

development were not present. Likewise, zoning bylaws don't create or prompt sprawl; they manage some aspects of its form. No development plan or zoning bylaw says that new developments have to occur in sprawling suburbs. It may be that the prevalent identification of planning and

WHERE DO CANADIANS LIVE?

Globally, people have been migrating to cities for decades, and now more people live in cities than in rural areas. Like other developed nations, Canada is primarily an urban nation; the proportion of Canadians living in urban areas has been rising for more than 150 years and now stands at 81%.² Approximately two-thirds of Canadians live in large urban areas (those with populations over 100,000).³

What those numbers don't reveal is that half of the residents of metropolitan areas actually live in suburbs, and suburban growth is proceeding at over 160% the rate of growth in city centres.⁴ The statistics substantiate the visible reality: relatively small city cores, sometimes with ribbons and nodes of density huddled around transit lines and stops, surrounded by many kilometres of low-density suburbs.

SPRAWL AND ITS CAUSES

There is no universally accepted definition of sprawl. However, sprawl as an urban form does have a number of characteristics, not all of which may be present in a given case:

- **Low density.** Sprawling developments tend to have a lower density of uses (e.g., housing) per hectare of land than is typical of more central, urban neighbourhoods.
- **Separation of uses.** Sprawling development tends to have different land uses (e.g., housing and retail) separated, often by considerable distances.
- **Leapfrog development.** Sprawling development often takes place beyond the margins of existing built-up areas, leaving gaps that further reduce overall density.
- **Automobile dependence.** Sprawling development – whether residential or other – tends to require the use of automobiles for transportation.
- **Fringe.** Sprawling developments take place on lands that are distant from traditional urban cores, on “greenfield” sites that were previously agricultural or natural.⁵

That last, locational, point is consistent and perhaps the defining characteristic of sprawl: simply put, sprawling development is sprawling.

In several decades of literature on sprawl, there has been widespread recognition of the ways in which municipal regulatory policies (e.g., planning and zoning rules) have contributed to sprawl. Municipal governments have approved development plans and zoning bylaws that anticipate greenfield developments with low density, a strict separation of residential from other uses, and often inadequate or non-existent pedestrian infrastructure. These plans and rules do contribute to sprawl.

However, they are not the whole story. Development plans don't actually require anything to be built. A municipal plan could be adopted and nothing built if the demand for sprawling

zoning rules as a factor in sprawl is due to the prominent role that urban planners have played in drawing attention to the problems of sprawl. However, there are clearly other factors at play; the underlying demand for sprawl is created elsewhere.

PRICES

“Where people choose to live (in the city core, existing suburbs or new greenfield suburbs), the types of buildings they live in, where business people choose to locate their businesses ... [these decisions] are all highly influenced by price.”

– NATIONAL ROUND TABLE ON THE ENVIRONMENT AND THE ECONOMY⁶

Property prices are a key driver of sprawl. The influence of prices can be illustrated by a choice facing a typical homebuyer – a growing family with a limited income, searching for a three-bedroom house. Given the choice between a house near the centre of town that costs \$600,000, and one at the fringe that costs \$300,000, most will be forced to choose the suburban house because that's what they can afford.

A 2012 survey of Toronto-area residents confirms that price is key to location decisions: 79% said price influenced their choice of location, and 81% said that if home price were not an issue, they would give up a large-lot home to get a smaller residence in a walkable area with good transit.⁷

Many businesses are subject to the same pressures. For some businesses, location is determined by their market, or a crucial input. Others can choose location. Other things being equal, if faced by the choice between an expensive space in a downtown office tower or a cheaper space in a suburban business park, many firms will choose the latter.⁸ If facing higher shipping expenses due to traffic congestion getting in and out of town, firms sensitive to freight costs may opt for warehouse or production space near a suburban highway interchange.

Simply put, prices influence a lot of decisions for individuals and firms – including decisions on where to locate. Development plans and zoning rules will shape new suburbs, but without the demand, those suburbs wouldn't exist. Demand creates suburbs, and prices shape demand.

It is not hard to see why prices are an important driver of sprawl. All other things being equal, individuals and families like a low price (or at least what they perceive as a low price – see discussion below under Personal Household Costs). Firms are required to maximize profits, and keeping costs down is essential to maximizing profits.

In a nutshell, sprawl occurs because a building on the edge of town is cheaper. But why is that?

CONSUMER PREFERENCE OR PRICE?

Advocates for sprawl frequently argue that the cause of sprawl is simply consumer preference: sprawling suburbs exist because homebuyers chose to live in the suburbs.

This is true in a narrow sense; people who bought a house in the suburbs did choose to buy that house. But why? The answer for many, according to a survey in the Greater Toronto Area (GTA), is quite simple: 79 percent chose to live where they do based on home cost.¹¹

“Drive until you qualify” is a mortgage affordability expression that neatly captures the relationship between location and housing price. Prospective buyers whose incomes can't support a mortgage in central parts of town are advised by lenders to look further out of town, where sticker prices are lower – often by tens or hundreds of thousands of dollars. The claim that buyers prefer the suburbs hides the reality that many can only afford a house in the suburbs.¹²

Sprawl advocates also claim that buyers actually want certain features that come with sprawling developments, such as larger houses and bigger yards. The same GTA survey investigated homebuyers' preferences if home prices were equal. It found that while a detached single-family home is the most important attribute when choosing where to live, large houses and big yards are less important to GTA residents than walkable, mixed-use neighbourhoods, short commutes to work, and easy access to frequent rapid transit.

Another argument is that homebuyers select suburban neighbourhoods as safer for their kids. Yet the risk of violent death for young people (between the ages of one and 24) has more to do with automobiles than crime,¹³ and sprawl means more time spent in automobiles. Automobile collisions kill several hundred young Canadians every year. Injury is the leading cause of death of young people in Canada, and motor vehicle collisions are the leading source of fatal injuries.¹⁴

Contrary to the claims of sprawl advocates, sprawl is not merely an outcome of consumer preference, but rather it is an outcome of price.¹⁵ The benefits of sprawl are largely internal (private) and related to reduced housing costs.¹⁶

WHY ARE PRICES LOWER FOR SPRAWL?

Markets don't exist in a vacuum. They exist within a framework of government policy and law, and are heavily influenced by it. Markets can also be distorted by government policies, or their absence.

For example, several decades of massive government spending to build free-to-use highways has enabled daily long-distance commuting. It has also reduced long-distance food transportation costs,⁹ thus reducing the profitability of local farming and the value of farmland around cities and towns. Distance commuting and low-price farmland make it more attractive to build suburbs in greenfield areas.

The suburban housing market in its current form would not exist without that free-to-use road network. And the market in its current form continues to be indirectly subsidized by ongoing government spending on road maintenance, repair, replacement, expansion, clearing, lighting, policing, emergency medical services and other road-related costs.

Furthermore, the ongoing policy failure to internalize the externalities of road use (e.g., illness, injuries and climate change) amounts to a subsidy to automobile use and suppresses the price of transportation to and from suburban locations.

Undercharging developers for municipal costs caused by new greenfield developments artificially distorts the market in favour of sprawling development. Utility pricing that fails to reflect the higher costs of servicing sprawling areas is another hidden subsidy.

Bearing in mind the influence of public policy on markets and prices, we can begin to reformulate the question. Instead of asking “why is sprawl cheaper?,” the more germane question is “how should we change the policies that make sprawl cheaper?” This is discussed in the sections below on policy solutions.¹⁰ It is important first, however, to get a sense of the costs of sprawl.