



History:

Collection: 2026

Received: April 25, 2026

Status: Published

Identifiers:

ID: 17-26/DTN

Year: 2026

Volume: 15

First Page: 254

Last Page: 261

Correspondence: Zaighum Javaid, 935 Ferguson Dr, Milton ON L9T 6V7, Canada. +1 (647) 285-5959, zjkayani@gmail.com

Funding Statement: The authors declare that no specific funding was received for this study.

Ethics Approval Statement: Ethical approval was not required for this study, as it did not involve human participants, animal subjects, or identifiable personal data.

Consent for Publication

Statement: The author has reviewed and approved the final manuscript and consents to its publication in accordance with journal policies.

Additional information is available at the end of the article.



Analytical Review Article

HOUSING AFFORDABILITY, IMMIGRATION, AND URBAN CAPACITY CRISIS IN CANADA

Taha Nazir¹, Zaighum Javaid^{2,3}

1. Director Advanced Multiple Inc., Canada. Thomson Reuters - ID N-5730-2015 | orcid.org/0000-0002-5308-6798 | <https://tahanazir.com>
2. Chief Executive, Media South Asia Canada Inc., Canada.
3. Host, community radio programs WTOR 770 AM Toronto ON and CFCR FM 90.5 Saskatoon SK Canada.

Abstract

Canada is experiencing a complex housing crisis shaped by rapid population growth, rising immigration, and limited urban capacity. Increasing demand for housing has outpaced supply, driving affordability challenges in major cities. At the same time, infrastructure such as transportation, healthcare, and public services faces mounting pressure. This article examines the intersection of these forces and highlights the need for balanced policy responses that align immigration, housing development, and urban planning.

Running title: Housing affordability Canada, immigration impact housing, urban capacity crisis

Keywords: housing shortage, infrastructure strain, urban planning Canada, real estate crisis

Data Source: Archives, Biographies, Databanks, Encyclopedias, Libraries, Metadata Registries, Reports, Repositories, arXiv, Crossref, OpenAI, Wikipedia, World Health Organization, Zenodo.

Conflict of Interest Statement: The author declares all potential conflicts of interest and affirms that any such interests have been appropriately disclosed in accordance with standard ethical guidelines.

AI Tools and Assistance Statement: Artificial intelligence tools were utilized to support content structuring, data analysis, and evidence synthesis. All outputs were critically reviewed and validated by the author, who assumes full responsibility for the accuracy, interpretation, and conclusions of the work.

1. Introduction

Housing affordability has emerged as a defining socio-economic issue in Canada, influencing economic stability, social equity, and quality of life. Over recent years, housing prices and rental costs have risen sharply, making homeownership increasingly unattainable for many individuals and families. This challenge is not confined to a single region but is evident across multiple provinces, particularly in large urban centers.

The issue is further complicated by structural imbalances between housing demand and supply. While population growth continues at a rapid pace, the rate of housing development has not kept up. This mismatch has led to escalating property values, increased rental demand, and a growing affordability gap. Consequently, housing is no longer just a market issue but a broader public policy concern.



2. Methodology

This review is based on a qualitative analysis of academic literature, government reports, and policy documents published between 2020 and 2026. Data sources include Statistics Canada, OECD reports, and housing policy analyses. The study focuses on identifying structural trends, policy gaps, and interconnections between housing supply, immigration flows, and urban development.

3. Population Growth and Immigration Dynamics

Canada’s population growth is heavily influenced by immigration, which plays a crucial role in addressing labor shortages, supporting economic growth, and maintaining demographic stability. The country’s immigration policies are designed to attract skilled workers, students, and families, contributing positively to the national economy.

However, the concentration of immigrants in major cities such as Toronto, Vancouver, and Montreal has significantly increased housing demand in these areas. Newly arrived populations often require immediate access to rental housing, placing pressure on already constrained markets. This demand surge tends to outpace the slower process of housing construction and urban expansion.

In addition, short-term settlement patterns often lead to overcrowding and increased competition for available housing. Over time, this contributes to sustained upward pressure on both rental prices and property values, making affordability an increasingly difficult challenge for both newcomers and long-term residents.

Figure 1: Demand–Supply Imbalance Model

Population Growth → Housing Demand ↑ → Limited Supply → Price Increase → Affordability Crisis

4. Housing Supply Constraints

The housing shortage in Canada is not solely the result of rising demand; it is also deeply rooted in structural supply limitations. Housing development is influenced by regulatory frameworks, market conditions, and resource availability, all of which can slow the pace of new construction.

Zoning laws and land-use regulations often restrict the development of high-density housing, particularly in urban cores where demand is highest. These restrictions limit the ability of cities to expand vertically or utilize land more efficiently. As a result, housing supply remains constrained despite increasing demand.

Moreover, the construction sector faces challenges such as labor shortages and rising costs of building materials. These factors increase the overall cost of housing development, discouraging investment in affordable housing projects. Delays in approval processes and bureaucratic hurdles further exacerbate the problem, leading to prolonged development timelines.

Table 1: Key Drivers of Housing Shortage

Factor	Impact on Housing Supply
Zoning Regulations	Limits density and expansion
Construction Costs	Reduces developer incentives
Labor Shortages	Slows building timelines
Land Availability	Increases housing prices

5. Urban Capacity and Infrastructure Strain

Urban capacity refers to the ability of cities to accommodate population growth through adequate infrastructure and public services. In Canada, many urban areas are experiencing significant strain due to rapid population increases without corresponding infrastructure expansion.

Public transportation systems in major cities are increasingly congested, leading to longer commute times and reduced efficiency. Healthcare systems are under pressure, with longer wait times and limited access to services. Educational institutions, including schools and universities, are also facing capacity challenges as enrollment rises.

Utilities such as water supply, electricity, and waste management systems are similarly affected. As urban populations grow, these systems require substantial upgrades and investments to maintain efficiency and reliability. Without adequate planning and investment, infrastructure limitations can significantly reduce the overall quality of life.

Figure 2: Urban Capacity Stress Model

Population Growth → Infrastructure Demand ↑ → Capacity Limit → Service Decline → Social Pressure

6. Economic Implications

The housing affordability crisis has wide-ranging economic consequences that extend beyond the real estate sector. Rising housing costs increase the overall cost of living, reducing disposable income for households. This, in turn, affects consumption patterns and economic growth.

High housing costs also impact labor mobility, as individuals may be unable or unwilling to relocate to areas with better employment opportunities due to unaffordable housing. This creates inefficiencies in the labor market and can hinder productivity.

Furthermore, housing affordability challenges can discourage foreign investment and reduce Canada's competitiveness as a destination for skilled immigrants. If housing becomes inaccessible, it may undermine the country's long-term economic growth strategy.

7. Social Implications

Beyond economic effects, the housing crisis has significant social consequences. Rising housing costs contribute to increased inequality, as lower-income households struggle to secure stable housing. This can lead to housing insecurity and, in extreme cases, homelessness.

Urban overcrowding is another growing concern, particularly in rental markets where demand exceeds supply. Families may be forced to live in smaller or shared accommodations, affecting their quality of life and well-being.

Additionally, the stress associated with housing insecurity can have psychological and social impacts, including reduced community cohesion and increased social tension. These issues highlight the need for inclusive and equitable housing policies.

9. Policy Challenges and Strategic Responses

Addressing the housing affordability crisis requires coordinated efforts across multiple levels of government. Policymakers face the challenge of balancing immigration targets with housing availability and infrastructure capacity.

One key strategy is to accelerate housing construction through regulatory reforms and incentives for developers. Encouraging high-density housing and mixed-use developments can help optimize land use in urban areas. At the same time, investment in infrastructure is essential to support growing populations.

Another important approach is to promote regional development by encouraging population distribution beyond major cities. Smaller cities and rural areas can be developed as alternative growth centers, reducing pressure on urban hubs.

Figure 3: Integrated Policy Framework

Immigration Policy + Housing Development + Infrastructure Planning → Sustainable Urban Growth

9.Future Prospects

Future developments will depend on how effectively Canada can scale housing supply and modernize urban infrastructure. Technological innovations in construction, such as modular housing, and data-driven urban planning may offer solutions. Additionally, regional diversification of immigration could reduce pressure on major cities.

10. Recommendations

To address the crisis, policymakers should accelerate housing construction, reform zoning regulations, and invest in urban infrastructure. Expanding affordable housing programs and improving regional settlement strategies for immigrants can help balance demand and supply. A coordinated national housing strategy aligned with immigration targets is essential for long-term sustainability.

11. Conclusion

Canada's housing affordability crisis reflects a complex interaction between immigration, housing supply constraints, and urban capacity limitations. While immigration remains a vital component of economic growth and demographic sustainability, it must be aligned with the availability of housing and the capacity of urban infrastructure.

A sustainable solution requires integrated policies that address both demand and supply while ensuring that infrastructure development keeps pace with population growth. Long-term planning, regulatory reforms, and strategic investments are essential to restore balance in the housing market. Without such measures, the pressures on affordability and urban systems are likely to intensify, posing significant challenges for Canada's economic and social future.



Review Typology and Reporting

Review designs were classified into standard categories (scoping, umbrella, rapid, qualitative, and mixed-methods), with reporting aligned to established guidelines (PRISMA-ScR, PRIOR, PRISMA-RR, ENTREQ, and PRISMA/MMAT) to ensure methodological rigor and transparency.

Editorial Statement:

This is research-based manuscript, prepared and structured in a scientific manner. Modern AI-assisted tools used to access current and authentic info. The digital archives, bibliographic databanks, online libraries, research articles, academic repositories and encyclopedias employed.

Preprint Notice:

This manuscript is shared as a non-peer-reviewed preprint on platforms such as Zenodo, SSRN, and Research Square to support scholarly discussion. The content is research-based and developed using publicly available and verifiable sources. Readers are encouraged to interpret the material as preliminary and subject to revision.

Legal Disclaimer

This manuscript is provided for academic and informational purposes only and does not constitute professional advice. While based on publicly available data and presented in good faith, no warranties are made regarding its accuracy or applicability. The author assumes no liability for any outcomes arising from its use, and readers should consult qualified professionals before making decisions.

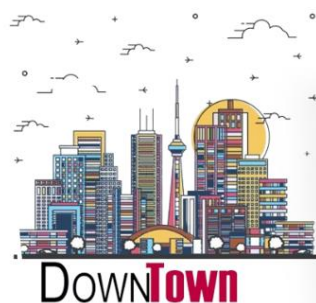
Peer Review Statement: This manuscript has not undergone external peer review, as it represents a structured synthesis and analysis of existing evidence. The methodological approach adheres to established standards to ensure rigor, transparency, and scientific validity.



References:

- Government of Canada. (2025). 2025 consultations on immigration levels – Final report.
- <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/transparency/consultations/2025-consultations-immigration-levels-report.html>
- Statistics Canada. (2026). Population projections for Canada (2025 to 2075).
- <https://www150.statcan.gc.ca/n1/pub/17-20-0003/172000032026002-eng.htm>
- Statistics Canada. (2025). Housing use of immigrants and non-permanent residents in Canada.
- <https://www150.statcan.gc.ca/n1/pub/36-28-0001/2025005/article/00003-eng.htm>
- Statistics Canada. (2025). Non-permanent residents and housing demand in Canada.

- <https://www150.statcan.gc.ca/n1/pub/46-28-0001/2025001/article/00005-eng.htm>
- Canada Mortgage and Housing Corporation (CMHC). (2025). Housing supply report.
- <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/market-reports/housing-market/housing-supply-report>
- Canada Mortgage and Housing Corporation (CMHC). (2025). Canada's housing supply shortages: A new framework.
- <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>
- Organisation for Economic Co-operation and Development (OECD). (2025). OECD economic surveys: Canada 2025 – Improving housing affordability.
- https://www.oecd.org/en/publications/2025/05/oecd-economic-surveys-canada-2025_ee18a269/full-report/improving-housing-affordability_3d430d2e.html
- Immigration, Refugees and Citizenship Canada (IRCC). (2025). Immigration and housing prices across municipalities in Canada.
- <https://www.canada.ca/en/immigration-refugees-citizenship/corporate/reports-statistics/research/immigration-housing-prices-municipalities-canada.html>
- Fraser Institute. (2025). The crisis in housing affordability: Population growth and housing supply in Canada.
- <https://www.fraserinstitute.org/sites/default/files/2025-04/crisis-in-housing-affordability-pop-growth-housing-starts-1972-2024.pdf>
- Migration Policy Institute. (2025). Canada's immigration policy at an inflection point.
- <https://www.migrationpolicy.org/article/canada-immigration-policy-inflection-point>



© 2025 DownTown News. This publication is released under the Creative Commons Attribution (CC BY 4.0) license. You are permitted to: Share: Copy and redistribute the material in any medium or format. Adapt: Remix, transform, and build upon the material for any purpose, including commercial use. These freedoms cannot be revoked if the licensing terms are followed.
License Terms: Attribution: You must provide appropriate credit to *DownTown News*, include a link to the CC BY 4.0 license, and indicate if any changes were made. Attribution must be given in a reasonable manner that does not imply endorsement by DownTown News. No Additional Restrictions: You may not apply legal terms or technological measures that restrict others from exercising the permissions granted by this license.

For full license details, please refer to the Creative Commons Attribution 4.0 International License (CC BY 4.0).