

THE MISSING MIDDLE SCALE

Building the Housing Form Canada Keeps Ignoring

A Paper on Missing Middle Scale, Mid-Rise Development,
and the Housing Form Canada Keeps Overlooking

Patrick Norris

July 2026

Part I — The Framing Problem

Canada's housing debate has a framing problem.

The conversation defaults to two options: detached homes on the one hand, and high-rise towers on the other. Planning meetings, public consultations, and development debates routinely present these as the only competing visions. Either we continue building subdivisions or we build towers. Either we preserve neighbourhood character or we accept density.

The reality is that most communities need neither more arguments nor more extremes.

They need more housing at the missing middle scale — not missing middle density, but missing middle *scale*. There is a difference, and understanding it may be the most important reframe in Canada's housing conversation.

Part II — What the Term Actually Means

The term "missing middle housing" was coined in 2010 by American architect Dan Parolek to describe the range of multi-unit housing types — duplexes, triplexes, fourplexes, townhouses, and low-rise walk-ups — that once existed throughout North American neighbourhoods before post-war zoning stripped them out.¹

In Canada, the term has been adopted broadly. The federal Housing Accelerator Fund conditions funding on municipalities legalizing multiplexes as-of-right.² CMHC tracks missing middle construction across major cities.³ All levels of government now use the language.

But duplexes and fourplexes are not the only housing types missing from Canadian communities.

What is frequently absent is a building large enough to be economically efficient yet small enough to fit comfortably into suburban environments — and which produces housing at a scale that actually moves the needle on supply.

That building sits somewhere in the two- to six-storey range — what the industry calls the low-to-mid-rise apartment. It may be four storeys of wood-frame construction above a ground-floor podium, or five storeys of cold-formed steel, or the full six storeys that the Ontario Building Code permits under the wood-frame envelope. This paper uses a six-storey, 112-suite building as its primary example throughout, because six storeys represents the ceiling of what can be built without the deep foundations, complex vertical transportation systems, and specialized construction methodology that towers require. The principles apply across the range.

It is not a tower. It does not require a skyline. It does not dominate a street. Yet it delivers a remarkable amount of housing relative to the land it occupies — and it does so at a cost structure that high-rise towers cannot match.

Part III — The Land Utilization Gap

Consider a straightforward comparison grounded in observable numbers.

A two-acre parcel of suburban land in Ontario typically carries a lot width of 30 to 40 feet, yielding approximately 7 to 8 lots per acre after accounting for roads and services.⁴ On two acres, that produces roughly 14 to 16 detached homes, housing perhaps 50 to 60 residents.

The same two-acre parcel can support a six-storey apartment building of approximately 90,000 to 110,000 square feet with surface or structured parking.⁵ At an average unit size of 850 square feet

— consistent with purpose-built rental construction — that building yields approximately 100 to 120 units. At 2.2 persons per unit, it houses 220 to 265 residents.

Not all of this infrastructure is equivalent. Roads and storm sewers are sized for land area and surface drainage, not population — a two-acre site generates roughly the same stormwater load whether it holds 16 homes or 112 apartments, so those costs are comparable. Electrical servicing generally scales more readily than roads or storm infrastructure and is typically not the dominant cost driver at this scale.

Sanitary sewers and water mains are the meaningful exception. Both are sized on population equivalent — the volume of daily sewage flow and water demand generated by the occupants. A 112-suite building housing 220 to 265 residents generates a sanitary and water load approximately four to five times that of 16 detached homes housing 50 to 60 residents. The service connections, and in some cases the municipal mains to which they connect, must be sized accordingly. That is a real incremental infrastructure cost, and it warrants honest acknowledgement.

The more accurate framing is not that the infrastructure is identical. It is that the larger sanitary and water service premium is modest relative to the housing output it enables, and that the municipality's much larger investment in roads, storm management, parks, schools, and community services applies to both scenarios at essentially the same cost. The difference is how many households ultimately share that investment through property taxes and development charges.

This is roughly a seven-to-one difference in homes produced from the same land and, in many cases, the same municipal investment. That ratio is not a planning abstraction — it is the core arithmetic of Canada's housing shortage.

Logic is the beginning of wisdom, Valeris, not the end.

— *Spock, Star Trek VI: The Undiscovered Country (1991)*

Part IV — The Economics of the Choice

Abstract arguments about density and infrastructure have their place. But the housing conversation ultimately comes down to capital — who puts it in, what it costs, and what comes back. A direct comparison of the two development scenarios on the same site makes the economic case more clearly than any planning document.

A note before the numbers: the author is a construction and execution professional, not a financial analyst. The economics that follow are illustrative — a directional example of what a project of this type could look like, based on observable market inputs. The figures reflect an average builder in these markets, not a seasoned developer with preferred financing, volume construction pricing, or an established leasing platform. Those operators will see different numbers. The point of the comparison is the ratio, not the absolutes.

The following analysis assumes a 2.07-acre site in a smaller secondary Ontario market — communities like Orangeville, Woodstock, Grimsby, Hanover, or Brockville — where land costs are real but well below GTA levels, and where purpose-built rental demand exists but the supply of newer purpose-built product is thin.

Scenario A — 16 Detached Lots

Land in these markets is assumed at \$800,000 for a 2.07-acre site — well below GTA-adjacent levels, but reflecting real competition for serviceable infill and fringe residential land in growing smaller communities.¹⁶ Development costs to produce 16 finished lots — engineering, planning, and approvals; roads, sewer, water, and storm; utilities and telecom; and soft costs, financing, and contingency — total approximately \$2.2 million. All-in, the land developer produces 16 finished lots at a cost of roughly \$187,500 per lot.

The homebuilder then constructs a 2,000 square foot detached home on each lot at \$200 per square foot in hard costs — within the lower-to-middle portion of the Altus Group 2026 Canadian Cost Guide range for wood-frame single-family residential in the Greater Toronto Area of \$150 to \$275 per square foot, consistent with the simpler suburban construction context and lower prevailing labour costs typical of secondary Ontario markets relative to the GTA.¹⁷ Adding \$50,000 for site works, permits, landscaping, and driveway, build cost is approximately \$450,000 per home. Total cost per completed house is \$637,500.

Scenario A — Cost Build-Up (per lot / per home)	Amount
Land (÷ 16 lots)	\$50,000
Development costs (÷ 16 lots)	\$137,500
Finished lot cost	\$187,500
House construction (2,000 sf @ \$200/sf)	\$400,000
Site works, permits, landscaping	\$50,000
Total cost per completed home	\$637,500

New production homes in these markets are actively listed in the \$699,000 to \$825,000 range: River and Sky Community in Woodstock opens at \$699,900, and Tillsonburg's Bridges Estates starts at \$825,000.¹⁵ Using \$725,000 as a representative mid-point sale price for a new 2,000 square foot detached home, the developer earns approximately \$87,500 per home and \$1.4 million in total across 16 homes — a margin of roughly 12 percent.

Sale Price	Profit per Home	Total Profit (16 homes)
\$725,000	\$87,500	\$1.4M

Total sales value from the site: approximately \$11.6 million. Total developer profit: approximately \$1.4 million — a 12 percent gross margin on a \$3.0 million land and infrastructure investment and three to four years of execution risk.

Scenario B — 112-Unit Purpose-Built Rental

The same \$800,000 site. The same 2.07 acres. But instead of 16 homes, a six-storey purpose-built rental building of approximately 94,000 square feet gross floor area, producing 112 suites.

Hard construction costs at \$240 per square foot — consistent with wood-frame or cold-formed steel mid-rise construction in Ontario — total approximately \$22.6 million. Soft costs, financing, development fees, and contingency at \$60 per square foot add approximately \$5.6 million. Total project cost, including land, is approximately \$30 million.

Scenario B — Cost Build-Up (total project)	Amount
Land	\$800,000
Hard construction (94,000 sf @ \$240/sf)	\$22,560,000
Soft costs, financing, development (@ \$60/sf)	\$5,640,000
Total project cost	~\$29,000,000
Cost per suite	~\$259,000

Stabilized value is determined by the building's income, not its cost. Rental market data for the target markets for this building type — smaller Ontario communities such as Orangeville, Woodstock, Grimsby, Hanover, and Brockville — shows blended average rents for existing rental stock in the range of \$1,350 to \$1,950 per month, with newer purpose-built product commanding a premium at the upper end of that range.¹⁴ Using \$1,600 as a conservative blended average for the lower-tier markets in this group and \$1,800 as a base case for markets with stronger rental fundamentals:

Stabilized Value Analysis	Conservative (\$1,600/mo)	Base Case (\$1,800/mo)
Gross rental income (112 suites)	\$2.15M/yr	\$2.42M/yr
NOI (65% margin)	\$1.40M	\$1.57M
Stabilized value @ 5.0% cap	\$28.0M	\$31.4M
Stabilized value @ 4.5% cap	\$31.1M	\$34.9M
Developer profit range	(\$1.0M) – \$2.1M	\$2.4M – \$5.9M

What the Numbers Actually Show

The subdivision developer is not wrong to prefer Scenario A. The detached subdivision offers lower risk, easier construction financing, faster absorption, and faster return of capital. It is a product the market has underwritten thousands of times. Its risk profile is well understood.

The key difference is not absolute profit. It is capital velocity. The subdivision developer recovers invested capital much sooner, allowing that capital to be recycled into the next project. The apartment developer commits substantially more equity for longer, waits through construction and lease-up, and only realizes full value after stabilization. From the perspective of private capital, that is a rational trade-off. From the perspective of society, however, it produces far fewer homes on the same serviced land. Canada's housing shortage is therefore not simply a shortage of capital. It is a shortage of capital deployed toward housing forms that maximize housing output.

But look at what the same site produces under each scenario:

Metric	Scenario A (Subdivision)	Scenario B (Mid-Rise Rental)
Homes produced	16	112
Residents housed (est.)	~50–60	~220–265
Total output value	~\$11.6M	\$28.0M–\$34.9M
Developer profit	~\$1.4M (12%)	(\$1.0M)–\$5.9M
Ongoing income	None	\$1.40M–\$1.57M/yr NOI
Infrastructure utilization	Low	High

The numbers here tell a story that reframes the entire debate. At \$1,600 in blended rent and a 5.0% cap rate, the apartment project falls short by approximately \$1.0 million. But Scenario A is not obviously the safe alternative: at \$725,000 per home, the subdivision produces approximately \$1.4 million in total profit — a 12 percent gross margin on \$3.0 million of all-in cost and three to four years of execution risk. That is a real return, but not a compelling one.

Where rents are insufficient to support new construction at market rates — where the stabilized value of the building is lower than its cost to build — that gap is precisely what public housing programs exist to close. Not loans. Loans do not solve a negative-equity project; they simply move

the debt around. What closes the gap is direct contribution: grants, forgivable loans, or development charge exemptions that reduce the cost basis enough to make the economics work from day one. No private investor will commit capital to a project that opens underwater, regardless of how the long-term trajectory looks. The risk is real and the return must be positive at stabilization.

Canada has programs designed to do exactly this. The federal Affordable Housing Fund provides forgivable loans and direct contributions — not repayable debt — to projects that commit to below-market rents, targeting the gap between what the market can sustain and what the community needs. Municipal programs in some Ontario communities add development charge exemptions or property tax reductions for purpose-built rental, further reducing the cost basis. Together, these instruments can convert a project that does not pencil at market rates into one that does — not by subsidizing the return indefinitely, but by reducing the initial cost enough that the stabilized value exceeds it. That is how housing functions as infrastructure: the public carries a share of the first cost, and the private sector manages it from there.

At \$1,800 per month — achievable in the stronger markets on this list and approaching in others as new purpose-built supply creates its own premium — the apartment generates \$2.4 to \$5.9 million in profit depending on cap rate. The subdivision continues to produce \$1.4 million.

This is the core of the argument. In markets where new homes sell for \$700,000 to \$750,000 and rents for new purpose-built product are approaching \$1,800 per month, the apartment building is not merely better housing policy — it is better economics. The subdivision developer earns a 12 percent gross margin and exits at roughly \$11.6 million in total sales. The apartment developer who builds Scenario B at the right rent level generates seven times the housing and two to four times the absolute profit. Both projects begin with the same land and operate within the same municipal context, yet produce dramatically different outcomes. One produces 16 homes. The other produces 112.

Why the Market Still Chooses Scenario A

The reason the market continues to choose the subdivision is not difficult to understand. It is fundamentally a question of capital deployment. The apartment project requires more. More equity — typically 25 to 35 percent of a \$30 million project versus a much smaller equity requirement on a phased subdivision. More expertise — entitlement, construction management, lease-up, and ongoing asset management are all specialized disciplines. More time — a 36-month development cycle versus 18 to 24 months for a subdivision. And more exposure to leasing risk during stabilization, when units are filling and NOI has not yet reached its stabilized level.

These barriers are real. But they are not laws of nature. They are the result of how we've organized our capital markets, approvals process, and development industry over the last several decades. They reflect decades of institutional optimization around a product that is easier to finance, easier to permit, and easier to sell.

The challenge is not whether the density works. The challenge is that our financial system rewards capital velocity more than housing output. The challenge is that the capital markets, approvals process, and development industry are still optimized around producing the 16-house subdivision rather than the 112-unit apartment building. That is where a significant part of Canada's housing shortage comes from.

Until those institutional conditions change — until mid-rise rental development is as easy to finance, as fast to permit, and as familiar to the capital markets as a detached subdivision — the market will continue to choose Scenario A, even when Scenario B produces more housing, more value, and ultimately more return.

This is not a market failure in the classical sense. It is a policy design failure. The market is responding rationally to the incentives it has been given. The question is whether those incentives are the ones Canada actually wants.

There is a further structural barrier worth naming. Land is valued on its highest and best use — in practice, the development that generates the greatest residual value after all costs and required profit are deducted from the completed project.²⁴ If a site can legally support 400 units, it will be priced as a 400-unit site. A developer who buys that land intending to build 112 units is paying tower economics for a mid-rise return. The numbers do not survive the mismatch. Missing middle scale development is therefore most viable where towers are not — in markets where 400 units is neither financially feasible nor locally supported, and where land is priced accordingly. The target markets in this paper are, in most cases, exactly those markets.

Part V — The Infrastructure Utilization Argument

Canada's housing shortage is well-documented. CMHC estimated in 2022 — and reaffirmed in 2023 — that the country requires 3.5 million additional units above current projected construction levels to restore affordability by 2030.⁶ Updated analysis extends that horizon to 2035 and estimates that required housing starts must nearly double to 430,000 to 480,000 units per year.⁷

The standard response has been to build more of what we already build: more subdivisions at the suburban fringe, and more towers in downtown cores. Both responses have limitations. Subdivisions consume land and extend infrastructure. Towers are capital-intensive, carry higher per-unit hard costs, and concentrate density in ways that generate political resistance.

Research on transit-supportive densities is instructive here. Studies consistently find that basic bus service becomes viable at roughly 7 to 8 dwelling units per acre, while frequent all-day bus service requires approximately 15 units per acre.⁸ A six-storey apartment building on two acres delivers 50 to 60 units per acre — well above the threshold at which transit becomes economically viable, retail clustering becomes possible, and shared services become cost-effective.

A subdivision of detached homes delivers 7 to 8 units per acre — right at the threshold of minimal viability, and often below it.

This is why mid-rise residential development does not merely deliver more housing. It delivers more *productive* communities — communities where local businesses can survive, transit can operate efficiently, and municipal infrastructure produces a return commensurate with its cost.

Part VI — The Construction Case for Mid-Rise

Beyond land utilization, mid-rise construction carries structural cost advantages that towers do not.

Canadian construction cost data from the Altus Group illustrates the gap clearly. Hard costs for concrete condominium and apartment buildings up to 12 storeys in the Greater Toronto Area range from approximately \$245 to \$390 per square foot. Comparable costs for 40- to 60-storey towers range from \$320 to \$410 per square foot.⁹ The differential narrows somewhat at the low end but the directional relationship holds across markets: taller buildings carry a higher floor cost and a structurally different cost profile than mid-rise construction.

The reasons are structural. Towers require deep foundations, complex vertical transportation systems, high-performance curtain wall assemblies, and construction methodologies that demand specialized trades, extended schedules, and large capital reserves. A six-storey wood-frame or cold-formed steel building on a spread footing or shallow mat foundation requires none of these.

For wood-frame and cold-formed steel mid-rise construction specifically — both permitted under the Ontario Building Code for buildings up to six storeys¹⁰ — additional advantages emerge: lighter structural loads allow construction on sites with challenging soil conditions; construction timelines are compressed; and noncombustible options like cold-formed steel reduce insurance costs during construction.

A building type that produces more units, at lower cost per unit, with shorter construction timelines, and with fewer specialized requirements is not a niche solution. It is the obvious candidate for scaled deployment.

Part VII — Why We Don't Build More of Them

If the arithmetic favours mid-rise apartment buildings, why are they not the dominant housing form in Canadian suburban development?

The honest answer is a combination of planning convention, political economy, and inertia.

Most suburban communities zone residential land for detached homes as the default, with apartment buildings treated as special uses requiring rezoning, site plan approval, and community consultation processes that do not apply to the subdivision next door. This adds cost, time, and uncertainty that make mid-rise projects economically unattractive relative to their theoretical advantages.

Toronto's experience with mid-rise development on its designated Avenue corridors illustrates the problem clearly. Despite official policy support, mid-rise buildings on Avenues typically require full rezoning — the same process as much larger high-rise buildings — because they are not permitted as-of-right. Soft costs that would be proportionally modest for a tower become a significant share of the development budget for a smaller building. Parking requirements compound the problem: underground parking on a constrained mid-rise site can cost as much or more to build as the structure above it.¹¹

The result is that mid-rise apartment buildings remain economically viable in principle but institutionally discouraged in practice.

This is a policy failure, not a market failure. The demand for mid-rise rental housing exists. The construction economics support it. The infrastructure arithmetic demands it. What is missing is the regulatory framework to deliver it at volume.

Part VIII — A Normal Housing Form Made Unusual

In much of Europe, this is not a debate.

Paris — one of the most densely populated cities in Europe, denser than New York City by residents per acre¹² — achieves that density almost entirely through four- to six-storey buildings across its urban fabric. There are almost no towers in the historic city. The mid-rise apartment is not a special use in Paris. It is the default urban form.

Barcelona, Berlin, Vienna, and Amsterdam exhibit similar patterns. The mid-rise apartment building is the standard residential form across most of central Europe — not an exception placed at the edge of a neighbourhood, but the fabric of the neighbourhood itself.¹³

In many older Canadian neighbourhoods — Hamilton's lower city, Montreal's Plateau-Mont-Royal, Toronto's Annex and Danforth — the same pattern exists. Three- to six-storey buildings interleaved with detached homes, townhouses, and commercial uses. Walkable. Transit-viable. Economically diverse. Human in scale.

What is unusual is that we stopped building this way.

Post-war zoning conventions, designed around the automobile and the political preferences of homeowners seeking to limit nearby density, systematically removed mid-rise housing from the permitted-as-of-right toolkit. Decades of suburban development proceeded on a model that was never the only viable model — only the most institutionally convenient one.

Part IX — The Places to Grow Misunderstanding

Ontario's growth management framework is frequently cited as evidence that the province forces a choice between suburban sprawl and high-rise intensification. This is, and always was, a misreading of the policy — and the policy itself has since changed in a way that makes the misreading even less defensible.

The Growth Plan for the Greater Golden Horseshoe — the planning instrument established under the Places to Grow Act, 2005, and commonly known by that name — was repealed effective October 20, 2024.¹⁸ It has been replaced by the Provincial Planning Statement, 2024, a single province-wide policy document that consolidated the former Growth Plan with the Provincial Policy Statement, 2020.¹⁹ Where the old Growth Plan applied only within the Greater Golden Horseshoe — a defined region running roughly from Niagara to Peterborough and Orillia, which included some but not all of the communities discussed in this paper — the PPS 2024 applies across the entire province.

What did not change, and what was never accurately understood in the first place, is that the policy is about density, not building form.

The PPS 2024 encourages, but does not require, a minimum density target of 50 residents and jobs combined per gross hectare in designated growth areas — and only for the 29 municipalities listed in the framework's Schedule 1 as "large and fast-growing."²⁰ None of the communities discussed in this paper — Orangeville, Woodstock, Fergus, Brockville, or the others — appear on that list. For these communities, the density target is aspirational guidance rather than a binding requirement.

Where mandatory density targets do exist under the current framework, they apply specifically to major transit station areas: 200 residents and jobs combined per hectare near subway stations, 160 near light rail or bus rapid transit, and 150 near commuter or regional rail.²¹ These targets describe high-order transit nodes in large urban systems. They have no application to a 2.07-acre site in a secondary Ontario market with no rapid transit service.

In other words: nothing in current provincial policy compels any of the communities in this paper's target market to build towers, or indeed to hit any density target at all. The policy framework is, if anything, more permissive of low-density suburban development today than it was under the old Growth Plan.

This makes the case for the six-storey apartment building a matter of economics and local choice, not provincial mandate — and that is a stronger argument, not a weaker one.

Consider what a six-storey, 112-suite building of the type modelled in Part IV actually achieves, irrespective of any policy requirement. At roughly 220 to 265 residents on a 2.07-acre (0.84-hectare) site, the building achieves a population density of approximately 260 to 315 residents per hectare.²² That figure — residents alone, with no jobs included — already exceeds the 50-residents-and-jobs-combined target that applies, on an encouraged basis, only to the largest and fastest-growing municipalities in the province. It approaches or exceeds the mandatory transit-area targets that apply to subway and light rail nodes in Toronto and other major cities.

A community does not need a single provincial mandate to justify building this way. The density numbers work on their own terms, in towns that have no Schedule 1 designation, no major transit station area, and no obligation under current policy to hit any target whatsoever.

This reframes the real question facing these communities. It is not whether provincial policy requires density — for most of the target markets in this paper, it does not. The question is whether a community wants the fiscal and infrastructure efficiency that comes from building more housing on the land it has already serviced, and whether it is willing to permit the one building type — the six-storey apartment — that delivers that efficiency without requiring a tower.

The roads, parks, schools, and utilities required to service a subdivision are largely the same roads, parks, schools, and utilities required to service a six-storey building on an equivalent site. The

difference is not the infrastructure investment. The difference is how many households ultimately benefit from it, and how many years it takes the municipality's tax base to recover what it spent putting that infrastructure in the ground.

Viewed this way, the six-storey apartment is not a response to a provincial mandate that does not, in most of these markets, exist. It is simply better arithmetic — available to any community willing to permit it, with or without Queen's Park's encouragement.

Part X — Scale as Strategy

The thesis of this paper is simple: Canada's housing problem is in part a problem of missing *scale* — not missing density in the sense of towers, and not missing middle in the narrow sense of fourplexes, but missing the practical mid-range building type that delivers meaningful supply without requiring high-rise construction, structured parking, or a fundamentally different urban form.

A subdivision does not require a tower every few blocks. It may only require several well-designed mid-rise buildings distributed throughout its fabric. The result is more housing, more diversity of tenure, greater support for local services and transit, and more efficient use of infrastructure — without fundamentally altering the character of the neighbourhood.

The most effective path forward is not to build differently in kind. It is to build *more* of the same practical building type — repeatedly, efficiently, and at scale across the communities that need housing most. The path forward is not only to encourage this housing form, but to make it as easy to finance and recycle capital through as the subdivision model it must compete against.

The six-storey apartment building is not a new idea. It is not a radical idea.

It is simply the idea Canada forgot to keep building.

Also in the Building Forward Series: “How Do We Get Innovative...Again?” (Paper 1) opens the series' case for recovering Canada's lost construction ambition. “Ontario's Housing Giants: From Individuals to Empires” (Paper 2) traces the consolidation of the province's homebuilders. “The Cathedral and the Condo” (Paper 3) contrasts civic-scale architectural ambition with the modern condominium boom. “The Missing Builder Class” (Paper 4) examines the shrinking pipeline of skilled trades. “The Consultant Economy” (Paper 5) questions the development industry's reliance on layered third-party advisory work. “Standardization Is Not the Enemy” (Paper 6) makes the case for repeatable, platform-based building systems. “The Projects That Built Canada” (Paper 7) explores 10 historic infrastructure and technology projects in Canada and asks could be still build these today.

Author's Note on AI Assistance — This paper was developed using generative AI tools — Claude (Anthropic) and ChatGPT (OpenAI) — for source organization, structural review, and drafting refinement. AI is a tool. Like any tool, its value is determined by the judgment of the person using it. The pneumatic nail gun was resisted by carpenters who believed it would undermine craftsmanship. AutoCAD was resisted by drafters who believed hand drawing produced better design thinking. In both cases, the tool expanded what skilled practitioners could accomplish — it did not replace the judgment that made the work worth doing. The analysis, policy positions, and conclusions in this paper are the author's own.

ABOUT THE AUTHOR

Patrick Norris is a Canadian construction and capital planning professional with experience in large-scale residential development and infrastructure-related projects.

This paper is an independent thought piece and does not reflect the views of any employer or affiliated organization.

ENDNOTES

- 1 Dan Parolek, *Missing Middle Housing: Thinking Big and Building Small to Respond to Today's Housing Crisis* (Island Press, 2020). Coined by Parolek of Opticos Design in 2010. See also: RE/Masters. "The Missing Middle Explained." May 2025. <https://www.reimasters.ca/post/missing-middle-housing-canada>
- 2 Real Estate News Exchange. "Master plan the missing middle." July 2025. <https://renx.ca/master-plan-the-missing-middle>
- 3 CMHC. "How Common is the 'Missing Middle' Housing in Canada?" October 2025. <https://www.cmhc-schl.gc.ca/observer/2025/how-common-missing-middle-housing-development-canada>
- 4 NICKS Developments. "What Is a Good Lot Size to Build a House?" May 2025. Suburban Ontario lot widths of 30–40 feet yield roughly 7–8 lots per acre after road allowances. <https://nicksdevelopments.com/choose-house-lot-size-ontario-guide/>
- 5 JHP Architecture. "Housing Density Guide." March 2026. Six-storey development with surface parking typically yields 50–70 units per acre on suburban sites. <https://jhparch.com/density>
- 6 CMHC. *Housing Shortages in Canada: Solving the Affordability Crisis*. June 2022; reaffirmed September 2023. Canada requires 3.5 million additional units above projected construction to restore affordability. <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/housing-shortages-canada-solving-affordability-crisis>
- 7 CMHC. *Canada's Housing Supply Shortages: Moving to a New Framework*. 2024–2025. Required annual starts estimated at 430,000–480,000 units to 2035. <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-research/research-reports/accelerate-supply/canadas-housing-supply-shortages-a-new-framework>
- 8 Puget Sound Regional Council. *Transit-Supportive Densities and Land Uses*. 2022. Citing Cervero (1993). Minimum thresholds: 6–8 du/acre for any regular bus service; 15 du/acre for frequent all-day service. <https://www.psrc.org/sites/default/files/2022-03/tsdluguidancepaper.pdf>
- 9 Altus Group. *2026 Canadian Cost Guide*. Altus Group Limited, January 2026. Private sector cost per square foot, page 5. GTA condominiums/apartments up to 12 storeys: \$245 to \$390/sq ft. GTA 40–60 storeys: \$320 to \$410/sq ft. <https://www.altusgroup.com/featured-insights/canadian-cost-guide/>
- 10 Ontario Building Code (OBC) 2012, as amended. Division B, Part 3. The 2015 amendments extended wood-frame permissions to six storeys for residential occupancies with sprinkler protection. CFS is also permitted. See: Build Steel. <https://buildsteel.org/why-steel/economics/building-cost-effective-mid-rise-building/>
- 11 Smart Density. "Mid-Rise Buildings That Work — The Problems." April 2024. Non-as-of-right status requires full rezoning; underground parking on constrained sites frequently undermines project economics. <https://smartdensity.com/mid-rise-buildings-that-work-the-problems/>
- 12 Planetizen Blogs. Michael Lewyn. "Learning from Europe, Part 2." July 2018. Central Paris is dominated by four- and five-storey buildings yet is denser than New York City. <https://www.planetizen.com/blogs/99422-learning-europe-part-2-or-you-cant-have-it-all>
- 13 Centre for Cities. "Closing Britain's urban density gap with mid-rise homes." 2025. France and Japan achieve higher residential densities through widespread mid-rise apartment buildings (4–9 storeys). <https://www.centreforcities.org/blog/closing-britains-urban-density-gap-with-mid-rise-homes/>
- 14 Rental market data for smaller secondary Ontario markets: Apartments.com reports Orangeville average at \$1,939/month (June 2025) and Grimsby at \$1,934/month (January 2025); Woodstock average at \$1,745/month (March 2025); Brockville at \$1,341/month (July 2025). Kijiji listings for Ingersoll show two-bedroom apartments available from \$1,495/month. RealRental.ca operates new builds in Shelburne and Hanover at rates consistent with sub-\$1,700/month for one-bedroom units. Existing purpose-built stock in these markets runs \$1,300–\$1,950/month depending on age and location; newer product commands a premium. A blended average of \$1,600–\$1,800/month for a new purpose-built building in these markets is consistent with observed conditions. Sources: <https://www.apartments.com/rent-market-trends/orangeville-on/>; <https://www.apartments.com/rent-market-trends/brockville-on/>; <https://www.apartments.com/rent-market-trends/woodstock-on/>; <https://realrental.ca/>
- 15 New production home sale prices in target markets, sourced from active builder price lists and MLS data (2024–2026): River & Sky Community in Woodstock (Crystal Homes and Fernbrook Homes) prices new detached homes starting from \$699,900 (therealtybulls.com). The Bridges Estates in Tillsonburg (Tillsonburg Developments Inc.) starts from \$825,000 (tdinewhomes.ca). Northcrest Estates (Hayhoe Homes, Tillsonburg) sells single-family homes from \$634,000 (livabl.com). CREA reports the Woodstock-Ingersoll-Tillsonburg area median detached price at \$612,500 in Q4 2025 (all home types including resale). Additional markets on the target list confirm the same range or higher: Storybrook Fergus (Tribute Communities and Sorbara Group) prices 30-foot detached homes from \$814,000 and 50-foot detached from \$1,100,000, with average Fergus sold price at \$727,318 across all home types (Zolo, June 2026; realvaluehome.ca). Trails of Lily Lake in Peterborough (Dietrich Homes, the most active builder in that market) sells from \$799,900 (livabl.com). Average detached listing price in Arthur, Wellington North is \$771,000 (Zolo, June 2026). A representative sale price of \$725,000 for a new 2,000 sq ft detached home is conservative relative to Fergus, Peterborough, and Arthur pricing, and consistent with entry-level new production pricing in the lower-tier target markets (Woodstock, Tillsonburg, Ingersoll). The \$725,000 assumption understates revenue in the stronger markets on the target list, making the subdivision profit comparison more favourable to Scenario A than actual conditions support. Sources: <https://therealtybulls.com/project/riverandsky-woodstock/>; <https://tdinewhomes.ca/>; <https://www.livabl.com/tillsonburg->

- on/northcrest-estates; <https://creastats.crea.ca/board/wood/>; <https://realvaluehome.ca/prices-floor-plans-storybrook-near-colborne-st-beatty-line-fergus-on>; <https://www.livabl.com/peterborough-on/trails-of-lily-lake>; <https://www.zolo.ca/wellington-north-real-estate/arthur>
- 16 Land cost assumption of \$800,000 for a 2.07-acre residential development site: Direct transaction data for small development parcels in these markets is not reported through public MLS channels. The estimate is grounded in observed listing activity: a 22-acre draft-plan-approved development site in Brockville (supporting 80-100 lots, with municipal water and sewer) is actively listed on MLS (Kijiji.ca/Soldwell.com); a sub-two-acre mixed-use site in Woodstock permitting 60 units over 6 storeys is listed on Squareyards.ca; and a 4.35-acre residential parcel in Ingersoll is listed on Kijiji.ca. Oxford County agricultural land exceeds \$30,000 per acre (Excalibur Insurance, citing Ryan Parker 2024 Land Value Study), establishing a floor. Residential development land at the urban fringe of these communities commands a substantial premium over agricultural values, reflecting servicing availability and residential entitlement. An \$800,000 estimate for a fully entitled 2-acre site in the mid-tier target markets is an informed professional judgment consistent with observed activity; it may be conservative for Orangeville or Grimsby and generous for Brockville or Smiths Falls. Parties relying on this figure for project underwriting should commission a site-specific appraisal.
 - 17 Altus Group. *2026 Canadian Cost Guide*. Altus Group Limited, January 2026. Wood-framed single-family residential with unfinished basement: GTA range \$150 to \$275 per square foot; Ottawa range \$160 to \$230 per square foot (page 5). The 2026 Guide notes that residential construction costs in Ontario softened through 2024-2025 as supply outstripped demand in key markets, with the low end of several residential ranges declining relative to the 2024 edition. A hard cost assumption of \$200/sq ft for production single-family residential in the target markets (Woodstock, Tillsonburg, Orangeville, Brockville) sits within the lower-to-middle portion of the current GTA range, which is a reasonable estimate for markets with lower prevailing labour costs and simpler suburban construction contexts relative to the GTA. The Altus Cost Guide covers hard construction costs only; land, development charges, soft costs, and developer profit are excluded per the Guide's stated methodology (page 10), and the Guide explicitly excludes the impact of pending tariffs on 2026 material costs. <https://www.altusgroup.com/featured-insights/canadian-cost-guide/>
 - 18 Government of Ontario Regulations 328/24 and 329/24, filed August 20, 2024, revoked the designation of the Greater Golden Horseshoe as a growth plan area under the Places to Grow Act, 2005, effective October 20, 2024, bringing an end to A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019. See Davies Howe LLP, "Hello Provincial Planning Statement, Goodbye Growth Plan," August 2024. <https://davieshowe.com/hello-provincial-planning-statement-goodbye-growth-plan/>
 - 19 Government of Ontario. *Provincial Planning Statement, 2024*. Ministry of Municipal Affairs and Housing, issued August 20, 2024, in force October 20, 2024. Consolidates the Provincial Policy Statement, 2020 and A Place to Grow: Growth Plan for the Greater Golden Horseshoe, 2019 into a single province-wide land use policy document. <https://www.ontario.ca/page/provincial-planning-statement-2024>
 - 20 Provincial Planning Statement, 2024, Policy 2.3.1.5 and Schedule 1. Large and fast-growing municipalities are encouraged, not required, to plan for a target of 50 residents and jobs per gross hectare in designated growth areas. Schedule 1 lists 29 municipalities, including Toronto, Hamilton, Mississauga, Vaughan, Markham, Richmond Hill, and other large GTA-area municipalities. None of the target markets discussed in this paper appear on Schedule 1. See WeirFoulds LLP, "Out With the Old, in With the New Provincial Policy Statement, 2024," August 2024. <https://www.weirfoulds.com/out-with-the-old-in-with-the-new-provincial-policy-statement-2024>
 - 21 Provincial Planning Statement, 2024, Policy 2.4.2.2. Mandatory minimum density targets within major transit station areas, carried over from the prior Growth Plan: 200 residents and jobs combined per hectare near subway stations; 160 near light rail or bus rapid transit; 150 near commuter or regional rail. These targets apply only to municipalities with designated major transit station areas on higher-order transit corridors. See Aird & Berlis LLP, "It's Here! Ontario Releases Provincial Planning Statement, 2024," August 2024. <https://www.airdberlis.com/insights/publications/publication/it-s-here!-ontario-releases-provincial-planning-statement--2024>
 - 22 Density calculation: 2.07 acres converts to approximately 0.838 hectares (1 acre = 0.404686 hectares). At 220 to 265 residents (112 suites at approximately 2.2 persons per unit, consistent with the assumption used throughout this paper), the resulting density is approximately 263 to 316 residents per hectare. This figure reflects residents only and excludes any jobs that may be associated with on-site or nearby commercial uses, meaning it understates the comparable "residents and jobs combined" metric used in provincial density targets.
 - 23 The federal Affordable Housing Fund (AHF) is a \$14.6 billion program that provides funding through low-interest loans, forgivable loans, and direct contributions — not purely repayable debt — for new affordable housing construction and renovation of existing stock. Forgivable loans and contributions reduce the cost basis of a project rather than adding to its debt load, which is the instrument required when stabilized value falls short of construction cost. As of December 2024, the AHF had committed \$10.87 billion to support creation of approximately 42,000 units and repair of over 168,000 units. Municipal programs in some Ontario communities layer additional incentives: Niagara Region, for example, offers development charge grant exemptions of up to 100% for eligible non-profit developments and forgivable loans for affordable multi-unit rental projects. The Toronto Canada-Ontario Partnership to Build (March 2026) includes development charge reductions of 40–60% for new residential construction supported by \$1.5 billion in federal-provincial infrastructure funding. Sources: <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs>; <https://www.niagararegion.ca/government/incentive-programs/affordable-housing/default.aspx>; <https://www.toronto.ca/news/city-of-toronto-secures-1-5-billion-in-canada-ontario-partnership-to-build-funding-to-support-housing-and-reduce-development-charges/>
 - 24 The principle that land is valued at its highest and best use (HBU) is foundational to real estate appraisal. HBU is defined by the Appraisal Institute as "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value" (The Dictionary of Real Estate Appraisal, 2022). In practice, development land is priced using the residual land value method: projected revenue from the maximum-density permissible use, minus all costs and required developer profit, with the remainder being the maximum supportable land

price. A site permitting a 400-unit tower is priced as a 400-unit site regardless of buyer intent. A developer who purchases it to build 112 units absorbs the full tower land cost against a mid-rise return. This is a structural barrier to missing middle scale development on sites where higher density is legally permissible — and a precise explanation of why secondary markets with lower density ceilings offer better conditions for this building type. Sources: CCIM Institute, “Understanding Land Value,” Commercial Connections, Summer 2022. <https://www.ccim.com/insights/commercial-connections/summer-2022/understanding-land-value>; Appraisal Institute of Canada, “Highest and Best Use.” <https://www.aicanada.ca/article/highest-and-best-use/>; Altus Group, “Residual Land Valuations vs. Direct Comparison,” Property Development Feasibility Series. <https://www.altusgroup.com/featured-insights/property-development-feasibility/part-3-land-valuations/>