Affordable Housing: Causes versus Symptoms and How to Fix It

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NOTE: 1 *This Zoom presentation is being recorded and may become publicly available. Please change your displayed Zoom name if you don't want to remain anonymous*

NOTE: 2 *I'm not a lawyer or licensed financial expert*

- Published writer of many mainstream media "landlording" articles
- Published author of two books on "landlording,"
- Landlording course instructor
- President of the Landlords Association of Durham
- Commercial real estate broker of record at Aztech Realty in Toronto, specializing in income-generating and multi-residential investment properties
- Hands-on manages seven small apartment buildings totaling 71 units

- Affordable Housing problem is:
  - Incredibly complex.
  - Crosses all boundaries and lines of government, political parties, high- to low-income groups, societal demographic groups from Millennials to seniors, health-related groups and many other definitions of need.

- Thousands of stories on what's causing unaffordable housing.
  - Also cyclical – exact same issues debated in 1970s and 1990s

- Definition of "affordable"
  - Simplest and most universal meaning, "affordable" is the price of something that is low enough that most people have enough money to buy it.
    - Not just a "price-to-income" ratio as CMHC defines it
  - Tenants want affordable housing … more money to do other things.

- NOTE:
  - Homebuyers are subject to legislation - stress test etc. - ensures they can "afford" what they are purchasing
  - No such legislation for tenant – left to landlord

- Most of a politician's and civil servant's job is about money:
  - How to collect it
  - Where to spend it
  - Wants tenants to have more money to vote politicians back into office (80 to 1 tenants to landlords?)

- Media want tenants to have more money … that's where the eyeballs are that pay the bills

- **ALWAYS** comes down to … MONEY. Anything else is altruistic or deliberate misdirection. DO … THE … MATH.

SOME RECENT GOVERNMENT SOLUTIONS

- Speculators' tax
  - "Speculation" - symptom of low supply and high demand
  - Driven by government disincentives
  - Ample supply would:
    - Wipe out a lot of speculation, especially "flipping"
    - Significantly curb property appreciation

- Renovictions?
  - December 2021 Liberal government will amend Income Tax Act
  - Landlords must disclose pre- and post-renovation rent rates
  - If a minimal [*not defined*] renovation was executed and the rent surges, landlords may be taxed to reduce profit.

  - Result? Landlords won't renovate properties
    - Tenants' quality of life will degrade
    - By-law infractions will rise precipitously and overwhelm municipal enforcement

- >$1 million home tax
  - Add $4.5 to $5.8 billion cost to existing housing inventory
  - Would also increase property taxes (based on value)
  - 13% of GTA, 21% of Vancouver homes

- Costs significantly affect affordability. What are major costs of acquisition and operations?

WHO'S MAKING THE MONEY AND DRIVING UP PROPERTY PRICES?

ONGOING COSTS

Cost	Amount	Source	Notes
Property taxes	15% to 20% of Income	Government	City of Toronto: 33% of $11.8 Billion revenue
Utilities - Hydro	2% to 2.5% of Income	Government	
Utilities - Water/Sewer	2% to 2.5% of Income	Government	
Utilities - Gas	0.5% to 1% of income	Government and Private sector	
Carbon tax	20% of annual gas bills	Government	0.5%? of revenue
Corporate (passive) tax	50% of annual PROFIT	Government	
HST	13% of "end user" purchases	Government	
CRA Amortization	Lengthy cap/ex schedules	Government	dissuades upgrades
Mortgage interest	10% to 20% of Income	Bank	
Insurance	2% to 3% of Income	Insurance	
Capital costs	Varies, paid from net profit	Contractors	
Repairs, Maintenance	$300 to $450/unit? (4% to 5%)	Contractors	CMHC uses $850
Annual inspections	fire, appliances, detectors,	Contractors	Gov't mandatory
Bad Debt	No/delayed evictions	Government	CMHC uses 3%+
No Annual Increase	1% to 2% ($2.3 BILLION lost)	Government	Lost equity
No Damage deposit	1% to 2%	Government and tenants	
Other operation costs	38% to 42% of income	Contractors	(Includes all above) for "missing middle"

- **Note:** 2020 National Apartment Association survey
  - Half of rental revenues go are mortgage payments and property taxes
  - Both are inflexible and must be paid to avoid or Power of Sale/Foreclosure

(MOSTLY) ONE-TIME COSTS

Cost	Amount	Source	Notes
Capital Gains Tax	25% of Appreciative PROFIT	Government	
Recoverable CCA	varies, repay all depreciation	Government	20%? of past income
Mortgage insurance	1% to 4% of mortgage value	Government	Exaggerates expenses
Land Transfer Tax	Varies (2.5% of purchase price)	Government	x 2 for Toronto
Development charges	10% of purchase price	Government	
Municipal delays	Opportunity costs??	Government	

• Cash-in-lieu	10% to 20% of site value	Government	
• Eviction suspensions	Varies estimate 5% to 10%	Government	
• LTB Delays	Wide range of losses	Government	
• Professional tenants	Wide range of losses	Government	
• Speculation tax	ON 15%	Government	BC 2%?, PQ 20%?, AB?
• Vacancy tax	ON 1% of assessed value	Government	
• Zoning variances	Oshawa $4,000+	Government	
• Stress test	Locks out buyers	Government	
Makes housing unaffordable to buyers, who remain renters			
• 1st-time buyer incent.	More competition for decreasing supply	Government	
• Real estate fees	1% to 5% of purchase price	Realtors	
• Mortgage brokerage	1% of mortgage value	Mortg. Brokers	
• Lawyer fees		Lawyers	

- Mandatory home inspection
- Mandatory property appraisal
- Mandatory title insurance
- Mandatory building insurance
- Mandatory condo fee and reserve
- Optional Mortgage insurance for life, critical illness, disability or job loss

OTHER INFLUENCES ON COSTS AND PRICE

• Land purchase	Land banking for decades	Investors
• Land servicing	Utilities, roads, amenities	Government
• Supply chain	Imports choked at borders	Government (Covid)
• Construction materiel	Increased 2 to 4 times – 1 yr	Government?
• Construction labour	Rapid rising, more retirees than new skilled labour	No incentives, ON needs 100,000 RESCON projects 22,000 shortfall
• Location, location …	More amenities = higher price	

- Crime rate
- LONG LIST …

CONCLUSIONS:

- **GOVERNMENT ADDS SUBSTANTIAL COSTS TO HOUSING**

- **GOVERNMENT HAS AN IMPOSSIBLE CONFLICT OF INTEREST**

AFFORDABLE HOUSING CONFLICT OF INTEREST

- *The more affordable the housing, the less affordable it is to government*
  - "More affordable" means lower property value
  - Government revenue based primarily on property value
  - Rental property value based primarily on profitability

- Decreased municipal revenues = decreased services
  - Unless counteracted with increased housing volumes
- Rent control further reduces municipal incomes

- I'm **NOT** **"anti-taxes."** I'm **OPPOSED TO INEFFECTIVE and ABUSIVE TAX USE**
  - "socialist-capitalist"
  - Those well-off should pay taxes to lift the under-privileged
  - See failed "Kansas (US state) Experiment" 2012 – 2016 re: cutting taxes

- If you don't investigate … abuse and misuse will prevail

UNAFFORDABLE HOUSING IS NOT UNIVERSAL

- RBC - most of Atlantic Canada and Prairies are reasonably affordable
  - Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Saint John, St. John's
- Greatest shortages are in ON and BC
  - Also have most socialist ("anti-landlord") legislation … especially debilitating strict rent control

STATUS OF SOCIAL HOUSING SUPPLY

- Affordable housing presentations ALWAYS ends with *"… but we can't get the project funded."*

- City of Oshawa
  - Tried 4 years to **give away** AH properties away to housing agencies
  - On condition — correct millions in desperately-needed repairs
  - Finally sold to the private sector

- Toronto's TCHC (Toronto Community Housing Corp)
  - 2013 - $2.6 **BILLION** capital expense backlog
  - Must close 7,500 homes over 8 years
  - 2017 - closed 1,100 units – not inhabitable or repairable

- April 2019 - Ministry of Housing
  - 106,600 AH units will exit supply within 7 years

- 35 to 40-year "affordable housing (30% below market rate) agreements are ending
- 6,500 units already lost. 41,000 within 3 years. 106,600 units lost by 2027

- Many more examples

DOES GOVERNMENT HAVE MONEY TO BUILD HOUSING?

- 2019, **before** COVID, Ontario had largest subnational debt in the **WORLD:**
  - #20 - Higher than 168 COUNTRIES (Russia, Sweden, Israel, Norway, Austria, Switzerland)

  - Ontario's **NET** public debt
    - 1985 - $28.9 billion
    - 2014 - $287 billion
    - 2019 - $353.3 billion
    - 2020 - $402.2 BILLION
      - **HALF** (45.1% of $891.8 billion) Ontario's total Gross Domestic Product (GDP)
      - $27,400 per Ontarian
      - 2021 Interest will be $13.0 billion
        - 7.7% of revenue
        - 4th largest spending area
    - **87%** of public debt accumulated since 1990
      - Increased over 1,000% in just 30 years.

- Ontario Financing Authority (OFA):
  - *"Over the past 10 years, municipalities have consistently recorded budget surpluses, … $3.6 billion in 2009 to $7.4 billion in 2018 … Province recorded budget deficits each year over the same … period, … deficits of $19.3 billion in 2009-10 and $7.4 billion in 2018-19."*

- Spending municipal surplus wouldn't make a housing dent
  - Assume $250/sq ft to build apartment building
  - Assume 750 sq ft per unit (including common area) = $187,500/unit

        - Jan. 06/22 Whitby homelessness project = $245,000/unit
        - https://www.durhamradionews.com/archives/149387

    - Surplus spent solely on housing = 41,600 rental units
        - ONE TIME ONLY
        - Then all "savings" are gone

- Federally:
    - Assume 15% of $40 billion is administration and overhead
    - Leaves $34 billion for direct construction cost:
        - = 189,000 housing units (not necessarily rentals) across Canada
        - Over 10 years
        - = 18,900 units/year all Canada
        - $40 billion won't make a serious housing dent
        - Let alone impact affordability)

UNAFFORDABILITY NOT GEOGRAPHICALLY CONSISTENT

- Housing unaffordability and unavailability is NOT the same everywhere
- Canadian cities and provinces with the greatest housing shortages also have governments with tightest rent controls and most abusive-biased tenant legislation
- Particularly ON and BC, less so in Quebec.

CONCLUSION

Public housing advocates don't understand this, or refuse to accept:
MUNICIPAL AND PROVINCIAL GOVERNMENTS DON'T HAVE THE MONEY.
DO … THE … MATH

WHO HAS THE MONEY TO ADDRESS HOUSING OBTAINABILITY AND AFFORDABILITY?

- **98.2% of all housing in Canada was built by the private sector**
    - Infrastructure Canada (2016) = 252,450 social/affordable housing units
    - StatsCan (2017) = 14,072,080 occupied private dwellings

- CMHC - 49% of all rental units owned by “unincorporated individuals”
    - **HALF inventory in hands of “missing middle” residential landlords**
        - Missing middle property owners NEVER consulted by government, consultants or public agencies

- All media and **government “programs” focus on decreasing demand, NOT increasing supply**

THERE’S NO HOLY GRAIL … NO QUICK FIX

AND … WHATEVER SOLUTION(S) MUST BE SUSTAINABLE

- Housing MUST be affordable *and sustainable* to all parties involved in the creation and operation of housing — landowners, builders/developers, municipal governments, residential landlords … and tenants
    - Tenant’s-only perspective – **NOT SUSTAINABLE**

- Abandon CMHC’s “30% of income goes to housing”
    - Overly-simplistic income-to-price ratio
    - Applied to below-market rent rates is fatally-flawed
        - Leaves no money for capital costs = housing inventory degrades, tenant quality of life decreases – **NOT SUSTAINABLE**

Actionable item suggestions to create immediate and near-immediate results to alleviate housing unavailability and un-affordability.

- **CMHC OFFERS PUBLIC AGENCY INSURANCE PROGRAM** (P.A.I.R.):
    - CMHC insures public agencies (not landlords)
    - Agency signs multi-year “head lease” agreement with landlord
        - Guarantees rent, operating costs and damage coverage if agency can’t meet the obligation
        - CMHC pays when agency can’t

        - CHC assesses agency risk as it does for insuring mortgages
            - However, applies greater tolerance for agencies serving vulnerable groups

- **CORRECTIONAL SERVICES**
    - Establish inmate training program for housing construction skills and trades
    - Use “selective” labour force to construct affordable social housing
        - While incarcerated (with conditions/limitations) or on parole
        - Everyone wins: reforming inmates, government social housing, citizens paying “inmate housing” bills, low-income tenants

- **LENDERS WON’T FINANCE AFFORDABLE HOUSING**
    - **No lenders – no money – no (affordable) housing**
    - Low profit margins = AH loans too risky
    - Slow equity building = increased mortgagee risk
        - That’s why CMHC exists – to remove lender risk
    - CMHC should:
        - **Lower** its **super-conservative (exaggerated) mortgage insurance expense allocations** to make NOI reflective of real world market
        - Automatically balances loan-to-value ratio resulting in many more successful financed real estate transactions
    - CMHC too difficult to deal with
        - **Make application process cost-justifiable for established lenders**

- **MONEY EXISTS**
    - Tens of thousands of investors looking to own/operate rental properties
    - Tens, perhaps hundreds, of BILLIONS of dollars locked up in equity
        - Good for lenders
        - Bad for growth-oriented owners
        - Sad for society and housing needs
    - Provide incentives to unlock the equity for reinvestment in housing

- **DUPLICATE THE CONDO-CONSTRUCTION MODEL**
  - Investors put 20% down
  - Money extracted within 5(?0 years
  - Owners put in "healthy" deposit (30%?)
    - CMHC protects lenders
  - For public housing, require a "reserve"
    - Like condos for inevitable upgrades
    - Same as required by Cemetery Act for grounds maintenance

- **MODIFY RENTAL HOUSING LEASE MODEL**
  - Promote "triple net" commercial lease for residential rentals
  - Tenants pay for services they consume ("CAM" or "TMI")
  - Tenants legislatively control those costs to benefit from savings
  - Empirical evidence and the "human condition" prove tenants use 48% less than someone with "inclusive" rent

- **CONSTRUCTION INDUSTRY LABOUR FORCE REPLENISHMENT PROGRAM**
  - Retiring labour force higher than incoming labour force
  - Create incentives for people to enter construction trades

- **CMHC KILLS SMALL INVESTOR INCENTIVES:**
  - Must **abandon no-equity-extraction policy**
    - At least for "missing middle" purpose built rental properties

  - Must **abandon fatally-flawed affordable housing definition**
    - Fund renters through rent supplements
    - Allow market rents to find their own equilibrium when supply is close to meeting demand

- **CMHC KILLS FINANCING DEALS**
  - Qualification process drives up costs, reduces affordability
  - *"We anticipate wait times for assignment of the application to an Underwriter to be 12 to 16 weeks from application submission"*
  - Financial Post - *CMHC's loss is Sagen's gain, as private-sector mortgage insurer sees market share grow … 30 per cent of future applicants might not meet CMHC's guidelines … market share had taken a hit …*

approaching the minimum level at which it [CMHC] *would be able to protect the mortgage market in a crisis situation*

- **CRA KILLS ALL RENTAL PROPERTY INVESTOR INCENTIVES:**
    - Treat hands-on-managed rental properties (owner, not property manager) as **active income – 13% tax vs 50%** "passive income" tax
        - Exclude PMs who are contracted or employees.

    - **Amortize capital expenses over 3 years** (not average 15 yrs)
        - Creates more cash flow
        - Improves ROI
        - Increases property upgrades and tenant quality of life

    - **Reduce Capital Cost Allowance repayment** ("Recoverable"). Creates huge incentive to:
        - Sell properties to new owners who statistically invest most in upgrades
        - Invest in building and operating new rental properties
        - Upgrade existing properties

- **MPAC KILLS AFFORDABILITY**
    - MPAC funded by all municipalities – not acting in interests of tenants
    - Uses inflated "should be" income values, not based on actual NOI, especially income affected by rent control
    - Averages and applies lower-than-market cap rates = inflated property value = increases property tax and unaffordability
    - TENANTS PAY PROPERTY TAX, NOT LANDLORDS
    - Apply "true" local market cap rate for a specific type of building within narrow geographic boundaries

- **EQUALIZE PROPERTY TAXES FOR ALL RENTAL PROPERTIES**
    - Many municipalities levy 2 to 2.5 times more tax on rental properties than single family homes (SFH)
    - **Tenants pay property taxes, not landlords**
    - Apply exact same MIL (1/1,000thof a dollar) rate as SFH
    - Better – apply attractive MIL rate for rental housing, including second suites

        - Might backfire -- less tax revenue = higher tax burden for other tax payers, especially SFHs and market-rent-paying tenants

- **GOVERNMENT SHOULD NOT CONSTRUCT GENERAL PURPOSE RENTAL HOUSING (<u>ex</u>cluding special-purpose needs):**
    - **<u>Instead, finance construction of community infrastructure</u>** (fire hall, police station, roads, water, sewer, electricity, parks, library, community centre, etc.).

    - "Build it and they will come." Builders will happily invest without incentives.

    - In-filling too expensive, too many policy and social issues
        - **Build on municipal boundaries** or incorporate new municipalities
            - New homes in secondary/tertiary markets encourage seniors to move to "retirement communities"
            - Seniors' urban homes freed for **younger families, immigrants needing to be closer to workplaces**
        - Adopt measures similar to European Post WW2 reconstruction, especially France, U.K. and Germany

        - More owned housing relieves blockage of high-end rental units
            - A rising tide raises all ships
            - All renters "move up"
            - Low-end rental properties open up

- **INCREASE FUNDING OF TENANT RENT SUPPLEMENTS** (Housing Choice Vouchers)
    - Use federal housing program money
    - Property tax revenue paid on property market <u>value</u>
    - Market rent supports maintenance and growth of municipal infrastructure

- **IMPLEMENT U.S. LOW INCOME HOUSING TAX CREDIT (LIHTC)**:
    - Housing providers reserve portion of units in apartment building
    - Charge low income people lower than market rent

  - Provider earns corporate income tax credit
  - Since 1987 created/preserved 37,727 properties, 2.3 million units

- **REMOVE MASSIVE DISINCENTIVES TO BUILDING "SECOND SUITES**"
  - MOST effective "new build" affordable housing option. Inexpensive "in-fill"

  - Easily financed, easily cost-justified

  - Must compel (or overrule) municipalities to embrace second suites

  - **FIX** *Residential Tenancies Act* (RTA) discouraging 2nd suites:
    - Fix RTA and related LTB processes exploited by professional tenants

    - Allow damage deposits. Punish landlord offenders rather than all landlords

    - License private bailiffs to do evictions

    - Duplicate parking fine and superior court practices of holding a tenant or landlord in contempt of court for failure to pay awards. Maintain a public record of offenders, exactly like the higher courts, real estate agents (RECO), etc.

    - Compel by-law depts. to treat landlords and tenants equally
      - Reprimand guilty party especially for:
        - Mould
        - Bed bugs
        - Garbage disposal
        - Illegal parking
        - Excessive utility use when included in rent, mould generation, etc.)

    - Remove heating by electricity can't be passed on to tenants

    - Remove cash and cheques as the default rent payment method

            - Bounced cheques and LTB cases drive up housing unaffordability.
            - Email should be option to deliver official notices (N1s, N4s, etc.)

        - Above guideline increases should be claimed exactly the same as tenants given rent decreases due to lowered property taxes

        - **Eliminate duplicated government services** of RHEU, LTB and Small Claims Court – ONE venue for ALL landlord and tenant-related issues

        - Hold guarantors accountable as co-signors of tenants

        - Reinstate late rent payment fee
            - EVERY OTHER financial agency INCLUDING all government agencies do this
            - Punish landlord abusers—not all landlords
            - At least permit retroactive late fees after 3(?) months

- **STOP HIDING RENTERS' PROPERTY TAX BEHIND LANDLORDS**.
    - Have tenants, homeowners pay property tax directly to municipality
    - See - U.K. Cities
        - Municipalities directly accountable to renters
        - Improves housing affordability

- **ABANDON INCENTIVES FOR FIRST TIME HOME BUYERS** (OMG!!)
    - Why create more demand and competition that ONLY drives up prices?
    - Wait until supply is more in line with demand.

- **OFFER TAX INCENTIVE TO CO-LIVING TENANTS AND HOMEOWNERS**
    - Provide personal tax deduction to tenants who embrace a co-living lifestyle

- **DE-SCALE RENT CONTROL**
    - Establish “de-scaling formula”
    - Rent control and guideline restrictions loosen as housing availability grows
    - Stabilizes demand with supply
    - Create incentive <u>first</u> for market (tenants, builders, landlords)
        - Nothing lost or changes if no one aspires towards goal

- **FEDERAL GOV’T INCENTIVIZES OR COMPELS MUNICIPALITIES TO WORK WITH BUILDERS**
    - Don’t incentivize builders directly
    - Remove planning and zoning process obstacles
    - Reduce multi-year multiple approvals, studies and surveys (at least speed them up)
        - Impact municipal cash flow (not total revenue)
        - Create funding milestones, deadline penalties for municipalities. E.g. Half paid when shovel in ground
        - Employ same as government requires from private contractors

- **INVESTIGATE “WAR PROFITEERING” BY CANADIAN INSURANCE INDUSTRY**
    - Extortionist profits add significantly to rental and purchased home unaffordability
    - 2020 is one of industry’s most profit years (middle of global pandemic)
    - Only politicians can do this. Competition Bureau declined.

- **EXPAND THE HOUSING INVESTMENT CORPORATION** (HIC)
    - Deliver long-term, low-cost, and insured financing to housing non-profit organizations and cooperatives
        - **Raise funds from a bond issue**
        - Cautious investors, seniors, etc. can make a predictable guaranteed return (profit)

- **COMPEL MUNICIPALITIES TO USE ALL AVAILABLE FUNDING SOURCES BEFORE RECEIVING FEDERAL OR PROVINCIAL MONIES**
    - Especially Contributions-In-Lieu (“CIL”) for parklands
    - GTA municipalities’ surplus >$5 BILLION (Toronto $2.6 billion, Durham Region $695, Vaughan $482 million) – BILD 2021-12-01

- **CREATE FINANCIAL INCENTIVE(S) FOR SENIORS TO SELL THEIR LARGER-THAN-NEEDED HOMES**
    - Seniors want to age-in-place. Age in smaller, less bustle communities
    - Free up over-sized homes for younger households**, immigrants needing to be closer to workplaces**
    - Seniors today have no reason to sell or move. There's no "downsized" options to move to and extract equity for retirement

- **ESCALATE MASSIVE ENTRY PORT BACKLOG TO NATIONAL "CRISIS" STATUS**
    - Much inflation caused by all goods and services shortages

- **STUDY 1960s RENTAL HOUSING BOOM**
    - 82% of all rental housing in ON built before 1979, mostly 1960s
    - Find out why

- **FIX MUNICIPAL ACT**
    - Water/Sewer utility companies (mostly owned by municipalities) should bill property occupier, not owner

- **APPLY "TRUE" RENT INCREASE GUIDELINE**
    - Provinces with rent control reflect TRUE COST of housing expense as a percentage household income

- **REMOVE/REDUCE PROVINCIAL/FEDERAL SALES TAX (HST)**
    - All expenses related to rental property operations
    - Similar to low tax books

- **REMOVE MUNICIPAL EMBRACING OF NIMBY-ISM** (Not In My Back Yard)
    - NIMBYism is manifestation of … MONEY
    - "Changing community feel" is euphemism for "don't affect my home price appreciation"
    - Politicians rely primarily on homeowners for votes

- **HOUSING & INTENSIFICATION VS GREEN SPACE & PARKING**
    - Affordability and valuable land affected by municipal parking space, setbacks, and green space requirements

- Stop municipalities from disallowing excess parking space to be rented to non-tenants
- It’s NOT working - re-think this compromise

- **ELECTRICITY IS A MAJOR HOUSING UNAFFORDABIITY CONTRIBUTOR**
    - Most electric utilities municipally owned
    - No incentive to embrace alternate energy sources
    - Create a corporate tax write-off:
        - not “rebate program” (of misdirection)
        - for residential landlords, not homeowners
        - Install solar power generation for rental properties
            - Set up apartment building landlords as “substations”
            - Reduce major tenant cost
            - Reduce carbon emissions
            - Eliminating gas home appliances

    - Sell electricity back to grid with profit to recover installation investment

    - Federal and provincial governments fund research and development (R&D) of long-term, environmentally-friendly solar power battery storage solutions

- **ALTERNATIVE HOUSING STYLES INCENTIVES**
    - Provide builders with tax credits (not incentives)
    - Construct multi-generational homes, energy-efficiency, efficient space design, etc.

- **COMPEL MUNICIPALITIES TO ALLOW “QUICK-AND-EASY” APPROVALS FOR ALTERNATIVE AFFORDABLE HOME TYPES**
    - Tiny homes, container homes, laneway homes, coach house
    - BUT NOT traditional “boarding” houses
    - Incentives not necessary if municipalities prevented from licensing or levying a fee

OTHER NOTES

- **STOP CALLING YOURSELF "LANDLORD"**
  - Call yourself "Residential Housing Provider"
  - Remind everyone of the invaluable service you provide, without which society would collapse

- **CREATE SHARED MINDSET ABOUT RESIDENTIAL LANDLORDS**
  - Develop private sector landlord “manifesto”
  - Put everyone (tenants, landlords, government, media) on same page regarding housing beliefs, intentions, goals, motives, views, policies
  - E.g. http://www.landlordmanifesto.ca/

- **VOTE IN POLITICIANS WITH POLITICAL COURAGE**
  - Those who see beyond the current job term and the next election
  - Those willing to make perhaps unpopular changes based on informed decisions for the good of society in the long term

How can you make your property more affordable to you?

HOW TO MAKE YOUR PROPERTY MORE AFFORDABLE to you

1. Suite meter everything … especially electricity

2. Replace old gas appliances, especially furnaces and boilers. Savings from lower consumption pays reasonably quick returns

3. Never rent or lease hot water tanks

4. Replace larger-volume water meter with smaller one

5. Offer a large incentive (e.g. 3 to 4 months ‘rent?) for low-paying tenants to move out

6. Increase insurance deductible as long as the savings are notable and all expensive perils are covered

7. Replace all incandescent and fluorescent lightbulbs with LED (1/6th the power consumption)

8. Separate out parking fee from rent

9. Maximize coin-op laundry fees

10. Apply for AGI when making a notable capital investment or if investing first time in security features or if property tax increases notably

11. For some owners - incorporate an "active income" company and pay it property management fees. Keep money in the passive company bank account until you really need it

12. Don't over-leverage a property – maximum 75% LTV

13. Under rent control increase the rent religiously EVERY YEAR by the maximum allowed

14. Have your mortgage payments come out of your account of the 10th of each month

15. No smokers or pets – both substantially ruin property value or at least substantially increase renovation costs

16. Be zealous in your tenant qualification process. *Better vacant than a claimant*

17. Don't rely on the Ontario Standard tenancy Agreement to protect you. Add your own clauses

18. Offer an early rent payment discount so that you can charge the "late fee" when they don't pat on time

19. Don’t top up the LMR deposit at the end of the year and don’t pay interest on the LMR

20. Test the rent rate from time to time. Over-price the unit and then drop the price until you find the ideal applicant

21. Don’t rent to anyone who will likely stay in your rental unit more than five years

22. Can you rent you building wall for advertising? Add a cell tower? Rent an unused garage?

23. Don’t rent storage lockers. Convert the space to a rental unit

24. Don’t permit tenants to use any utilities-guzzling appliances unless they’re paying the utility bills

25. Install low-volume toilets

26. Insulate hot water tanks and pipes

27. Install a separate electric HWT in every rental unit and connect it to the tenant’s electrical panel

28. Repair running toilets and dripping sinks immediately

29. Investigate solar panels

30. Investigate grey-water use in toilets

To obtain a copy of this presentation, send me an email:
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