

OPINION

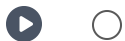
Buyers want houses, but housing policy keeps pushing condo shoeboxes

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SPECIAL TO THE GLOBE AND MAIL

PUBLISHED AUGUST 13, 2026

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Housing policy in the Greater Toronto and Hamilton Area cannot address the housing crisis if it continues to ignore homebuyers' preferences. Land-use policy has prioritized increasing housing density without giving sufficient consideration to the kinds of homes Ontarians actually want to buy.

As surveys done by Ipsos and Environics have consistently shown, the majority of homebuyers in the GTHA and the rest of Ontario, including many first-time and immigrant households, aspire to own a single-detached home – not one of the condo apartments built in huge numbers over the past decade. Yet, land-use policies have increasingly mandated denser apartment developments in built-up areas rather than where a greater share of housing with ground-level access could be built.

The mismatch between what GTHA homebuyers want and what is available is important. It drives up the cost of single-detached homes and undermines affordability in urban areas. Move-up buyers remain in their existing homes rather than purchasing newly built housing, reducing the supply of resale homes. Households move farther from employment centres in search of affordability, while renters remain in rental accommodation longer, reducing turnover in the rental market. These trends exacerbate wealth inequality by making home ownership less attainable.

Opinion: Lack of affordable housing is bad for our health, as individuals and as a country

A land-use planning system that supports a larger supply of ground-accessed housing and greater competition would improve affordability.

Housing types matter. A one-bedroom apartment in the sky is not the same as a four-bedroom house. The provincial government's housing policies have tipped in favour of encouraging a mix of housing types, but its housing targets for municipalities are for total units, regardless of type.

Misaligned policies have contributed to a pronounced shift in the type of new housing built in the GTHA. According to data from the Canada Mortgage and Housing Corporation, in 2001, single-

detached houses made up the largest type of housing starts, at 44 per cent, followed by apartments at 30 per cent. By 2024, apartments took over as the leading type, representing 73 per cent, while single-detached houses made up 13 per cent.

Surveys over the past decade show that single-detached houses remain the top choice of likely buyers in the GTHA. In other surveys respondents identify more living space, private outdoor space and parking as key priorities. Ipsos findings over the past decade have shown that between 75 and 80 per cent of likely GTHA buyers intend to purchase a non-apartment home, and more recent Environics data show that even most first-time buyers purchase something other than a condominium apartment. Improving housing affordability requires governments to pay as much attention to the types of homes being built as to the number of homes being built.

Opinion: Governments' broad affordability policies have been set up to fail

There has been growing recognition by housing policy-makers and researchers that high-rise apartment buildings with predominantly small units are not a substitute for single-detached houses for many homebuyers. Constructing more housing in built-up areas should be encouraged, but it should provide realistic alternatives to suburban ground-related homes by offering features such as ground-level entrances, private outdoor space and parking.

Allowing more units on existing single-detached lots is a step in the right direction, but is not enough. These higher-density units are often smaller, offer less privacy, lack parking and cost more per square foot than housing on undeveloped greenfield land.

Adding density to neighbourhoods will provide housing types that could serve as substitutes for single detached houses for some homebuyers, but there is still a need for ground-level housing forms and close substitutes on greenfield lands.

Developing large tracts of greenfield land exclusively for single-detached houses is a thing of the past, but most buyers don't see the main alternative offered to date – high-rise apartments – as an acceptable substitute. Consequently, prices on existing houses go up while households move farther afield in search of more affordable single-detached houses, resulting in longer commutes.

Opinion: Can fixing development charges fix Canada's housing crisis?

In short, urban areas must grow outward through greenfield development as well as upward through intensification. But to be clear, this is not a call for massive suburban sprawl. Rather it's identifying a need for a diversity of housing types such as duplexes, townhouses and stacked townhouses wherever new housing is built in order to fill the demand.

The solution is to increase the supply and lower the cost of suitable substitutes for subdivisions composed exclusively of single-detached houses. Greenfield developments consisting of townhouses, stacked townhouses, and other low-rise apartments, such as garden apartments, along with single-detached houses on small lots, have gained market acceptance and improved affordability. This approach has been adopted in several Ontario municipalities, including North Oakville, Waterloo and Kanata.

At the same time, governments should reduce the cost of building new homes by making more land – both greenfield and infill – available for development, decrease government-imposed costs, and reduce barriers for small builders to compete with large players.

Until governments pay as much attention to the types of homes being built as to the number of homes being built, housing affordability will remain out of reach.

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