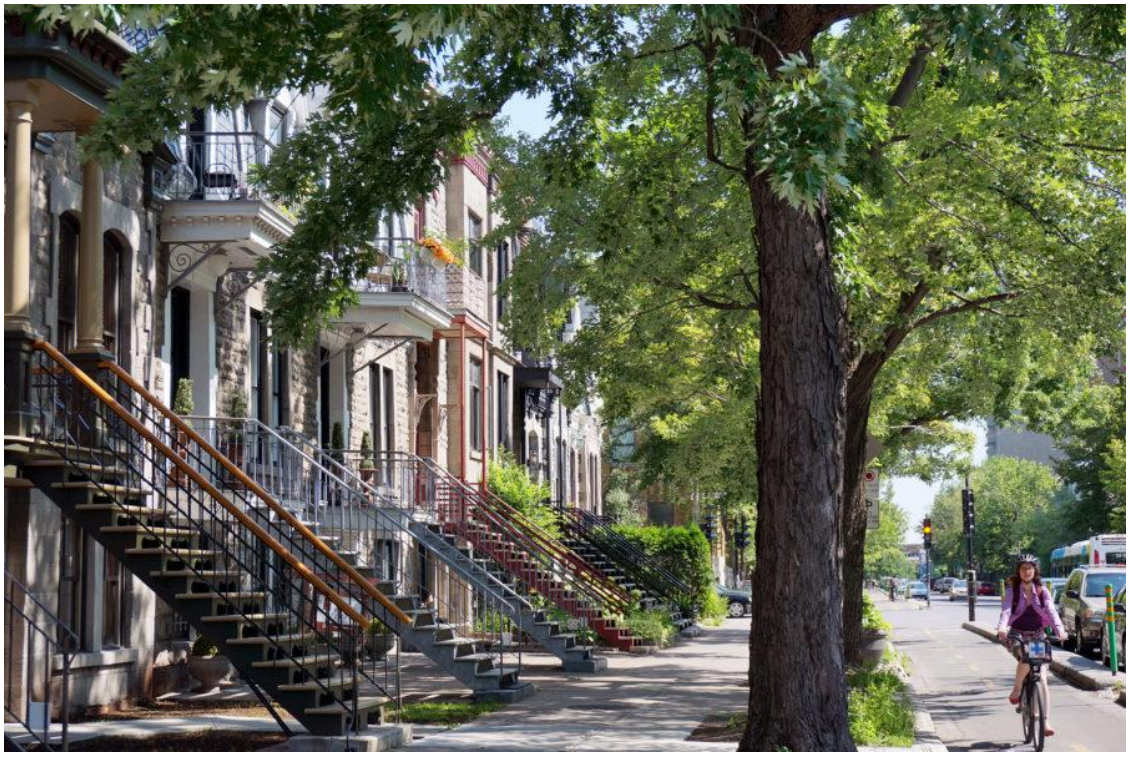
VICTORIA Transport Policy INSTITUTE
EFFICIENCY • EQUITY • CLARITY

www.vtpi.org
Info@vtpi.org
250-508-5150

Learning from Montreal: An Affordable and Inclusive City

Leçons de Montréal : Une Ville Abordable et Inclusive

21 December 2025
Todd Litman
Victoria Transport Policy Institute



Montreal allows compact and lower-cost housing types – multiplexes, townhouses and low-rise apartments – on about two-thirds of its residential land, more than twice as much as most other North American cities. This creates affordable and walkable neighborhoods. C'est bon!

Summary

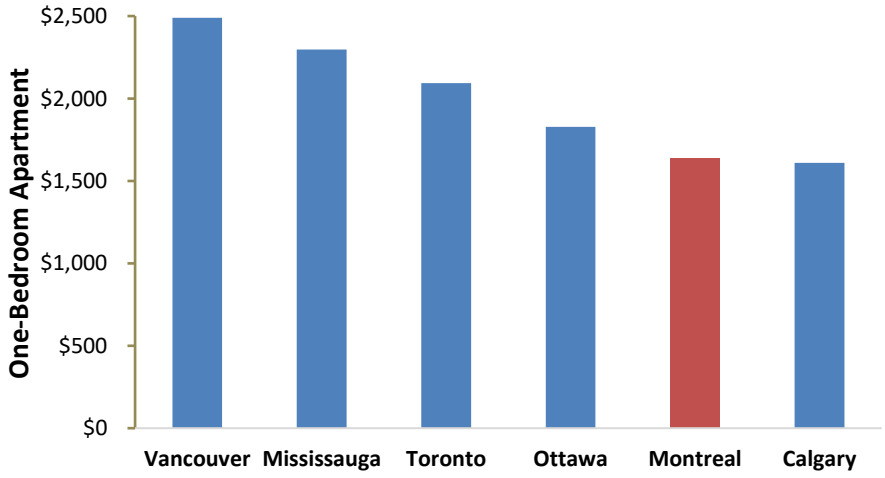
Montreal, Canada is beautiful, inclusive and economically successful, but also very affordable, with housing prices 20% to 40% lower than peers cities, plus low transportation costs. It also has an extremely low homelessness rate. This results from local development policies which allow compact, lower-cost housing types – multiplexes, townhouses and low-rise apartments – on most residential land. This creates a responsive market where it is easy to build moderate-price housing in walkable neighborhoods, resulting in an abundance of naturally occurring affordable housing (NOAH). In contrast, most North American cities discriminate against lower-cost housing types, which drives up costs and locates lower-priced houses in less desirable areas. Montreal shows how to create *une ville abordable et inclusive* (an affordable and inclusive city).

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Introduction

Montreal is nicknamed "plus belle ville au monde" ("the world's most beautiful city"), but it could also be named "the most affordable city." For evidence see websites which compare rent in various Canadian cities, as illustrated below.

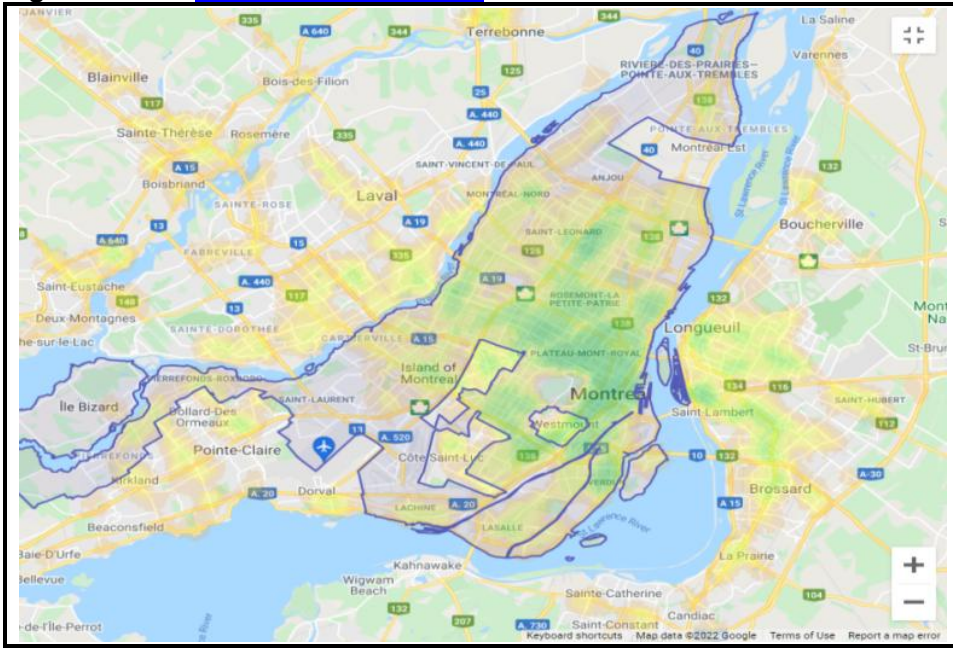
Figure 1 **2025 Apartment Rents** (www.rentseeker.ca/average-rent-prices-canada)



Montreal housing prices are 20-40% lower than other large Canadian cities, and because it has compact, walkable neighborhoods with good public transit, residents can minimize their transportation costs. This makes Montreal very affordable, inclusive and livable, and minimizes homelessness.

This and other sources show that Montreal's housing prices are consistently 20-40% lower than peer cities (LIC 2022), and because many affordable homes are located in very walkable neighborhoods with plenty of local shops, restaurants, parks, and convenient public transit (Figure 2), residents have great access, low traffic and affordable transportation, making neighborhoods very livable (OtU 2022). This also results in lower homelessness rates than peer cities, as described later in this report.

Figure 2 **Montreal Walk Score**

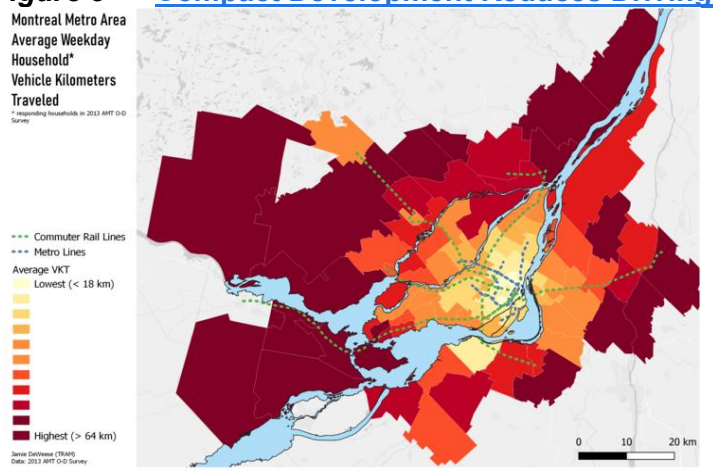


Central Montreal neighborhoods are very walkable and bikeable, and have good public transportation, making it easy to get around without a car.

(Green indicates Walk Score over 70, meaning that most common services and activities are easy to reach without driving).

Montreal has sidewalks and low traffic speeds on most residential streets (MacDonald 2023), extensive bikeways, one of the most extensive bus networks in North America (300 kilometers of dedicated bus lanes), plus a subway system. Central neighborhood residents drive less, spend money less on transportation, and produce less air pollution than in conventional, automobile-oriented neighborhoods, as illustrated to the right. This gives Montreal a lower overall cost of living (Mercer 2021); in Vancouver or Toronto a household must earn more than $70,000 annually to afford an average apartment, far more than the $50,000 typically required to rent a comparable apartment in a walkable Montreal neighborhood (Numbeo 2022). Because it is multimodal, Montreal can implement progressive transportation policies, such as restrictions on high-polluting vehicles, which would be politically infeasible in other North American cities (Blais 2022; OtU 2022).

Figure 3 **Compact Development Reduces Driving**



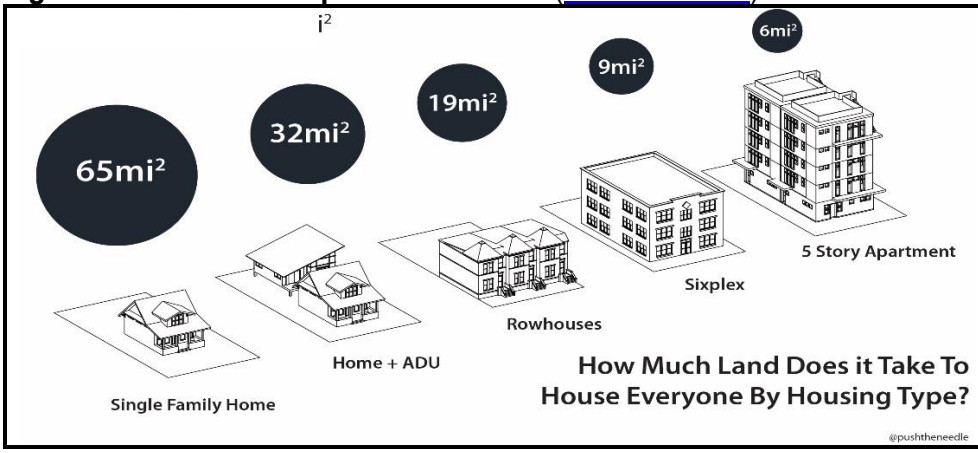
Central Montreal residents drive only about one-third the regional average, providing savings and benefits.

This combination of affordability, inclusivity and walkability gives residents more economic freedom and opportunity, better health, and better quality of life than in more sprawled and automobile-dependent areas, and supports creativity and local economic development (Ewing, et al. 2016; Litman 2022a). As a result, Montreal attracts diverse residents including young and old, rich and poor, physically able and impaired, natives and immigrants, English and French speakers, and lots of artists (Webster 2020).

The Magic of Montreal

What is Montreal's magic? It is simple: unlike other North American cities, Montreal welcomes affordable housing types – multiplexes, townhouses and low-rise apartments, together sometimes called *missing middle housing* – in most neighborhoods. Considering land, construction and operating costs, this type of housing is 20% to 50% cheaper per square meter than single-family houses. These housing policies respond to the needs of moderate-income households, reflecting the city's working-class roots which value affordability and functionality over status and image (Kennedy 2002).

Figure 3 **Land Required Per Home** (DiRaimo 2021)



Compact housing types reduce the amount of land needed per household, reducing land costs and habitat displacement, and create more compact, walkable neighborhoods.

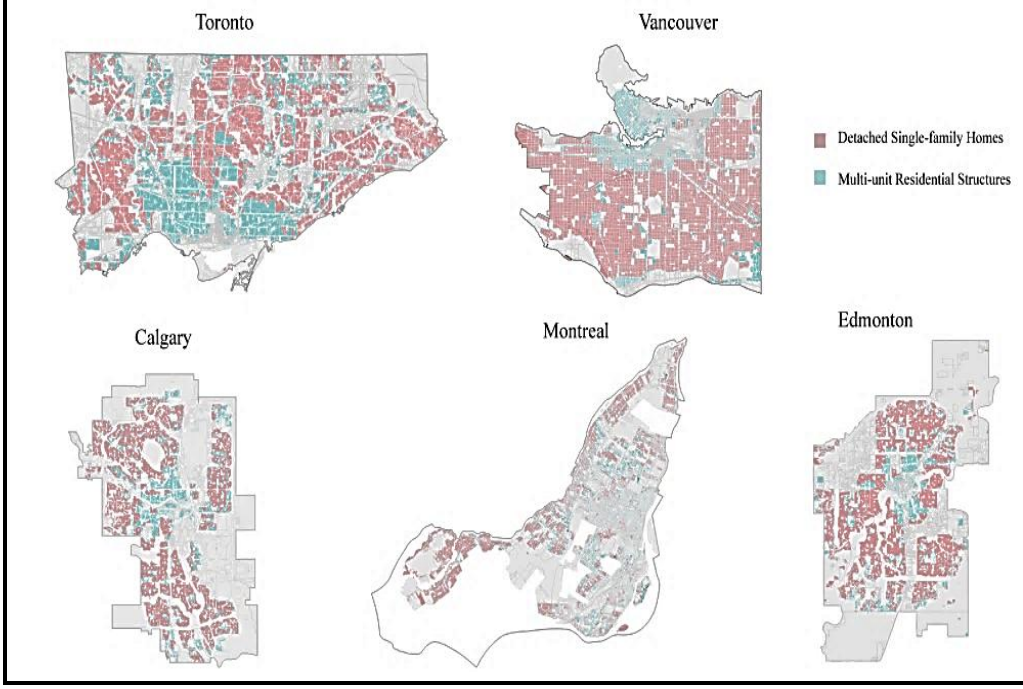
As a result, Montreal has a large supply of compact, moderate-priced townhouses and apartments, giving the city a European vibe (Andrew-Gee 2018). According to the 2016 census, 78% of Montreal residences are missing-middle housing types: multiplexes, townhouses and apartments in buildings with fewer than five stories, more than twice the portion in most North American cities (Shoag 2019). This housing pattern is a legacy of the city's turn of the century construction boom, which saw explosive population growth between 1890 and 1940, as numerous households immigrated from other countries or rural communities to work in the city's industries. The city's rows of duplexes, triplexes, and low-rise apartment buildings built quickly and cheaply by small developers (Kennedy 2002), as illustrated to the right.

Figure 5 **Typical 1924 New Housing**



Montreal allows multifamily housing on 54% of its residential land, more than twice as much as comparable cities, as illustrated below. In addition, most cities charge numerous development fees and approval requirements from various agencies, such as design review, traffic impact studies and off-street parking minimums that add tens of thousands of dollars per unit, plus delay and uncertainty. Montreal had minimal fees and fewer approval requirements (Polèse 2020). High development fees and regulations tend to favors larger developers and more expensive projects; Montreal's lower costs and greater flexibility favors smaller developers who build smaller, more affordable projects. These policies allowed hundreds of builders to create tens of thousands of multifamily housing units, resulting in a competitive market for affordable homes (Phillips 2021).

Figure 4 **A Visual Guide to Detached House Zones in 5 Canadian Cities**



Montreal allows multifamily housing on 54% of its land base, about twice as much land as comparable Canadian cities, and eliminated parking minimums in central neighborhoods. This helps explains why it has such affordable housing and compact, walkable neighborhoods.

These policies result in diverse housing types – single-family, multiplexes, townhouses and multifamily – all mixed together in compact and very walkable neighborhoods. Other North American cities relegate multifamily housing to less desirable locations and impose regulations and fees that discourage lower-cost infill developments. According to Professor Mario Polèse's article, "How One City Makes Housing Affordable: The Montreal Example,"

> Montreal's housing stock is visibly more affordable. The percentage of owner households spending more than 30 percent of their income on shelter costs was 20 percent in Montreal, compared with 27 percent in Toronto (16 percent and 27 percent, respectively, at the metro level). The equivalent figures for renters were 37 percent and 47 percent (city) and 36 percent and 47 percent (metro area). The combination of relatively affordable prices, supply elasticity, and mid-range housing has helped produce a more integrated housing market, contributing to the emergence of mixed-use neighborhoods, the norm in much of the central city.



These policies create an abundance of what planners call *naturally occurring affordable housing* (NOAH). Even if new homes are initially too expensive for lower-income households they contribute to affordability by freeing up existing supply as some families move from lower-cost apartments into the new units, a process called *filtering*, and over time as those new units depreciate and add to the stock of low-priced homes. If construction of new moderate-priced housing meets population growth, older units depreciate more rapidly, increasing NOAH and reducing future housing prices. Cities that fail to build moderate priced housing have slower depreciation and more expensive housing.

Several recent studies have measured these effects. For example, one study found that upzoning in some Portland, Oregon neighborhoods led to significantly greater development and more housing supply than in areas with lower density limits (Dong 2021). A study by economist Evan Mast (2019), described in *The Connectedness of Our Housing Ecosystem* (Herriges 2019), tracked the previous residences of the occupants of 802 new multifamily developments in 12 North American cities, and the previous residences of the households that replaced them, through six cycles. It found that building market-price apartments causes a kind of housing musical chairs, as households move into new units. This analysis indicates that for every 100 new market-rate units built, approximately 65 units are freed up in existing buildings, accommodating up to 48 moderate- and low-income families. Another major study, *Do New Housing Units in Your Backyard Raise Your Rents?* found that each 10% increase in New York's multi-family housing stock reduces prices of nearby housing by 1% (Li 2019).

Of course, even with Montreal's low housing prices, some households need subsidized housing (Vivre en Ville 2025). About 8% of households live in social housing, which is lower than in other large cities due to the larger supply of moderate-priced market housing, and because of the city's relatively low development costs, public housing funds can deliver more housing per dollar than in peer cities. Montreal's abundant NOAH gives lower-income households more housing options, as discussed in more detail in the next chapter.

The Importance of Naturally Occurring Affordable Housing (NOAH)

Montreal's development policies created abundant NOAH. Developers built lots of moderate-priced housing (dwellings that would sell for the current equivalent of $200,000 to $600,000, or rent for $1,500 to $3,000 per month, depending on size). This increases affordability in two ways, as illustrated below. In the short run, the new homes free up existing housing through filtering, as some households move from nearby lower-rent apartments into the new units. Over the long-run, as the new homes depreciate in value they add to the stock of older, affordable housing. How quickly housing depreciates depends: if supply increases in response to demand, houses will depreciate more rapidly, so after a decade an apartment that initially rented for $2,500 per month will rent for the future equivalent of $1,844, but if housing growth lags population growth new houses will depreciate slowly, so that unit will rent for the equivalent of $1,844. NOAH therefore depends on moderate-priced housing development.

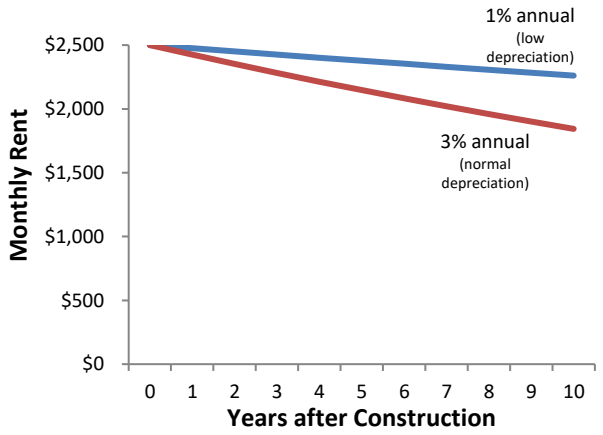
Figure 5 **How New Housing Contributes to Affordability** (Phillips, Manville and Lens 2021)

Short Term



Between a third and half of new multifamily building occupants typically move from lower-priced apartments nearby, freeing them up for new families. Building 20 new apartments that rent for $2,500 per month makes 6 to 10 $1,000-1,500 per month apartments available.

Long Term



If housing supply grows with demand, houses will depreciate about 3% annually, so after a decade a $2,500 per month home will rent for the future equivalent of $1,844. If supply lags growth, housing will depreciate at just 1% per year, so that home will rent for a less affordable $2,261 per month.

This NOAH-producing cycle was common in the past, but during the last few decades most North American communities implemented policies that discourage moderate-priced infill by limiting multifamily housing and imposing large development fees, approval requirements and parking minimums. Experts call these *exclusionary policies* because they exclude lower-priced housing and therefore lower-income families from attractive neighborhoods. This forces lower-income households to live in less desirable locations, which tends to concentrate poverty and forces an increasing portion of lower-income households to live in isolated, suburban areas with poorer access to services and jobs.

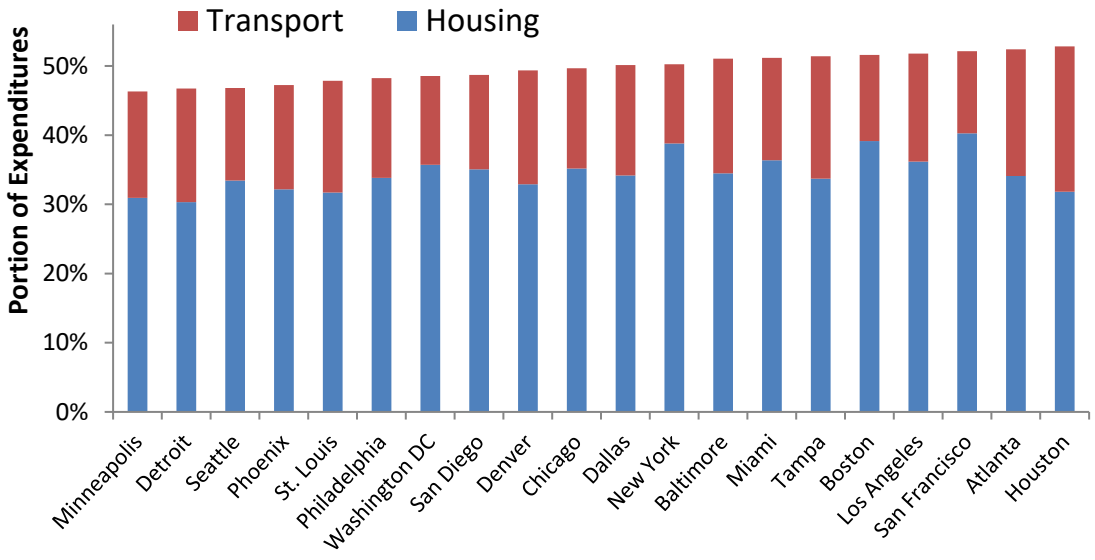
International experience shows that responsive development policies that encourage moderate-priced infill development really do increase affordability, as discussed in the academic book, *Zoned in the USA* (Hirt 2014), "Why are Houses in Japan so Cheap?" (Alex 2022), and the Sightline Institute's series, *Yes, Other Countries Do Housing Better: Political Lessons from Ten Nations about Building Affordable, Low-Carbon Neighborhoods* (Durning 2021).

The Roles of Social and Moderate-Price Market Housing

There are often debates concerning which policies are most effective at increasing affordability, as discussed in my column, *The Housing Supply Debate: Evaluating the Evidence* (Litman 2021a).

Some industry advocates argue that housing affordability requires urban expansion to allow more low-density development. However, their analysis tends to ignore the additional transportation costs of living in automobile-oriented, urban fringe locations, as illustrated below. Although families in sprawled regions such as Atlanta and Houston spend a smaller portion of their budgets on housing than in compact cities like Seattle and Boston, this is offset by their higher transportation costs, reducing overall affordability, as well as increasing crash risks and reducing non-drivers' access to services and activities.

Figure 6 **Housing and Transportation Costs by U.S. Urban Region** (Litman 2021b)



Although households in sprawled regions spend a smaller portion of their budgets on housing, this is offset by their much higher transportation costs, reducing affordability overall.

At the other ideological extreme, supply skeptics argue with little evidence that increasing market housing supply does not increase affordability (Storper 2018). In fact, abundant academic research indicates that building more housing, particularly moderate-priced housing, does increase affordability (Been, Ellen and O'Regan 2019; Phillips, Manville and Lens 2021). This is not to dismiss the importance of social housing: some households require housing with special support services or subsidized rents, want the sense of community provided by coop housing. As a result, even a city with relatively low rents, like Montreal, needs social housing, although less than in high rent cities.

Social housing has advantages and disadvantages. It provides reliably low rents but limits options and flexibility. Qualifying families often wait years for a home, and once they move it it can be difficult to move to another location, for example to be closer to work, family, or a desirable school, or for a more suitable unit. Occupants face disincentives to earn more declared income so many rely on informal jobs. Social housing is unsuitable for households that move frequently or want to maximize their real estate equity. These problems can be reduced but not eliminated with a coop housing that mixes low- and moderate-income households. Similar problems occur in cities with high portions of social housing, such as Vienna (Peter 2023). The table below compares social and affordable market housing.

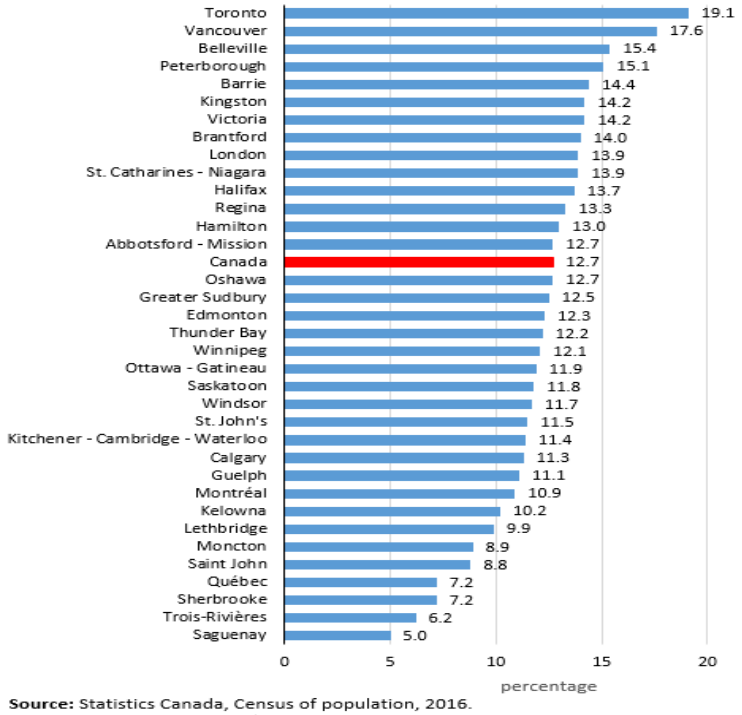
Table 1 **Social Versus Affordable Market Housing**

	Social	Affordable Market
What it is	Subsidized housing including supportive housing, government and non-profit housing, private housing sold or rented below market prices, and coop housing.	Lower-priced housing built, sold or rented by for-profit businesses.
Who it serves	People with special needs, low incomes, or who enjoy living in public cooperatives.	Lower-income households that cannot or prefer not to choose social housing.
Advantages	Supports people with special needs. Provides affordable and stable homes for low income households. Can provide cooperative communities.	Abundant and diverse. Many tenure (rent or own) options. Owners can build equity (long-term wealth).
Disadvantages	Families often face long waits and limited housing options. Can concentrate poverty and discourage income gains.	Higher rents which can increase over time. Lower-priced units are sometimes in poor condition. Some landlords are abusive.
Support strategies	Public subsidies. Upzoning to allow lower-priced infill in walkable urban neighborhoods. Inclusivity mandates (market units subsidize social units).	Upzoning. Minimal development fees, regulations and approval requirements for moderate-priced units.

Social and affordable market housing have various advantages and disadvantages. Most communities need both to serve diverse housing needs.

Although Toronto has far more social housing units per capita than Montreal, it also has twice the portion of households in core housing need (their rents are unaffordable), as illustrated below.

Figure 7 **Portion of Households in Core Housing Need, 2016** (Stats Canada 2017)



Source: Statistics Canada, Census of population, 2016.

In 2015 Toronto had 126,094 social housing units for 5,583,064 regional residents, averaging one unit per 44 residents. Montreal had 63,740 social housing units for 4,027,100 regional residents, averaging one unit per 63 residents.

Although Toronto has far more social housing per capita than Montreal, it also has a much larger portion of households in core housing need (19%), compared with Montreal (11%) as illustrated in this graph, and a far higher rate of homelessness. This suggests that the supply and price of market housing has much more effect on overall affordability and homelessness than the supply of social housing.

Consider, for example, the needs of a family of four living on one minimum wage income ($15 per hour, which earns $3,000 per month) income plus two child benefits ($569 Federal and $218 Quebec per child under 6), which total about $4,500 per month. Using standard affordability indicators (they spend less than 45% of their budgets on housing and transportation combined), they can afford to pay $1,350 per month for a home in a suburban area with high transportation costs or about $1,800 per month in a walkable urban neighborhood where their transportation costs are low. A recent PadMapper search found 298 two-bedroom apartments available for rent at $1,800 or less per month in Montreal, compared with just seven in Toronto. That household would qualify for social housing in both Montreal and Toronto, but qualifying families must usually wait an average of eight years to receive a home (Evergreen 2015, p. 44), and have limited options. For that household, Montreal offers many affordable housing options, Toronto does not.

Some policies support both social and market housing. These include allowing lower-cost housing types (multiplexes, townhouses and apartments) in walkable neighborhoods, minimizing development fees and approval requirements for moderate-priced units, and eliminating parking minimums so car-free households are no longer forced to pay for costly parking facilities they don't need. However, some policies, such as inclusivity requirements can increase social housing but reduce moderate-priced market housing production (Schneider 2018).

For example, if the cheapest units cost $400,000 to build and regulations require 10% be sold at $200,000, each market unit bears an extra $22,222 ($200,000/9) cost. This is a small burden for high-priced housing (2% of a million dollar unit) but large for lower-priced housing (6% of a $400,000 unit). This increases costs and reduces production of market housing, particularly the lowest-priced, least profitable units, so if a twenty-unit project would otherwise include ten homes priced under $500,000, inclusivity requirements would result in two $200,000 units, but only four selling under $500,000. Similarly, older housing preservation rules can prevent small, older apartments from being replaced by new, larger buildings with more units. In this way, inclusivity requirements increase affordability for the smaller number of households that receive subsidized units but reduce affordability for the larger number of households that rely on moderate-priced market housing, many of which are equally deserving but less lucky when subsidized units are allocated.

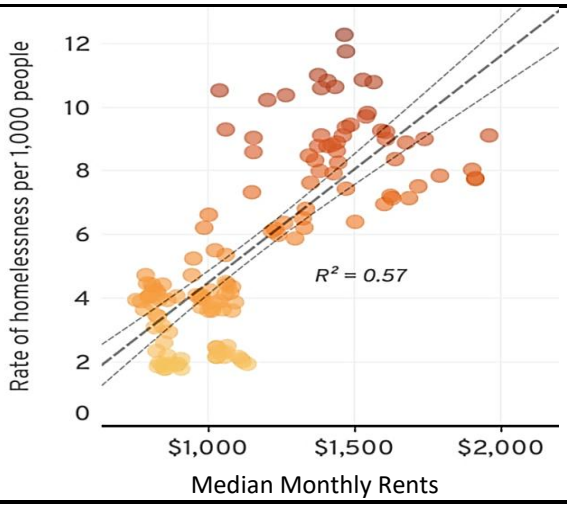
Montreal has affordable transportation. Its neighborhoods are compact and mixed (as indicated by its high Walk Score, as previously mentioned), most streets have good sidewalks, it has an extensive bikeway network, car- and bikesharing, bus, subway and interregional rail service (Abramson 2024). This results in low automobile ownership rates, low automobile mode shares high rates of non-auto travel, and more social acceptability of non-auto travel.

Reducing Homelessness

Homelessness is a severe problem both to people who lack homes and to communities that bear the costs of providing emergency shelters and the impacts of people camping in public spaces.

Recent research by Gregg Colburn and Clayton Page Aldern, published in their book, *Homelessness is a Housing Problem* (https://homelessnesshousingproblem.com), shows that that market rents are the main factor in homelessness. High rents make lower-income households vulnerable to evictions, allow landlords can be choosy, reduce housing options for evicted households, and increase the costs to social service agencies for providing emergency housing. Below is the key graph, showing how homelessness rates per 1,000 residents increase with rents.

Figure 8 **Rents Versus Homelessness Rates** (Colburn and Aldern 2022)



This figure shows a statistically strong positive relationship between rents and homelessness rates.

As rents increase, low- and moderate-income households face more financial stress, have fewer options if evicted, landlords can be choosy, and social service agencies have fewer options for providing emergency housing.

Similar patterns occur in Canada. According to the *Homelessness Hub* (www.homelesshub.ca), Montreal had just 0.8 people without homes per 1,000 residents, which is much lower than rates in other Canadian cities including Ottawa, Toronto, Vancouver and Victoria, as illustrated below.

Table 2 **Homelessness Rates and Rents (Padmapper; Homelessness Hub)**

City	Homeless per 1,000 Residents	Median Rents
Montreal	0.8	$1,380
Ottawa	1.4	$1,480
Toronto	6.5	$1,800
Vancouver	1.7	$1,950
Victoria	4.9	$1,600

Montreal has much lower homelessness rates than high-rent cities.

This is not to dismiss the important role that social housing and targetted programs play in addressing homelessness. Some people without homes require supportive housing, but most are homeless due to a combination of bad luck and high housing prices, and only need more affordable rents.

How Much is Needed?

To be efficient and equitable, development policies must respond to housing demands, including the needs of low- and moderate-income households. For example, if the number of households that want to live in an area increases by, say 1.5% annually, housing supply should increase by at least that amount, with policies that encourage a sufficient amount of moderate-priced housing development. Most attractive and economically successful North American cities fail to do this, resulting in a shortage of NOAH. Montreal is the exception; it demonstrates that a city which upzones to maintain a large *zoning buffer* (land pre-zoned for higher densities), with low development fees and approval requirements for the lower-cost housing types in walkable urban neighborhoods, can have truly affordable housing and transportation (Phillips 2022).

Some people are skeptical. They point to the tendency of land to become more expensive if upzoned, capturing much of the potential savings. For example, a parcel might cost $800,000 if zoned for single family housing but $1,200,000 if upzoned to allow four townhouses. Supply skeptics argue that all of the potential value of upzoning will be captured by the property owners, resulting in no increase in affordability. There is a little truth but a lot of inaccuracy in this claim. Yes, upzoning increases land values, but the amount depends on the number of parcels that are upzoned; if the zoning buffer is small, upzoned land will be scarce and costly, but if the zoning buffer is large there will be a competitive market of parcels that allow more infill development. For example, if 80% of residential land is zoned for low-density housing, as in Vancouver, the few parcels that allow multifamily will command a large price premium. However, if 56% of residential land allows multifamily, as in Montreal, the price premium will be much smaller, allowing small developers to easily replace a single-family house with four townhouses, or three single-family houses with twenty apartments, responding to growing demand for compact, moderate-priced housing.

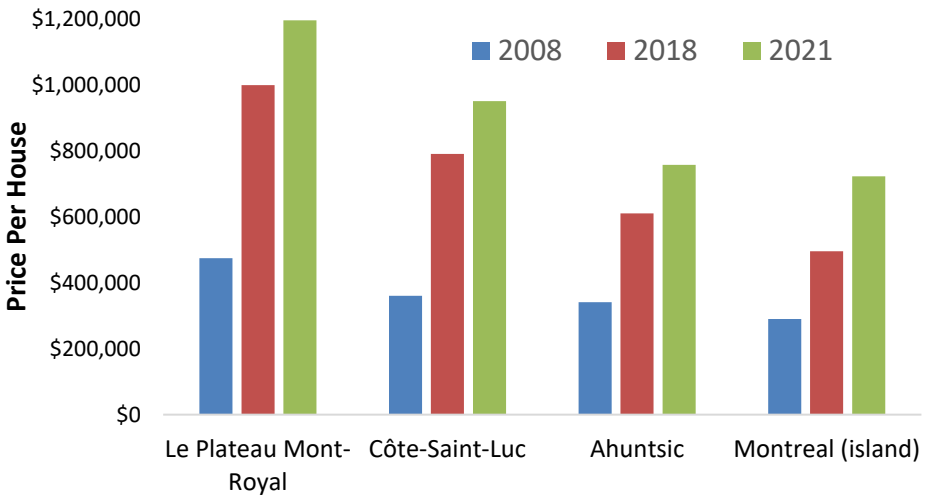
How much upzoning is needed? Based on conditions in typical North American cities, such as Los Angeles, Phillips (2022) recommends upzoning at least a quarter of existing parcels in attractive urban neighborhoods to moderate densities. Litman (2022b) recommends upzoning attractive urban neighborhoods to ensure that there are at least three pre-zoned parcels on the market for every additional unit desired. Because a typical parcel is sold about once a decade, this means that a city should upzone 30 parcels for each additional infill project required in a neighborhood. For example, if regional population is growing at 1.5% annually, a 1,000-home neighborhood should add 15 units annually to accommodate its share of growth. If a typical multiplex or townhouse infill project adds three net units, the neighborhood needs at least five such projects annually. To keep land affordable that neighborhood needs at least 150 parcels upzoned to allow multiplexes and townhouse (five desired projects times 30 upzoned parcels per project). With that amount of pre-zoned land, price increases will be small because sellers must compete; if they ask too much, developers have other parcels to choose from. With sufficient upzoning, everybody wins: owners receive more money for their properties, developers build more units that generate more income and profits, there is more demand for workers, and prices per housing unit are lower than if the city only allows single-family homes.

Many attractive North American urban neighborhoods currently have a large shortage of compact, moderate-priced housing, so they will need to add more supply than their regional population growth rates to catch up. Those areas should upzone more land and allow mid-rise housing types, such as three- to six-story multifamily, in addition to multi-plexes and townhouses. That allows the land market to respond to the growing demand for compact, lower-priced housing in walkable urban neighborhoods, providing naturally occurring affordable housing.

Growing Risks and Solutions

Although Montreal's housing prices are lower than peer cities, its affordability is at risk. Housing prices are increasing. Between 2008 and 2021 housing prices increased 152% Plateau Mont-Royal, a neighborhood full of missing-middle housing, and 163% in the diverse and populous Côte-Saint-Luc neighborhood, as illustrated below. Average prices increase 32% over the entire Montreal region between March 2020 and March 2021 (Tomesco 2021). In 2020, half of condos sold over asking price.

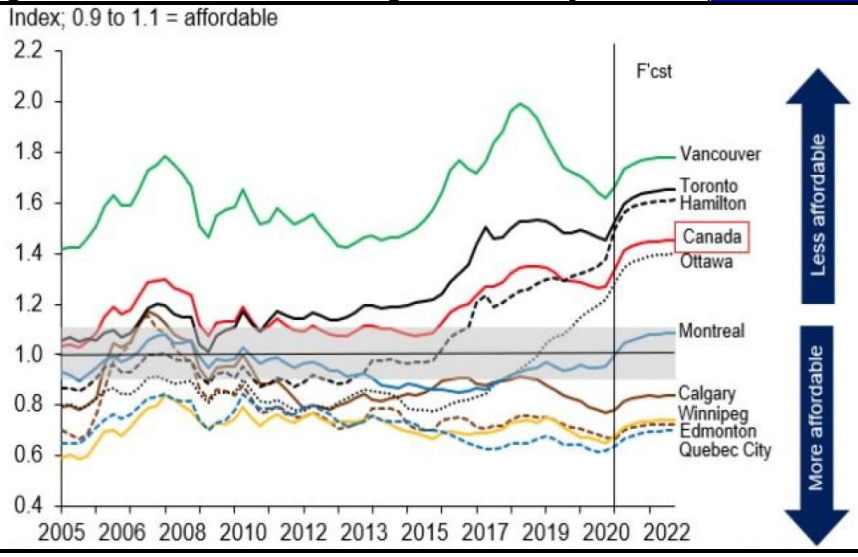
Figure 9 **Median House Prices in Montréal Neighborhoods** (Archives Barometer)



Housing prices in most neighborhoods have more than doubled during the past 11 years.

Although prices are still lower than other Canadian metro areas, Montreal is losing its historical magic. Montreal housing is becoming unaffordable, as illustrated below.

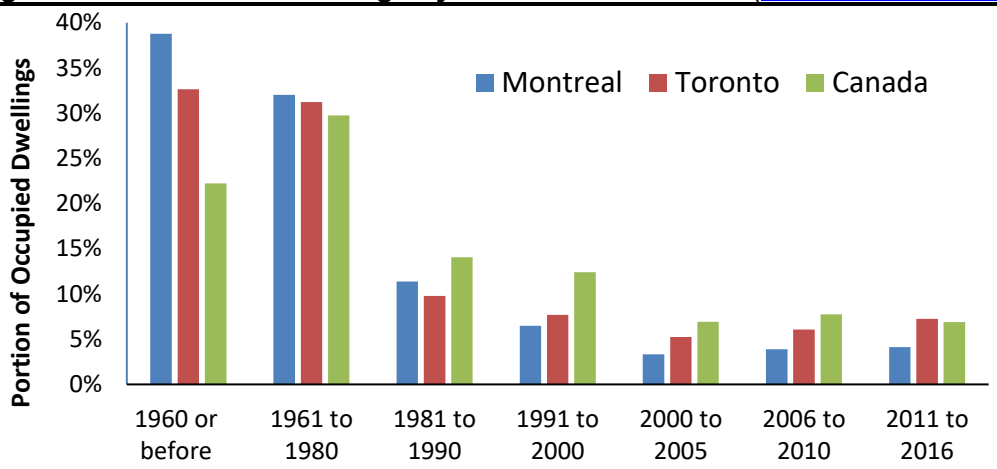
Figure 10 **Canada Housing Affordability Indices** (Hristova 2022)



Although Montreal housing prices are 20-40% lower than in peer cities, they are increasing and becoming less affordable. The city no longer has the low development fees and approval requirements that encourage small developers to build moderate-density infill housing.

Prices are increasing because Montreal is building fewer basic housing units despite growing demand. Over 70% of Montreal's private occupied dwellings were built before 1981, compared to 64% in Toronto and 52% in Canada generally, with a particularly significant share being built before 1960.

Figure 11 **Private Dwellings by Construction Period** (2016 Canada Census)



Over 70% of Montreal's private homes were built before 1981, compared to 64% in Toronto and 52% in Canada generally. This indicates that Montreal is not building as many new units now as in the past, threatening its affordability.

Montreal is starting to apply new policies that drive up development costs. In the past the city had an abundant zoning buffer for moderate-density housing which facilitated lower-cost housing construction. This is no longer true. New policies impose tens of thousands of dollars in fees and require extensive negotiations for moderate-density infill project approval. For example, the city now imposes design review requirements (Ville Montreal 2021), and one of the world's most demanding inclusionary zoning policies: 40% of units in most new housing must be designated social (publically subsidized) or affordable (privately subsidized), adding new costs and years of delay to both market and social housing projects (Ville Montreal 2022). In addition, Quebec imposes stringent rent controls which discourage property owners from renting lower-priced apartments. These policies tend to reduce moderate-priced housing supply and overall affordability (Schneider 2018). As one expert explains,

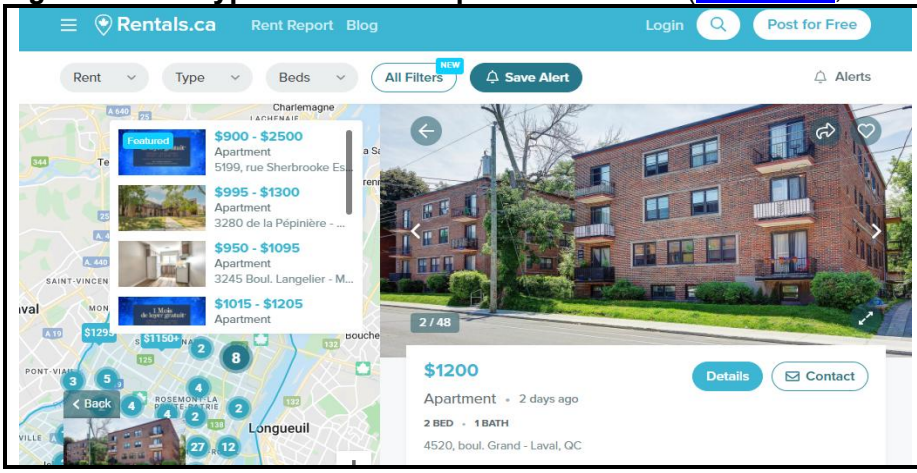
> While inclusionary zoning provides large benefits for a small number of low- and middle-income households, most empirical evidence indicates that it drives up prices for others and reduces access to housing overall. The policy's emphasis on providing below-market-rate housing in new construction that's identical to market rate housing means that resources dedicated to social housing won't go as far — or be distributed as equitably — as they could be if they were targeted to low-income individuals as housing vouchers or cash. (Hamilton 2018)

Actual responses vary depending on conditions. Bertolet (2017), Means and Stringham (2012), and Schuetz, Meltzer and Been (2011) provide empirical evidence that affordable housing mandates often reduce total housing development and increase future prices. To minimize negative effects, affordable housing mandates should be implemented with incentives to encourage moderate-priced infill development such as increased allowable density and reduced parking requirements; should only apply where there it will not reduce the number of new housing units built; and should exempt moderate-priced housing. For example, mandates should not apply to housing that will cost less than $300,000 for a single-bedroom, $400,000 for a two-bedroom, and $500,000 for a three bedroom unit, since housing in that price range increases affordability.

Lessons from Montreal

Montreal has important lessons to teach about affordability, inclusivity and resource efficiency. It demonstrates that cities can deliver true affordability by supporting compact, moderate-priced housing in walkable urban neighborhoods. It's not what a city *does*, it what it *doesn't do* that allows this to occur: historically, Montreal did not exclude multifamily housing from most residential land, and it did not impose costly development fees or approval requirements on moderate-density infill. In other words, its development policies did not favor expensive housing over cheaper housing, larger projects over smaller projects, or sprawl over compact infill. The results are visible in the marketplace, as illustrated below.

Figure 12 **Typical Montreal Apartment Prices** (Rentals.ca, March 2022)



This recent screenshot shows typical Montreal apartment rental prices. Many older apartments in walkable and attractive neighborhoods are available for $900 to $1,500 per month, which is far more affordable than peer cities. This is a legacy of the city's responsive housing development policies.

These policies support both social (subsidized) and market housing. Zoning requirements often limit social housing development. Recent zoning reforms in Auckland, New Zealand were found to significantly increased social as well as market housing supply (Greenaway-McGrevy 2024). Other cities can increase total affordability by applying the following policies (Shoag 2019):

- Allow compact, lower-cost housing types on most residential land. Upzone lower-density neighborhoods to allow multiplexes, townhouses and 3-6 story apartments.
- Allow an additional story for corner lots, larger lots (1,000 square meters or more), adjacent to parks, and on busier streets. These locations minimize negative impact on neighbours.
- Reduce fees and approval requirements for smaller, moderate-priced infill developments since these are the projects we most need.
- Exempt lower-price new housing from inclusivity and building preservation requirements.
- Eliminate parking minimums and favor unbundling (parking rented separately from housing units), so car-free households are not forced to pay for expensive parking facilities they do not need.
- Improve affordable housing design. Municipal governments can support design contests and workshops to encourage better design. The Affordable Housing Design Advisor, the Missing Middle Website, and Portland's Infill Design Project provide affordable housing design resources.
- Subsidize housing for people with special needs.
- Improve and favor affordable modes (walking, bicycling and public transit) in transportation planning and funding.

Conclusions

To be efficient, equitable and resource-efficient, communities must respond to growing demands for moderate-priced housing in walkable urban neighborhoods. Montreal demonstrates that this provides many economic, social and environmental benefits: its housing prices are 20-40% lower, and its homelessness rates are 80% lower than in peer cities, and because most lower-priced housing is located in compact, walkable neighborhoods residents minimize their transportation costs, providing true affordability and inclusivity, supporting public health, increasing community livability, and providing environmental protection.

Both social and moderate-priced market housing play important roles in providing these benefits. Social housing serves a relatively small number of households with special needs, very low incomes, or who value the community provided by cooperative housing. Moderate-priced market housing serves the needs of a larger number of low- and moderate-income households that want diverse and flexible housing options, and want to build equity.

Although Montreal has less social housing per capita than peer cities (one unit per 63 residents compared with one unit per 44 residents in Toronto), far fewer Montreal households are in core housing need (10.9% compared with 19.1% in Toronto), and far fewer are homeless (0.8 per 1,000 residents compared with 6.5 per 1,000 in Toronto). This suggests that overall housing supply and price affect affordability and homelessness more than social housing supply. Social housing is important for some household, but policies that increase construction of basic townhouses and low-rise apartments in walkable neighborhoods are very effective at increasing affordability and reducing homelessness.

Montreal's development policies facilitated construction of moderate-priced infill housing – multiplexes, townhouses and low-rise apartments – within existing neighborhoods. As a result, that is the city's dominate housing type. These policies nurtured naturally occurring affordable housing (NOAH), which is the dominant form of affordable housing in most cities. New restrictions, regulations and fees threaten this legacy. Construction of moderate-density housing is starting to lag demand, driving up prices.

Montreal demonstrates the importance of nurturing compact, lower-cost housing types in walkable urban neighborhoods.

Une ville abordable et inclusive? C'est bon!

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