



SOLUTIONS TO THE HOUSING CRISIS

BLUEPRINT INTRODUCTION TO A
MULTIFACETED PROBLEM DECADES
IN THE MAKING

When it comes to our dysfunctional housing market and solutions to restore balance between prices and incomes, we need to think long term. Short term fluctuations in the housing market are not indicative of long-term affordability and opportunity for our children.

- How to break the cycle of shortsighted housing policies

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THE HOUSING CRISIS

THE CAUSES AND ONGOING IMPACTS



Review of the Problem



Constrained Housing Supply

Zoning and local intervention that limits the ability to build at the pace required to meet household needs



Uncontrolled credit expansion

Housing, as a basic need, "costs" whatever the next generation can borrow



Financialization of Housing

Securitized loans (against property) are the source of access to financial instruments to grow wealth (source of inequality)



Speculation

When home prices inflate without there being any additional benefit to society, that price growth is pure inflation, and a perfect source for speculation



Municipal finances and infrastructure

City finances dependent on urban sprawl for new revenues perpetuate the cycle of expensive transportation infrastructure at the expense of needed services to residents.

- The Bank of Canada has been increasing the overnight interest rate, leading to higher mortgage rates offered by lenders.
- Rental prices continue to increase.
- The average monthly payment on a new home have increased slightly, though the cost of a down payment has decreased.
- Though rising interests may cool demand by reducing available credit, it remains to be seen whether this trend continues as the other fundamental factors remain.



**Ottawa home
prices are down
4% since their
peak in March
2022 (as of May)**

But the housing crisis
still isn't over...



Changes in prices local examples

- This home sold in April for \$661 000
- With the average price decreases, that would be \$634 000 in May
- With the average interest increasing 0.86% the monthly mortgage payment would go from \$3,194 to \$3,357



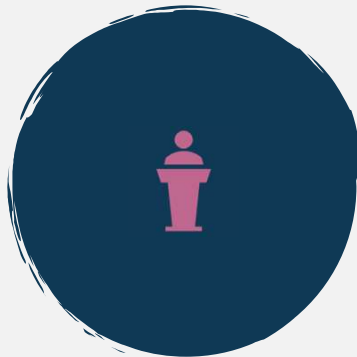
- This home sold in April for \$500 000
- With the average price decreases, that would be \$480 000 in May
- With the average interest increasing 0.86% the monthly mortgage payment would go from \$2,447 to \$2,568





Supply-side

Up-zoning
Housing funds
Cut red tape
Municipal tax change



A new framework

A mixed approach implemented at the local level that incorporates both demand- and supply-side measures



Demand-side

Tax flippers
Tax investors
Max. #homes per person
Increased down payments
Buyer's Bill of Rights
Municipal tax change

Housing Solutions' Discourse

When it comes to complex problems like housing, a “yes and” strategy is required.

THE GOVERNMENT RESPONSE

WHERE WE CURRENTLY STAND



Government Response – Federal

Little has been implemented, but here are promises made by the federal government:

The 2022 Federal Budget Focused Heavily on Housing

- Tax-Free First Home Savings Account
 - Like an RRSP for housing with a \$40,000 limit, \$8,000/year starting in 2023
- Extension of the First-Time Home Buyer Incentive
 - Lowers borrowing costs for first-time buyers by sharing it with the government
 - Extension to March 31, 2025
- Two-year ban on foreign purchase of property
- Introduction of new regulations regarding “house flipping”

Government Response – Provincial

Report of the Ontario Housing Affordability Task Force

- Focuses on solutions to increase the supply of market-rate housing across the province, like:
 - Increasing the cost of appeals for new developments;
 - Reducing funding to municipalities that construct not enough new housing; and
 - Limiting excess public meetings for new developments.

Bill 109 (More Homes for Everyone Act, 2022)

- Adopts recommendations made in the task force's report;
- Passed by Provincial Legislature and received Royal Assent;
- Contains policies concerning:
 - Streamlining the development approval process;
 - Changes to municipal finances regarding development; and
 - Public consultations.

In sum, the province is taking drastic action concerning housing, and with the current government's re-election, it may force its will upon Ontario's municipalities whether they like it or not. It would be prudent to expect big changes in the next few years.

Government Response – Municipal

New Official Plan

- Much of the City of Ottawa's response to the housing crisis lies in its efforts to implement a new official plan that will guide how the city grows and develops.
- One of the main aspects of the new official plan is encouraging more growth through densification and the construction of more affordable housing.
- *"The new Official Plan is designed to help Ottawa become a city of connected, green, inclusive and walkable communities, with greater density of housing, employment and services around rapid-transit hubs and along transit corridors."*

Comprehensive Zoning Review

Inclusionary Zoning



Ottawa's Comprehensive Zoning Bylaw Review

Implementation Plan



UNCONTROLLED CREDIT EXPANSION, FINANCIALIZATION, AND SPECULATION

WHAT CAN WE DO AND ADVOCATE FOR AT
THE FEDERAL AND PROVINCIAL LEVELS?








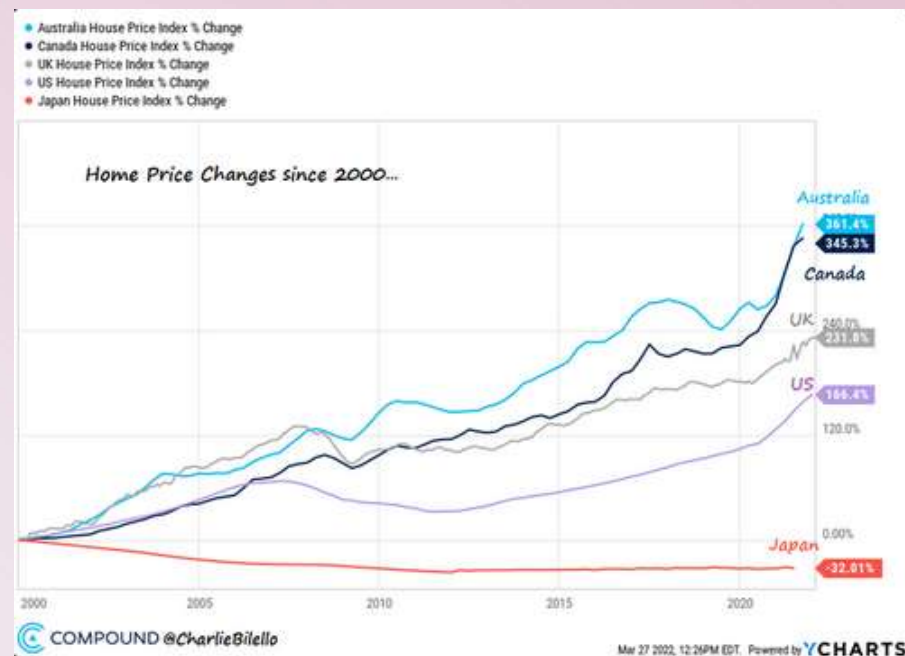
Regulatory and legal barriers to abuse



Restrict Access to Home Equities

This is a sub-component of our mortgage market structure.

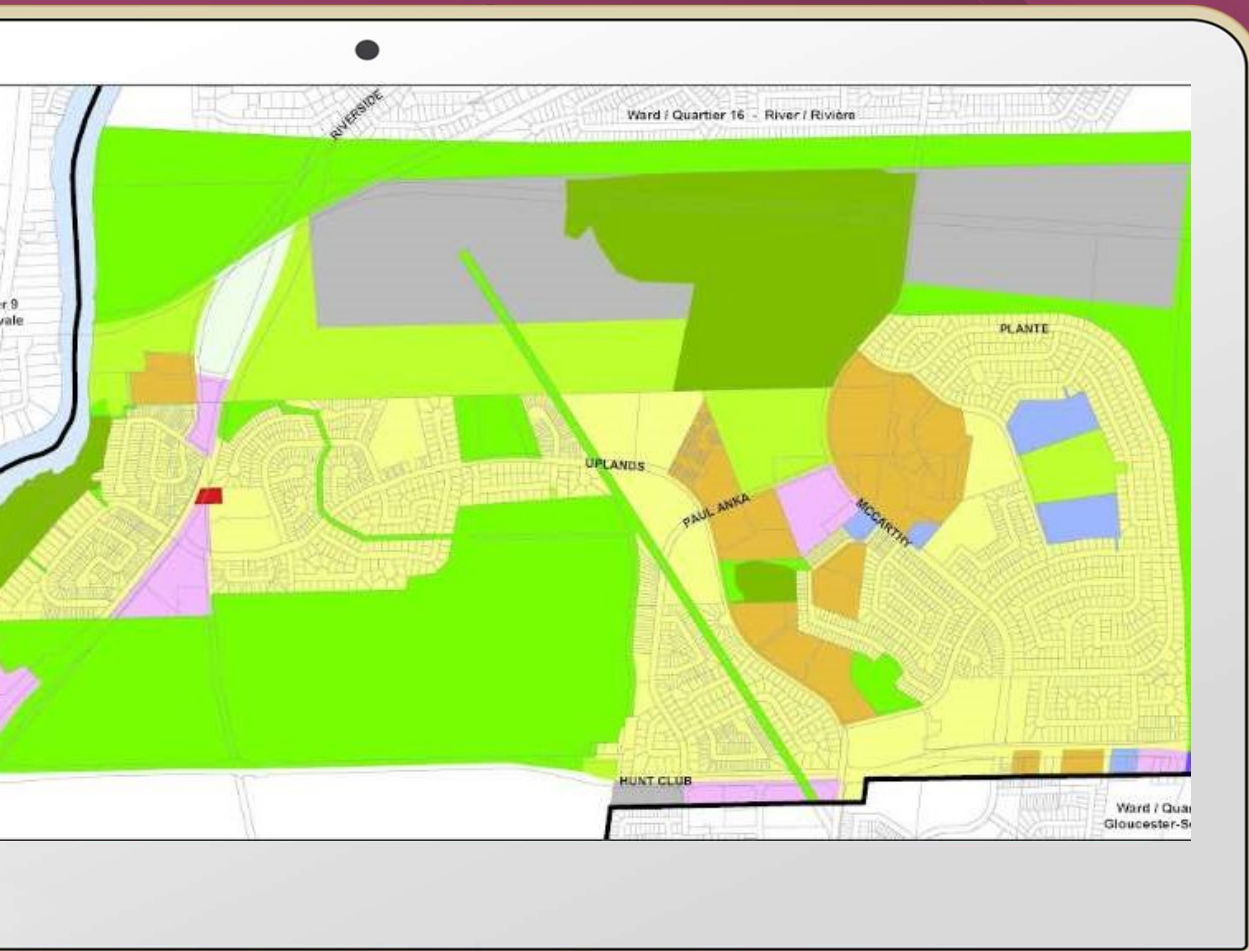
| |  Equity Withdrawal |  Avg. LTV ratio on new loans |  Mortgage debt-to-GDP |  Mortgage-backed securitization |  Owner-Occupation ratio |
|-----------|---|---|--|--|--|
| Canada | Yes | 75% (2013) 88% (2021) | 43% (2013) 65.4% (2019) Up 22.4ppt | Yes | 66% (2013) |
| Australia | Yes | 80% (2013) | 74% (2013) 94.6% (2019) Up 20.6ppt | Yes | 70% (2013) |
| UK | Yes | 80-90% (2013) | 74% (2013) 125% (2019) Up 56ppt | Yes | 70% (2013) |
| USA | Yes | 80% (2013) | 69% (2013) 48.9% (2019) Down 21.1ppt | Yes | 69% (2013) |
| Japan | No | 70-80% (2013) | 36% (2013) 38.3% (2019) Stable | No | 61% (2013) |
| Spain | Limited | 70% (2013) | 40% (2013) 41.6% (2019) Stable | Yes | 85% (2013) |



CONSTRAINED HOUSING SUPPLY

PROVINCIAL AND MUNICIPAL
RESPONSIBILITY





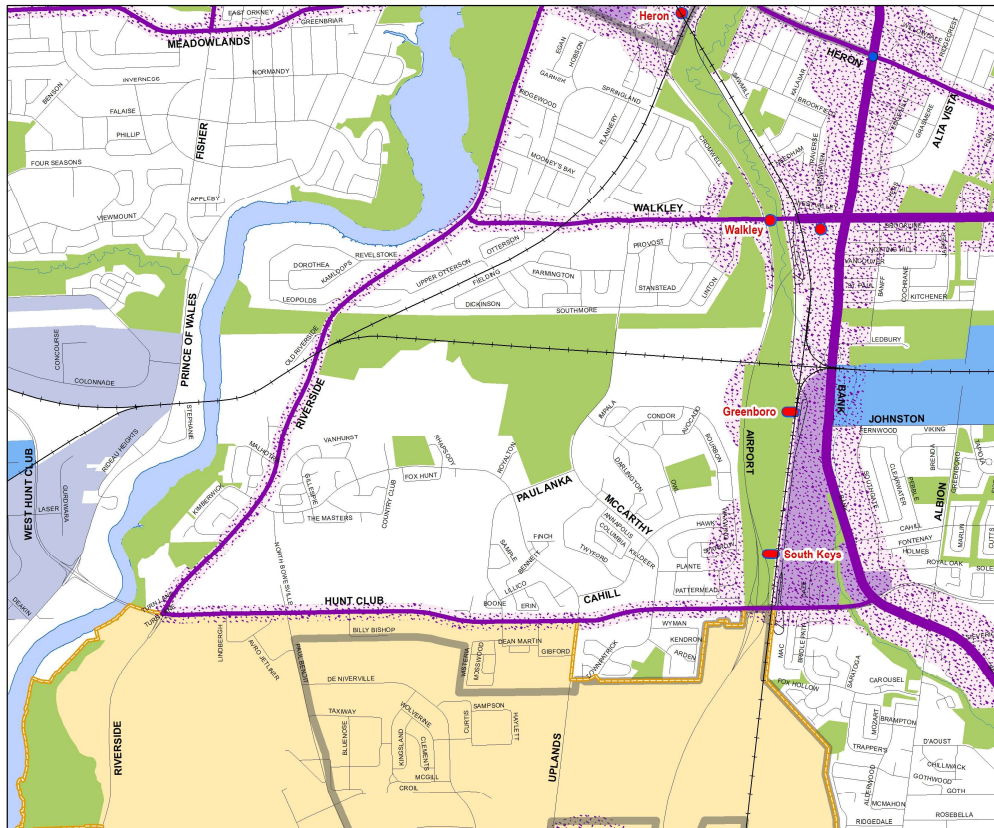
Hunt Club zoning

Allowing for denser housing in the least dense area has some surprising benefits **if done right**

Homeowners would have more rights to their own land, and would be able to access their home equity

Big developers would have less sway in the community

Upzoning in Hunt Club: New Official Plan



November 24, 2021

Extract from / Extrait du



Official Plan / Plan officiel

Schedule B3 - Outer Urban Transect
Annexe B3 - Transect Secteur urbain extérieur

TRANSECT POLICY AREA / SECTEUR STRATÉGIQUE DU TRANSECT

Outer Urban / Urbain extérieur

OVERLAYS / AFFECTATION SUPPLÉMENTAIRE

Evolving Neighbourhood /
Quartier en évolution

SPECIAL DISTRICT / DISTRICT PARTICULIER

Ottawa International Airport Economic District /
District économique de l'Aéroport international d'Ottawa

DESIGNATIONS / DÉSIGNATIONS

Hub / Carrefour
Corridor - Mainstreet / Couloir - Rue principale
Corridor - Minor / Couloir - Rue principale mineure
Mixed Industrial / Industrie Mixte
Industrial and Logistics / Industrie et Logistique
Greenspace / Espace vert
Neighbourhood / Quartier

TRANSIT

O-Train Station / Station de l'O-Train
Future O-Train Station / Station de l'O-Train (futur)
Transfer Station / Station de correspondance
Transitway Station / Station du Transitway

- Note the “evolving community” designations near the arterials and transit stations
- These evolving neighbourhoods are intended to promote dense “15 minute neighbourhoods” with walkable infrastructure and nearby amenities

Zoning Implementation Report- Planning Committee Jun 23

Table 2: Existing Residential-Zoned Parcels

| Zone | Downtown | Inner Urban | Outer Urban | Suburban | Total by Zone |
|--------------------------|--------------|---------------|---------------|---------------|----------------|
| R1 | 128 | 10,740 | 36,417 | 36,933 | 84,218 |
| R2 | 3 | 5,048 | 9,274 | 12,033 | 26,358 |
| R3 | 126 | 9,934 | 8,950 | 33,823 | 52,833 |
| R4 | 5,957 | 7,992 | 2,040 | 589 | 16,578 |
| R5 | 665 | 765 | 985 | 342 | 2,757 |
| Total by Transect | 6,879 | 34,479 | 57,666 | 83,720 | 182,744 |

Table 4: Modelled Zoning Framework

| Current Zone | Allows | Modelled Conceptual Zone | Would allow |
|--------------|------------------|--------------------------|-------------------------------------|
| R1 | 1 unit* | N1 | 2 units**, 70 DU/ha*** |
| R2 | 2 units** | N2 | 4 units, 135 DU/ha |
| R3 | 3 units** | | |
| R4A-R4L | 4 units | | |
| R4UA | 8 units | N3 | Up to 8 units, 225 DU/ha |
| R4UB | 12 units | N4 | Up to 12 units, 275 DU/ha |
| R4UC-R4UD | By bldg envelope | N5 | More than 12 units, up to 600 DU/ha |
| R5 | By bldg envelope | N6 | Mid-Rise, More than 600 DU/ha |
| R5 | By bldg envelope | N7 | High-Rise, By bldg envelope |

* 2 including SDU's

** 4 including SDU's

***including SDU's

- Table 2 shows the distribution of lots by current zones, table 4 is a proposed new framework
- DU = Dwelling Unit
- SDU = Secondary Dwelling Unit (contained within the main home, such as a basement apartment)
- DU/ha = Dwelling Units per Hectare
- 70 DU/ha is equivalent to 28 per acre, which is roughly the same density as row houses with front and back yards
- Full report is here:
<https://app05.ottawa.ca/sirepub/cache/2/s2o3jl52hn2xe5lwp5ojdt5a/81556506212022101037533.PDF>
- Next step will be public engagement on these plans

- With so much of our city taken up by R1 low density housing, in order to build more housing, builders have to use some combination of 3 options:
 - build as much as possible where it happens to be allowed (big, tall projects)
 - go through an intensive regulatory and consultation process, costing time and money, to rezone an area
 - build new communities on the periphery (sprawl)
- With these options, large, corporate, well-connected developers will outcompete small builders every time
- **What if we could bring back smaller scale development?**



The Relationship between developers and zoning

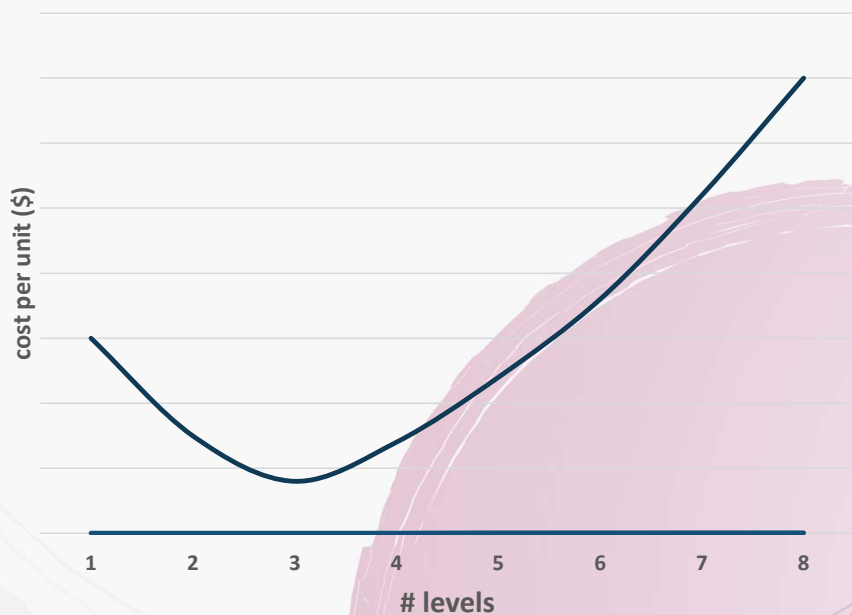
The current development process is like a volcano- there are few places to build and a lot of demand pressure. So developers cram as much as they can in an explosive new build.

Affordable Zoning

Amend residential zoning based on affordability, rather than housing type.

Allowing for homes of different sizes based on preferences so people aren't forced to have large lawns if that's not what works best for them

Affordability based on height

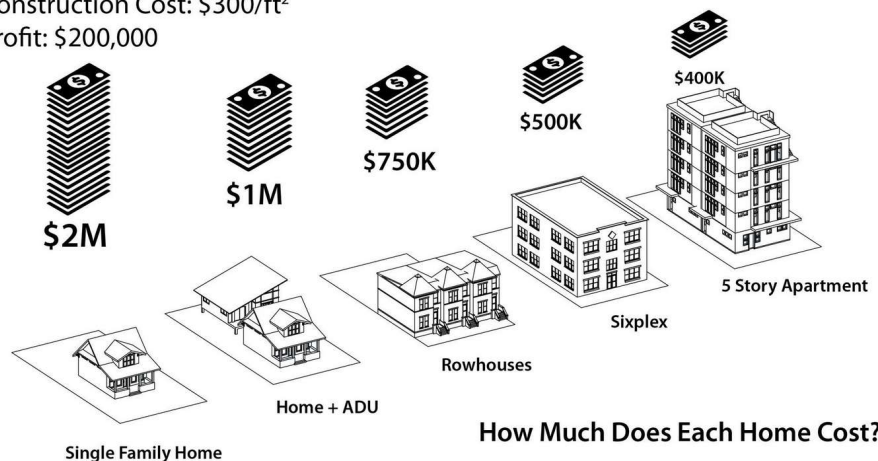


Construction Costs

Land Acquisition: \$600,000

Construction Cost: \$300/ft²

Profit: \$200,000



| FAR FSI BCR | 0.25 25% | 0.5 50% | 1 100% | 1.5 150% | 2 200% |
|-------------------|--------------|--------------|-----------|-------------|-----------|
| 25% | | | | | |
| 50% | not possible | | | | |
| 100% | not possible | not possible | | | |



Eliminate Parking Minimums

Minimums encourage more driving, more traffic, and inefficient land use



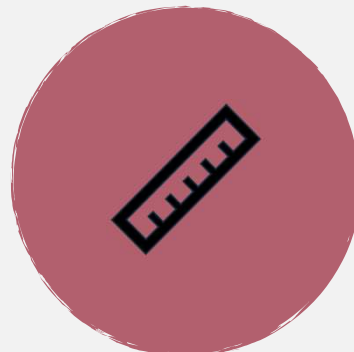
Allow Multi-Family Homes

More varied family structures, multiple families sharing one lot



Converting Homes

Allow homeowners to add more housing with existing buildings (e.g. basement apartments)



Reduce Lot restrictions

Minimum setbacks force owners to have bigger lots than they might want

More Potential Reforms

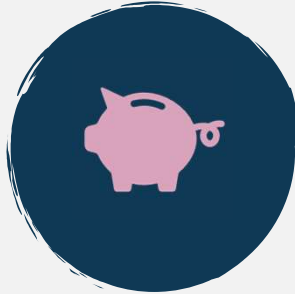
Zoning codes place significant restrictions on what homeowners can do with their property- some with outdated assumptions



All of these aspects and more of a property are heavily regulated



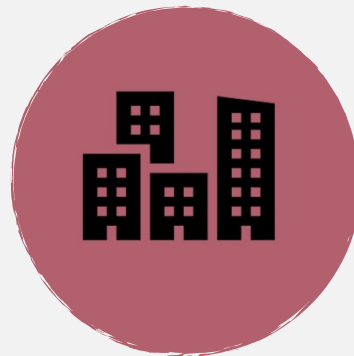
More flexibility for homeowners as needs change



Allows homeowners to more easily “unlock” their home equity through improved land use



More competition among developers and better incentives



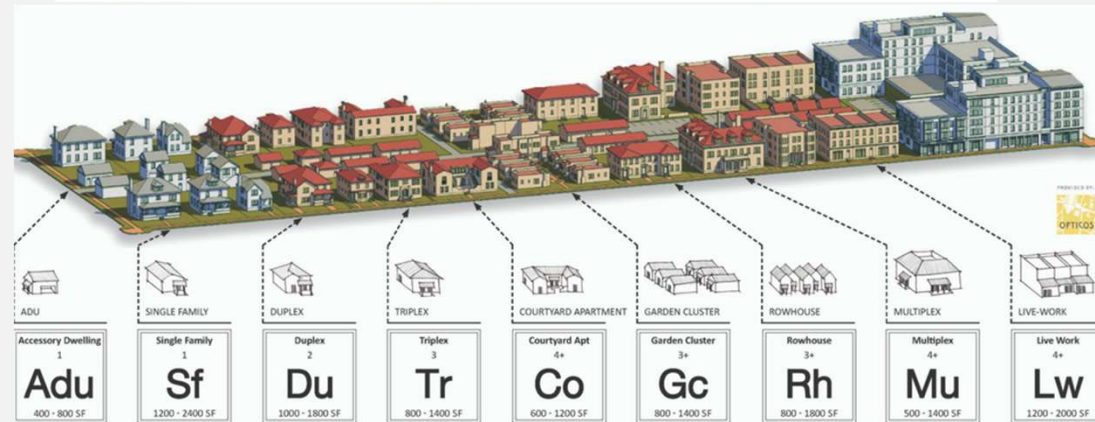
Neighbourhoods would change more gradually instead of having a massive new development all at once.

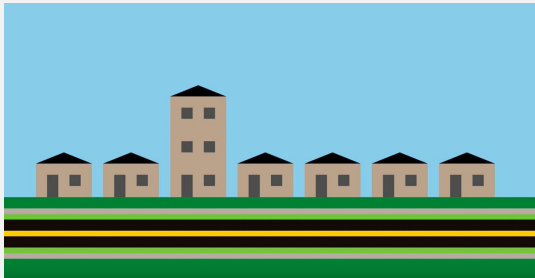
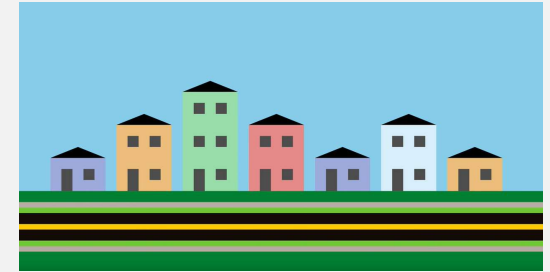
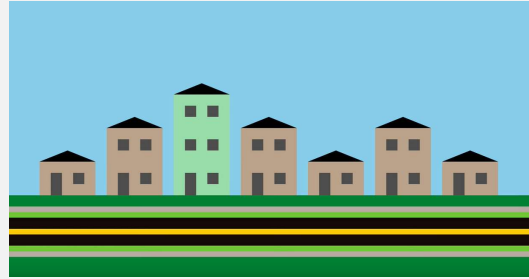
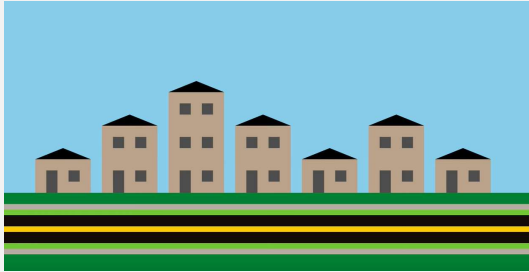
Potential Benefits of upzoning

Upzoning can create value for homeowners and the community as a whole

Affordable zoning legalizes Missing Middle Gentle Density

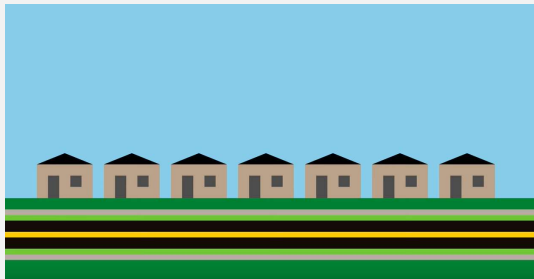
- An **anti-displacement strategy** to house our children and friends, and keep our elder neighbours adequately housed
- A **housing choice strategy** that does not impose on families only one type of housing but allows people to choose what suits them best based on their needs
- A **family and community-oriented strategy** that makes our streets safer for children and encourages inclusivity and diversity
- An **environmentally sustainable strategy** that protects our cherished green spaces and reduces home and transportation GHG emissions





What makes a place good to live?

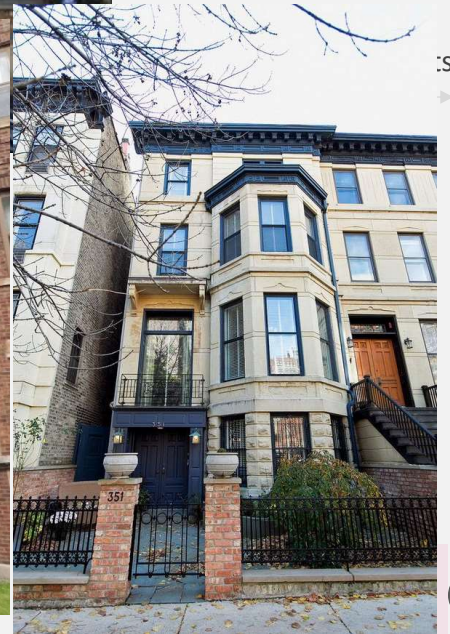
- Consultations are important to ensure the needs of residents are brought forward, but not everyone has the knowledge and expertise to judge a proposed project.
- Allowing our neighbourhood to grow with us as our needs change is fundamental to having it be a good place to live.
- Our neighbourhood can and should be a pleasant destination, not just a place to drive through as we get to our own homes.



Housing Types and Style



Housing Types and Style



Housing Types and Style

Mu

Courts

Tow



MUNICIPAL FINANCES AND INFRASTRUCTURE

A FINANCIALLY IRRESPONSIBLE MODEL THAT
WE CAN

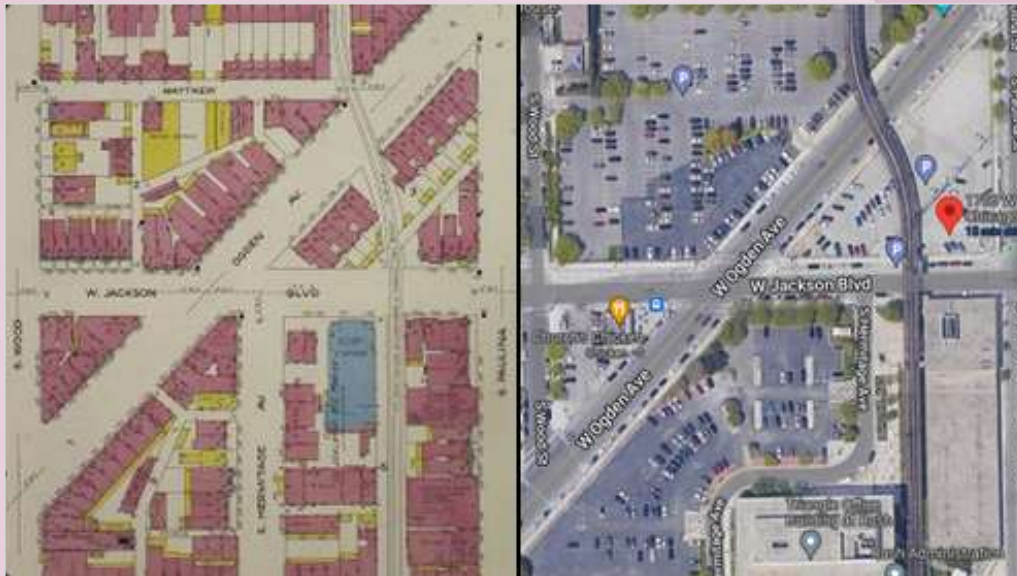


Why do our cities look the way they do?

Have we always built cities this way and it is the best style of development?

Same street 100 years apart

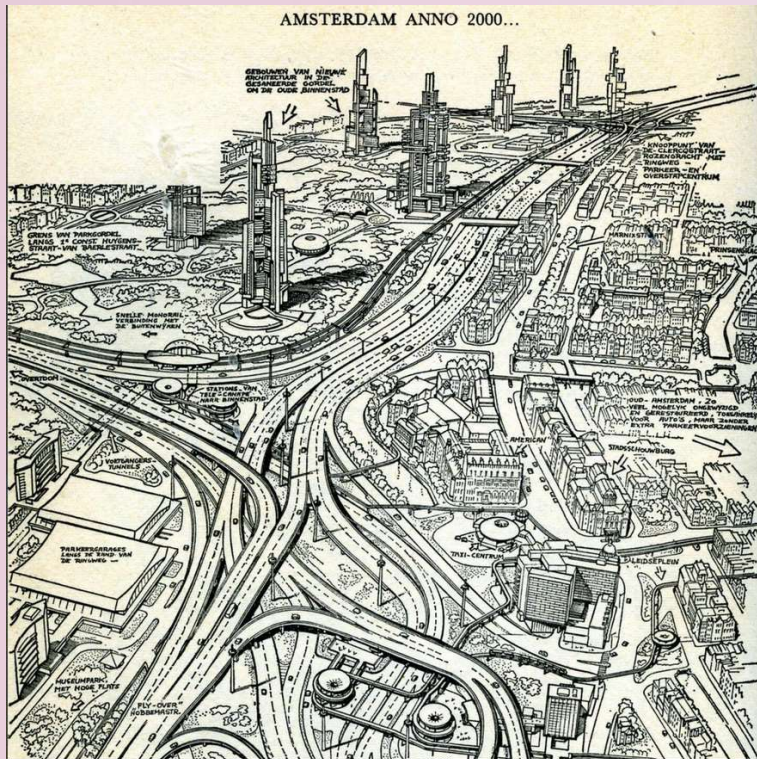
Post-War Urban Renewal



Why do our cities look the way they do?

Have we always built cities this way and it is the best style of development?

Amsterdam's Urban Renewal Plan (highways never completed)



Urban transition in Amsterdam (over 1910s, 1970s, 2020s)



Why do our cities look the way they do?

Have we always built cities this way and it is the best style of development?

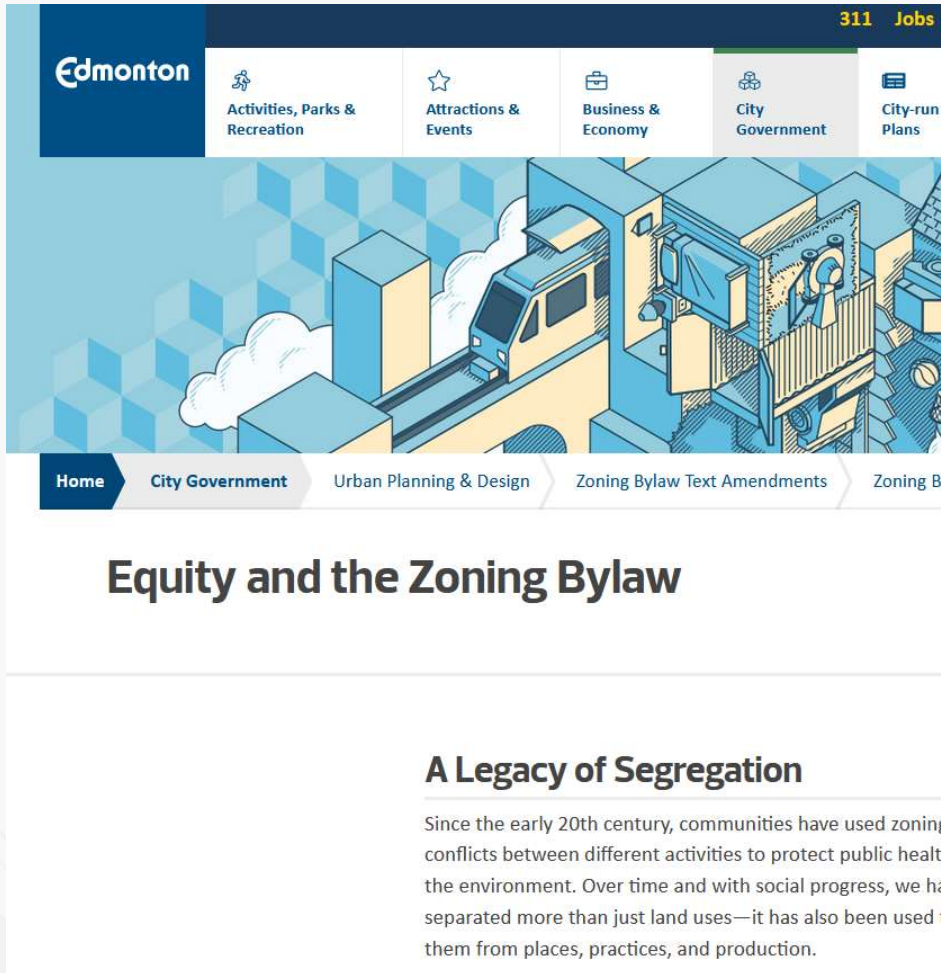
The Grand Bargain



Density levels



The Discriminatory Roots of Municipal Zoning



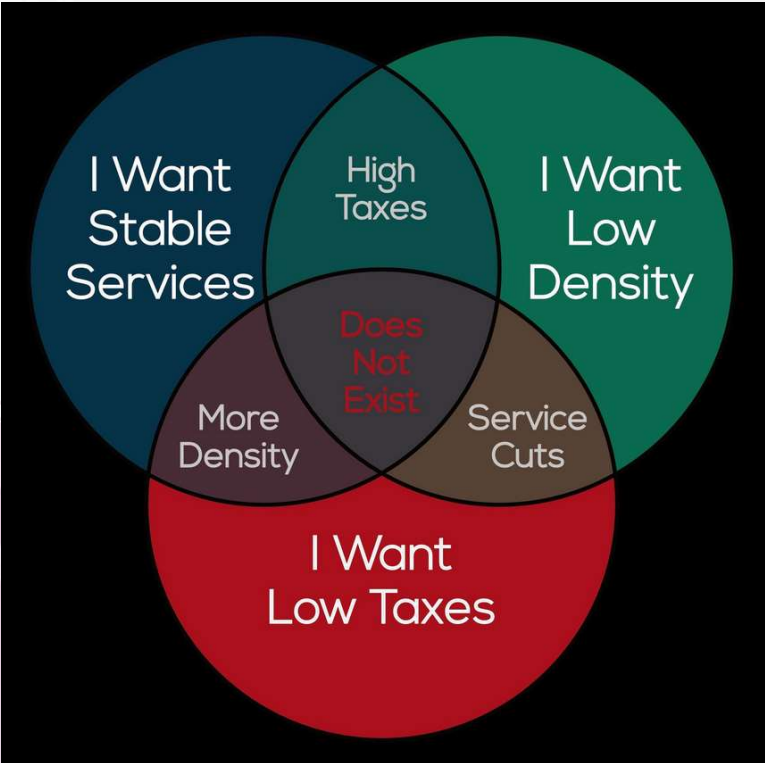
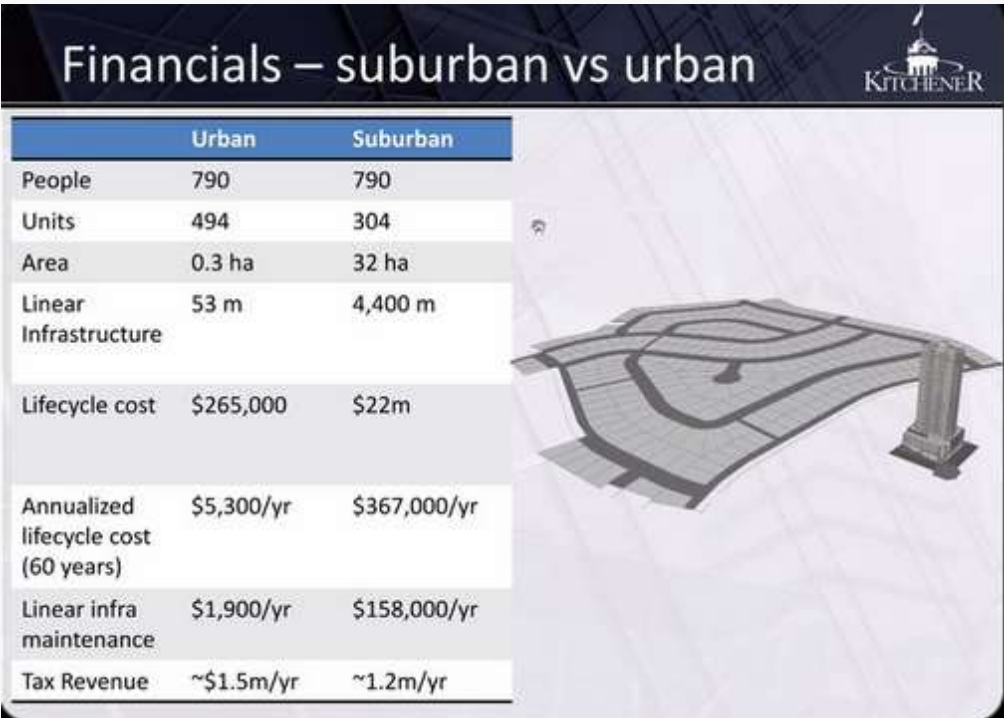
A Canadian Example: Edmonton

- Edmonton's first zoning bylaw was introduced in 1933, and was subsequently reviewed and replaced in 1950, 1961, 1980, and 2001.
- Like in many other NA cities, zoning in Edmonton was used to separate incompatible land uses to protect public health, safety, and welfare. However, it was also used to exclude certain groups of the population from certain areas.
- With present-day regional planning initiatives focused on densification and infill, Edmonton's existing zoning bylaw can no longer meet the city's needs, and is being replaced.
- The new zoning bylaw is being developed to ensure that it will not be used as a tool for discrimination, and instead used as a tool for inclusion.

“Growing” Away from Automobile Dependency – Insolvent Municipal Finances

A major reason why residents oppose densification is because of the effect that an increased number of cars in the area will have on the existing traffic and parking situations.

While an increase in neighbourhood traffic is an issue, it doesn't have to be this way; to avoid this problem, it is vital to ensure that residents in new housing developments are not forced to drive and can instead get around using high quality walking, cycling, and transit infrastructure.



Does this mean we need to give up our beautiful human-scale neighbourhood?

ABOSLUTELY NOT! 😊



What services can we get?

The cost of traditional and modern city infrastructure

| | LOW DENSITY | MEDIUM DENSITY | HIGH DENSITY |
|-------------|---|---|---|
| RESIDENTIAL |  -\$1,381 |  \$1,498 |  \$3,061 |
| MIXED-USE |  \$2,540 |  \$3,515 |  \$10,472 |
| COMMERCIAL |  \$551 |  \$9,614 |  \$12,051 |

NOT A BATES

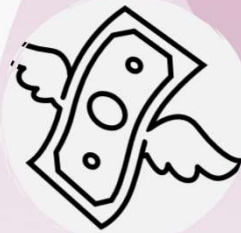
Who Should Pay How Much?

A **Split-Rate Tax** is the most fair and sustainable form of municipal taxation and follows three principles:
Property taxes tax both the value of land and the value of the building.
Assessors calculate these separately.



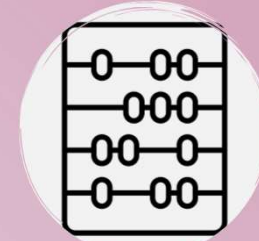
The same tax rate

Multi-residential residents shouldn't pay a higher tax rate than everyone else. Renters in purpose-built rental shouldn't pay even more.



Don't pay for your new roof twice

Decrease the property tax on buildings.



Pay at least what you cost the city to service

More sprawling homes cost more for the city to service, we shouldn't subsidize them.

Are Development Charges (DCs) Fair?

Development charges are the symptom of artificially low property taxes on the costliest residents of a city.



DCs often replace property taxes...

Municipalities have found a way to keep property taxes low by asking new residents to foot the bill for everyone else. While this benefits existing owners, it legislatively increases the costs of new housing making housing unaffordable for future generations.



DCs should be limited at the cost of growth

Using DCs to pay for new amenities is abusing the need for shelter of young and new residents looking to live close to their job.

We don't ask students to pay for a new gym at their school when they move to a new school district, why do we do this with housing?



Land charges are fairer and more affordable

Land charges come out of developer profits instead of coming out of the pockets of new and young residents

Land charges are a percentage (e.g. 60%) of the increase in land value from purchase to sell (or rent). It cannot be passed on.

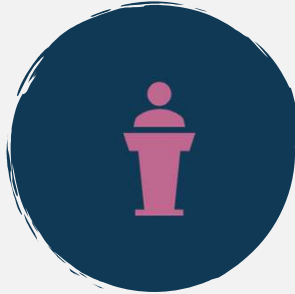
Land charges make speculation and hoarding land less profitable.

LOCAL SOLUTIONS

LOREM IPSUM DOLOR SIT AMET,
CONSECTETUR ADIPISCING ELIT



Direct residents in need to resources on landlord-tenant law



Direct residents in need to advocacy groups



Directly advocate for tenants facing “renoviction”



Support provincial or municipal policies that limit “renoviction”

Tenant Protections

The HCCA can assist neighbourhood tenants who are struggling with inadequate housing

Community Land Trusts

A Community Land Trust (CLT) is a trust which holds land on behalf of the community and provides exclusive user-rights to the owner or tenant living on the land, providing owners the same property user rights as our traditional western land ownership model.

The CLT ensures that the land price is forever affordable to residents and CLT profits are re-invested into the community.



Freezing land values

Freezing land values would be equivalent to taxing any amount a person is willing to pay for a property that is above its assessment land value. This would end speculation because a property could not be resold for a higher price without improvements having been made to it. The excess payment would be redirected towards the city and compensate for low taxes. On the downside, this would take away some of the gains made by existing homeowners and developers.



Replacing Development Charges (DCs) with Land charges for everyone

An alternative to freezing land values is to levy a charge or tax on the increase in land values for which the owner is not directly responsible, say 25% of the increase in land value (and then 50% for the next owner, and 75% for the next, and 100% for the next). This change would also stop speculation, but it would be gradual, rather than immediate.

A Community Land Trust offers more flexibility than both options because market rate and CLT housing could continue to co-exist within the neighbourhood. It would be an opt-in approach that provides the seller with the full market value, while shielding new owners from astronomical housing costs.

One generation's incredible equity gains
is another's crushing housing costs...

The Affordability Math behind the Community Land Trust

Counterfactual Analysis –
Property A



| Status Quo – Market Price (\$661,000) | |
|---------------------------------------|--------------------|
| Land Value | 442,000 |
| Down Payment | 132,200 |
| Mortgage Principle | 528,800 |
| Mortgage Payment | 2,720.35 |
| Condo Fees + Utilities + Insurance | 1,100 |
| Property Tax | 291.08 |
| Land Contribution | 0 |
| MONTHLY COST | \$ 4,113.10 |

| Land Contribution Model | |
|------------------------------------|--------------------|
| Land Assessment | 131,000 |
| Down Payment | 43,000 |
| Mortgage Principle | 177,000 |
| Mortgage Payment | 960.28 |
| Condo Fees + Utilities + Insurance | 416.66 |
| Property Tax | 0 |
| Land Contribution | 511.62 |
| MONTHLY COST | \$ 1,888.56 |

The Affordability Math behind the Community Land Trust

Counterfactual Analysis –
Property B



| Status Quo – Market Price (\$500,000) | |
|---------------------------------------|--------------------|
| Land Value | 360,000 |
| Down Payment | 100,000 |
| Mortgage Principle | 400,000 |
| Mortgage Payment | 2,057.78 |
| Condo Fees + Utilities + Insurance | 787.67 |
| Property Tax | 187.33 |
| Land Contribution | 0 |
| MONTHLY COST | \$ 3,032.76 |

| Land Contribution Model | |
|------------------------------------|--------------------|
| Land Assessment | 110,000 |
| Down Payment | 28,000 |
| Mortgage Principle | 112,000 |
| Mortgage Payment | 613.88 |
| Condo Fees + Utilities + Insurance | 512.67 |
| Property Tax | 0 |
| Land Contribution | 416.70 |
| MONTHLY COST | \$ 1,543.25 |

The Community Land Trust as a transition mechanism

It could be a safety net for residents of the community while fostering affordability. Any resident that lives in the CLT will be able to live their entire life in Hunt Club.

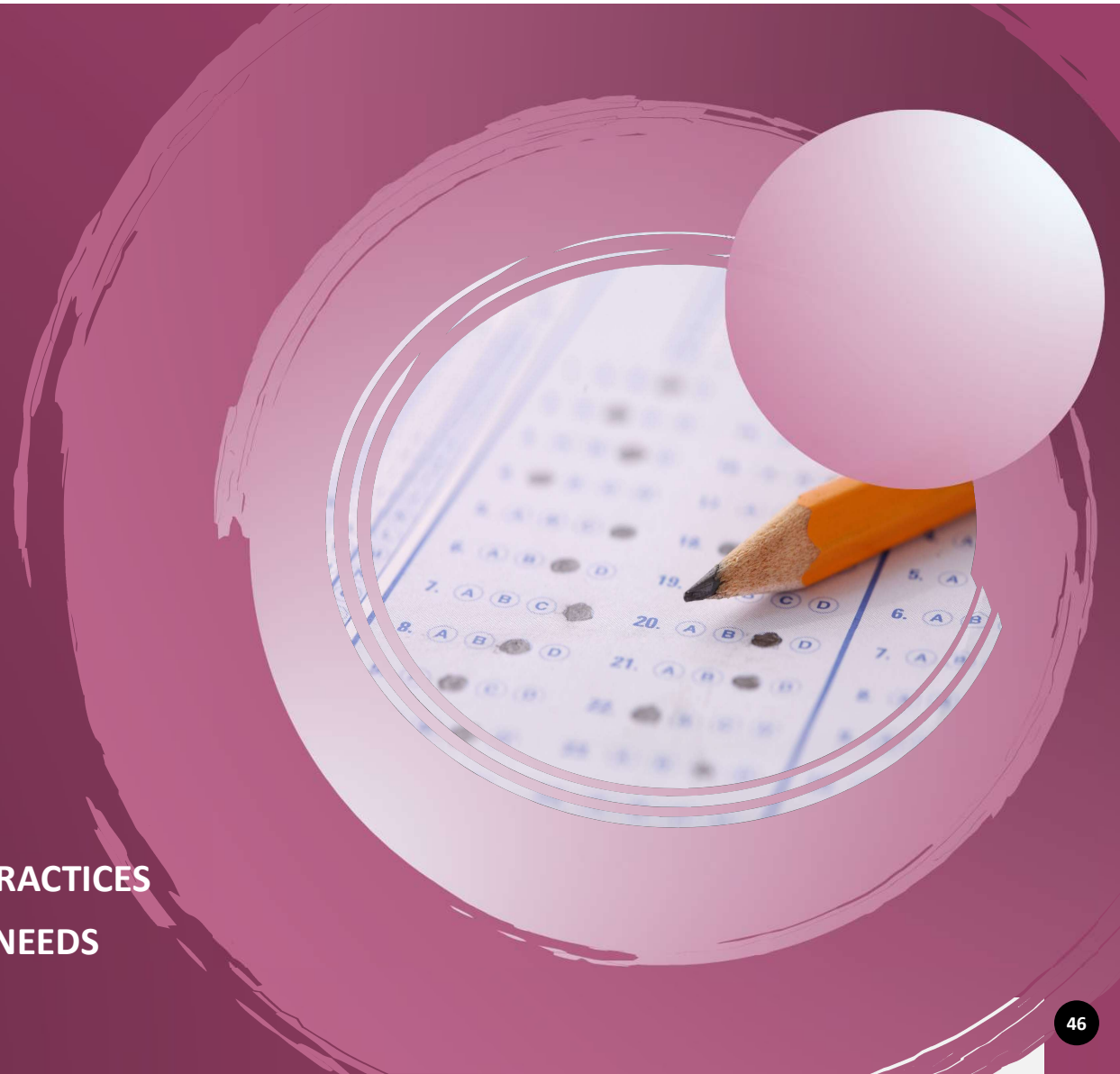
A program that can co-exist with market value residences:

- Acquire land and housing at market rate from residents that opt-in:
 - Reduce tax burden and income insecurity in old age through land discharge in exchange for a proportional pension or fixed amount;
 - Purchase at market rate for a lump-sum payment;
 - Gift to the CLT in exchange for tax credits; or
 - Any mix of these options.
- The CLT, guided by the community, can re-develop properties in poor condition:
 - Anticipates the changing needs of the community;
 - First housing offer to residents;
 - Rents or sells homes at an affordable price;
 - Re-invests into the community any profits made.



WHAT DO WE DO NEXT?

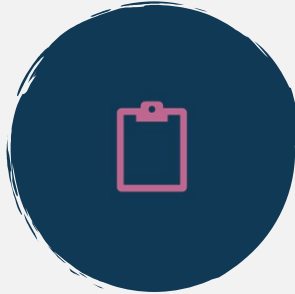
1. STAY TUNED FOR THE SURVEY
2. GET INFORMED ON PLANNING BEST PRACTICES
3. REFLECT ON YOUR FUTURE HOUSING NEEDS





Character Voting

How do we enhance our beautiful neighbourhood?



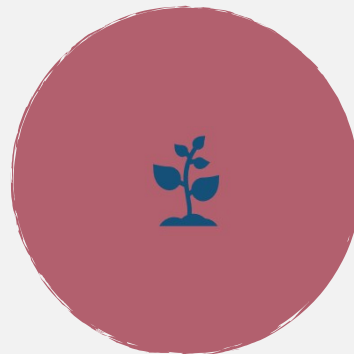
Survey of needs

What are the housing types, services, and safety features we need?



Constructive input

Sharing our values and needs to improve projects rather than shutting them down.



Growing a place we love

Knowing our neighbours and growing old together.

Consultations

The vast majority of us are not qualified to approve projects, but we are qualified to share our values to shape projects

DISCUSSION

1. HOMEBUYER BILL OF RIGHTS
2. HIGHER DOWN PAYMENTS ON INVESTMENT AND 3RD+ PROPERTIES
3. RESTRICT EQUITY ACCESS
4. ENFORCEMENT
5. BANK RISK-SHARING MODEL
6. ZONING & BYLAW COMPREHENSIVE REVIEW
7. AFFORDABLE ZONING
8. SPLIT-RATE PROPERTY TAX
9. LAND CHARGES
10. TRANSIT
11. TENANT PROTECTIONS
12. COMMUNITY LAND TRUST



Solution Summary

| | Affordability | Housing Supply Constraints | Uncontrolled credit expansion | Financialization of homes | Speculation | Municipal Finances | Anti-displacement | Housing Choice | Family-oriented / Safety | Environmental protection |
|--------------------------|---------------|----------------------------|-------------------------------|---------------------------|-------------|--------------------|-------------------|----------------|--------------------------|--------------------------|
| Homebuyer Bill of Rights | ✓ | | | ✓ | ✓ | | | | | |
| Higher down paym. | ✓ | | | ✓ | | | ✓ | | | |
| Restrict Equity Access | ✓ | ✓ | | ✓ | | | | | | |
| Enforcement | ✓ | | | ✓ | ✓ | | | | | |
| Bank Risk-sharing model | ✓ | | ✓ | ✓ | ✓ | | | | | |
| Affordable zoning | ✓ | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Zoning bylaw Review | ✓ | ✓ | | | | ✓ | | ✓ | ✓ | ✓ |
| Split-rate prop. tax | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Land Value Freeze | ✓ | | | | ✓ | ✓ | | | | |
| Land charges | ✓ | ✓ | | | ✓ | ✓ | | | | |
| Transportation choice | ✓ | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Tenant protections | ✓ | | | | | | ✓ | | ✓ | |
| Comm. Land Trust | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

THANKYOU

Audrey, Patrick, and Zane 
Directors of the Hunt Club Community Association