing projects (Butler, 2022). This tool allows non-profit developers to reduce the cost of development per unit and lower the rents charged afterwards, thereby creating a competitive advantage over private developers. Differentiated zoning can also be applied to tenure models, requiring the construction of rental housing in certain areas.

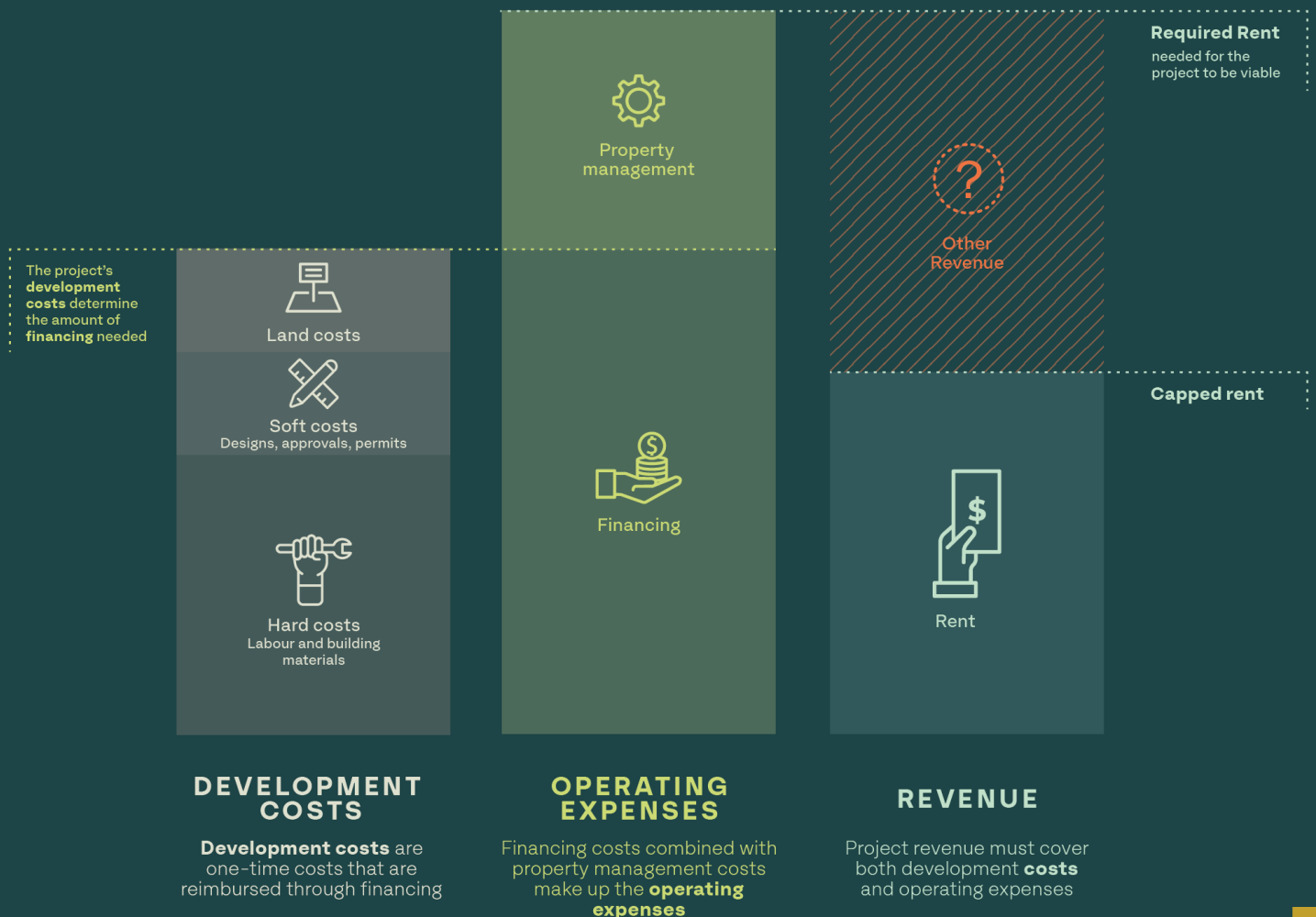


7.3 Reduce Development Costs

Part of development costs comes from delays in the permitting process and municipal fees. Local governments can reduce development costs for non-profit developers by streamlining this process and eliminating certain fees.

Implementing an expedited permitting process for non-profit residential development projects can shorten delays and help avoid additional costs (Chau and Atkey, 2022). To ensure that the process does not add any further administrative burdens, local governments can assign staff to facilitate navigation through the expedited process (Adamo, 2016). By making it easier to obtain the necessary permits and approvals, the non-profit housing construction process can become more transparent while saving time and money.

Local governments can also reduce the costs of non-profit housing development projects by granting them exemptions from charges and levies. Common financial incentives include reducing or eliminating development fees, permit fees, and property taxes (Adamo, 2016). While these fees are sources of revenue for municipalities, they impose significant financial barriers to non-profit housing development (Chau and Atkey, 2022). In Montreal, eliminating government charges on development can reduce total construction costs by up to 12% (CMHC, 2022).



8. Recent Advances in Housing in Montreal

Since the beginning of our research in 2022, several advances in housing have occurred in Montreal and Quebec. We have identified five major advances related to the professionalization and increased credibility of the non-profit residential construction sector, the creation of competitive advantages for non-profit projects over private ones, and improved access to land.

First, the *Alliance des corporations d'habitations abordables du territoire du Québec* (ACHAT), which had just been established as we began this research, has become a credible leader in non-profit housing and has successfully unified the non-profit real estate development sector². Through ACHAT's work, organizations can benefit from professionalization services and can present a united voice to advocate for local communities. This has made it possible to create consensus around setting a minimum target of 20% non-profit housing in the Quebec residential real estate market.

Second, as part of the CMHC's Housing Supply Challenge, many Quebec organizations based in Montreal have been able to stand out and secure significant funding to support their projects, including ACHAT, the *Unité de travail pour l'implantation de logement étudiant* (UTILE), the *Association des Groupes de Ressources Techniques du Québec* (AGRTQ), and *Village Urbain*. These organizations gained national visibility and showcased the maturity of their innovations in addressing challenges related to professionalization, modular construction, capital acquisition, and alternative tenure models. Given that the majority of projects funded by the Housing Supply Challenge are still being implemented, an analysis of the results cannot be undertaken as part of this study.

Third, the *Loi modifiant diverses dispositions législatives en matière d'habitation*, known as Bill 31, adopted in February 2024, amends numerous provisions concerning, among other things, the relations between landlords and tenants, the powers of the Administrative Housing Tribunal, and the regulatory approval process for residential real estate projects. Regarding the latter, section 93—also known as the housing superpower—grants municipalities with more than 10,000 inhabitants and a vacancy rate of less than 3% a temporary power to authorize housing projects consisting mainly of social, affordable, or student housing. As of April 1, 2025, the superpower has been used 11 times in Montreal, with about half of the projects located in outlying areas. However, while the superpower does allow for the growth of the non-profit housing supply, it remains a risky tool given that it does not directly address the systemic barriers to developing such projects and only addresses them on a case-by-case basis. Instead, the focus should be on updating community plans, by-laws, and the municipal work process.

Fourth, interest in differentiated zoning has grown greatly in recent years in Montreal. Initially inspired by an initiative in Massachusetts called the *Affordable Housing Overlay*, this tool allows the construction of social or affordable housing by establishing alternative zoning standards, excluding use regulations. In other words, differentiated zoning is a by-law that is superimposed on the usual zoning by-law. It is thanks to the work of the *Laboratoire pour l'abordabilité du bâti* (LAB) that the first differentiated zoning regulation in Quebec was adopted in Montreal's Ville-Marie borough. The coming years will be crucial in assessing the viability of this tool, its adoption by the broader non-profit housing sector, and its uptake by other municipalities and boroughs.

² 25 organizations have joined ACHAT's mission.

Fifth, while the cost of land continues to strain non-profit housing developers, many public actors have mobilized to offer various land banks to be transferred for non-profit housing purposes. In 2024, the City of Montreal unveiled its *Policy for the Transfer of Municipal Buildings for Non-Market Housing*, including an interactive map to visualize the municipal properties available for acquisition. Similarly, the federal government has published the *Canada Public Land Bank* and the Société d'habitation du Québec has launched the *Directory of Government Surplus Buildings*. These platforms aim to facilitate the acquisition of quality land at advantageous prices and promote collaboration with public authorities. As this is a very recent development and non-profit housing projects can take nearly a decade to complete, the benefits will take time to materialize.

"We're buying more land than we've ever bought, faster than we've ever bought, at higher prices than ever before. That's because we've found solutions to all the other barriers, including regulatory, political, and capacity issues. We have always worked on the assumption that there is money. Financing is not the obstacle. Every time we've proposed a project, we've funded it, 100%."

These developments, while sometimes still in the early stages, sketch out a promising future for the presence of non-profit housing in the residential real estate market. It will be important to monitor these trends in the coming years to evaluate progress and the benefits resulting from these advancements.

9. Contextualized Pathways and Recommendations

Insights gained through this study help identify potential solutions to overcome institutional barriers specific to Montreal's context. They also open the door to broader reflections on the opportunities available to the non-profit housing sector in general.

First, it is worth noting that in Quebec's context, the terms 'non-profit housing' and 'subsidized units' are functionally synonymous. If non-profit housing cannot be developed without financial subsidies from various levels of government—due to the many barriers—then it is, by nature, subsidized. In theory, a non-profit housing developer could leverage its existing properties to finance new project planning, but that would require a sizable real estate portfolio. In reality, with the backlog of planned but underfinanced projects, developers will remain chiefly concerned with subsidized housing over the short term.

Additionally, creating a favorable environment for the development of non-profit housing in Montreal requires a comprehensive vision of housing and urban planning. Close collaboration between non-profit developers and public authorities is crucial. A shared language must be adopted across the sector, and public authorities must take a series of targeted actions to give non-profit organizations a competitive advantage. In order to habilitate actors in the non-profit sector to act upon financing or development opportunities—land acquisition, capital recycling, mixed use or mixed market projects—it is imperative to improve access to funding, particularly in the pre-development phase so that non-profit developers don't have to take on all the development risk themselves. Most new programs announced by federal and provincial governments require that proposed projects be in an advanced stage of readiness to qualify for funding (commonly referred to as 'shovel-ready'). While there is a pipeline of such projects, they are only possible thanks to prior pre-development work. Without a reliable and predictable source of funding for land scouting, acquisitions, studies, and initial design work, future non-profit projects will be unable to qualify for active and upcoming financing programs.

Given the growing interest in differentiated zoning, a large-scale rollout of this tool is recommended. When applied across an entire territory, it unlocks previously untapped potential without adding burdens for project developers. It can also be adopted alongside incentive-based zoning regulations, thereby supporting both for-profit and non-profit housing construction. Though currently implemented in Ville-Marie, this regulation must be adopted throughout the territory so that benefits gained there can also help mitigate territorial inequalities elsewhere.

With regard to the temporary power granted by section 93 of Bill 31 (concerning the authorization of housing projects consisting mainly of social, affordable, or student housing), it should not be renewed beyond the set expiration date of February 21, 2027. Although many non-profit projects have been facilitated by the superpower, effective urban planning cannot be accomplished without a long-term vision. The tool serves a short-term purpose; municipal governments are currently revising their planning tools—such as the *Plan métropolitain d'aménagement et de développement du Grand Montréal* and other *Schémas d'aménagement et de développement*—based on the new *Orientations gouvernementales en aménagement du territoire* (OGAT), which came into effect on January 1, 2025. In this context, the superpower is more of a band-aid than a cure. Unlike differentiated zoning, it does not offer a coherent method for accelerating municipal project approvals.

The last important takeaway shared by experts is the critical need for flexibility and agility during the pre-development and development stages. Developers are frequently slowed down by strict procurement rules, rigid building requirements, or inflexible sequencing tied to financing programs. Even when these requirements appear justified, they tend to complicate the non-profit development process compared to private development, inadvertently making subsidized housing riskier and more expensive than conventional housing. Financing programs must ensure real flexibility for project developers so they can seize all available opportunities to improve their productivity.



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