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MONTREAL CITY HALL SHOULD STAY OUT OF THE HOUSING MARKET

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The municipal administration recently stated its intention to increase the number of social and community housing units in the city,¹ with Mayor Plante herself saying she was convinced that Montreal “can no longer afford, as a large city, to rely on the market.”² Yet, the current administration’s mismanagement of social housing, and the damaging effects of its own policies and bureaucratic red tape imposed on private developers, do not make a strong case for expanded municipal involvement in the housing sector.

THE POOR MANAGEMENT OF GOVERNMENT SOCIAL HOUSING

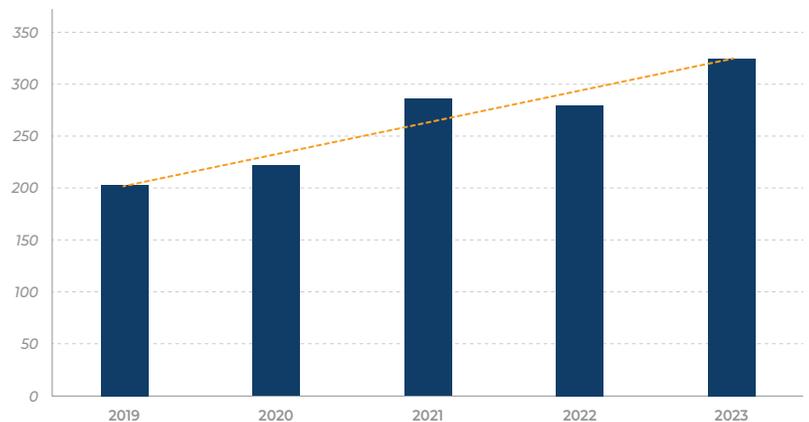
While the mayor wants to expand the City’s involvement and displace a larger portion of the market, the administration has actually had a hard time fulfilling its current, much more modest housing role. In particular, it has been unable to properly manage the social housing units it already owns.

The Office municipal d’habitation de Montréal (OMHM) is responsible for the regular inspection and upkeep of 20,810 social housing units (Habitation à loyer modique, or HLM) in 838 buildings. This represents 2.3% of the city’s current housing stock.³

Yet, since 2019, the proportion of this social housing in disrepair has increased dramatically from 47.6% to 79.2%.⁴ As for the share of this housing in “very poor” condition, it almost quintupled, from around 10% to 48.5%. This deterioration affects many Montreal households living in poverty, who suffer the consequences of the City’s mismanagement. It is worth not-

Figure 1

Average residential construction permit issuance time for new units in Montreal, days



Note: Data on permit issuance times in the borough of Outremont were omitted, as they were highly irregular two years out of five.
Source: City of Montreal, Request for access to information, May 9, 2024.

ing that the OMHM has only been able to carry out 30% of the preventive inspections it is required to do to ensure that housing is adequate.⁵ Several other shortcomings have been noted in the management of this para-municipal organization, such as the absence of transparency in the processes for allocating an HLM,⁶ but this has not prevented the Plante administration from reiterating its support.⁷

In order for low-income housing units to really support those who need them, they have to be in decent condition. As the City fails to ensure that the housing stock it is presently responsible for is in good condition, having it play a greater role in the housing market would be a misallocation of resources, with negative

consequences for the overall housing situation in the city.

HINDERING PRIVATE DEVELOPMENT

Given that it would be counterproductive for the City to take the place of private market developers, then clearly those developers need to build more units. Yet, the City is actively putting barriers in their way, making it harder to build in Montreal.⁸

First, delays in the planning and construction process increase uncertainty and the risks involved for developers. One source of such delay which has impacted housing development in Montreal is the time it takes to obtain the permits required to even begin construction. The time needed to get a building permit has gone up across many of the city's boroughs.⁹ In just five years under the current administration, permit issuance times city-wide have increased by more than 120 days¹⁰ (see Figure 1). In Mayor Plante's own riding of Ville-Marie, the time it takes to obtain a permit has more than doubled, from 210.1 days to 539.8 days.

One effect of long waits for building permits is increased costs, as noted by the CMHC.¹¹ Another is slower housing growth, with one study finding that an additional six-month delay was associated with a 3.7-percentage-point decrease in housing stock growth, or more than half of the average growth in the study sample.¹²

Second, the current administration has a history of restricting the ability of developers to build new housing. An MEI study found that no fewer than 23,760 units were obstructed by the City between November 2017 and June 2023.¹³ The case of the Bridge-Bonaventure project, where the number of possible units has been halved, illustrates the effects of such obstruction on the housing market.

Finally, there is the 20-20-20 legislation that aims to manage the mixture of unit types for new development projects. Even with the 2024

changes to the 20-20-20 bylaw, which removed the requirement for social housing for new buildings, this legislation adds a de facto tax on the construction of new units in targeted zones.¹⁴ This reduces affordability, making those properties that do get built less accessible to buyers.

All of these regulatory obstacles take opportunities out of developers' hands to decide the best allocation of resources in the city's housing sector, inevitably driving up the price of housing. Given the growing unaffordability of housing in Montreal, the last thing that's needed is for the current administration to expand its role in the housing market. Rather, it needs to stop hindering developers in their efforts to build more housing.

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