

1) The Problem

Shelter is a basic human right and governments around the world are failing to protect this most fundamental need from greed and concentration of wealth. As the cost of shelter consumes a larger and larger fraction of personal incomes, it removes the opportunity to achieve a comfortable life with reasonable and honest effort. This is a fundamental threat to maintaining the quality of one's life. Removing this hope from a significant fraction of the population is a threat to social stability.

We already see that in Canada about 4% of people live in an unsuitable, inadequate or unaffordable dwelling. Among single people under 30 that rises to 15%. On the other end of the scale, you must be in the top 15% of incomes to afford the cheapest condominiums in a major Canadian city. (Stats Can)

Every person has the right to access shelter with the lawful means the economy offers them. One sector of participants in the economy, property owners, cannot operate in a manner that has short term benefit to them, but is then damaging to every other participant. We must respond to the fact that the behaviour of a few (high density builders and owners), is directly damaging to the basic rights of the many, just as we do in every other aspect of civics.

Allowing business and investment motivations to establish a fair 'market value' or common price for housing is not working. Using 'market value' as a reference point in regulation, constantly drags protection for the poor up the cost ladder with increasingly inflated prices and causes government protections to inexorably recede from those who need it most.

Specific issues caused by the absence of effective regulation;

- a) The common regulatory framework allows, and sometimes forces, housing providers to protect profitability by only building the unit sizes and configurations that can be sold for the highest possible prices. Selling prices, thus focused on only the most profitable units, allow speculation on land prices everywhere and for all uses. Some jurisdictions have had to enact regulation to prevent too much commercial property from being converted to this profitable and inflationary residential model. Even in the smallest towns, people are facing bewildering price hikes on property and rentals, because residents of major centres are moving to the small towns, in search of cheaper housing.
- b) The availability of the most affordable housing in every market has become dependent on the continuing existence of urban decay. Cheap places are only found in run down districts.
- c) Publicly owned 'affordable' developments often have construction and operating costs at the top of the market. Public housing institutions are forced to absorb all the cost gap between low personal incomes and increasing "market pricing", sometimes compensating displaced property developers for lost opportunity.
- d) Through traditional zoning practices, municipal planning enforces the segregation of the population into income based enclaves. In rich neighbourhoods this results in service worker deserts, where the people required to operate a community, simply cannot afford to reside. Patchwork housing policies often provide the incentive and

Aug, 2025

opportunity to assemble land holdings into large parcels and replace entire enclaves of affordable housing with only the most profitable units.

- e) Systemic bigotry is not protecting the lawful right of access to housing for the poor, disadvantaged, or distressed. Internal population displacement for profit is now an accepted aspect of life in many countries.
- f) Financiers are turning a blind eye to the corrosive practice of documentary fraud in financing applications, as desperate buyers attempt to qualify for financing by any means possible. The practice of charter banks using 'floating' mortgage brokers, not attached to branches, is a method of capturing marginal applications (and thus market share) and having applications 'polished' before presentation in-house.
- g) Although population growth is expected to peak in coming decades, housing in parts of the globe with the most favourable living conditions will remain under significant housing pressure from security, economic, and climate migration.

2) The Effect

The social sustainability of major cities around the world is being seriously damaged by this housing problem. The persistence of these conditions is causing the creation of a new propertied class of citizen. They have more access to capital the longer they stay in the market, and qualify for more favourable taxation regimes. Those unable to qualify, see their financial future truncated by their declining access to real assets or renting capacity. The quality-of-life gap between the two groups widens faster and faster, as each group accelerates in the opposite direction on the economic ladder.

- a) A hallmark of stable democracies is a healthy middle class. These conditions have already squeezed the economy into just two classes at the opposite ends of the economic ladder, qualified-to-own and under-housed.
- b) The unregulated market provides investment fund managers with the opportunity for stable, long term returns, with the security of real property. Old high density rental units are being bought at an industrial scale and converted to condominium sales or escalated up the rental price bracket by evictions and renovation. Now all sectors of affordable housing stock are under pressure as financiers comb the market for every shred and type of opportunity.
- c) The numbers of people being forced to live rough on the street or living in automobiles, even in developed countries, is rising dramatically. Cultural bias still views a citizen in this condition as someone worthy of ridicule or blame, when the blame is largely owned by the invisible hand of unchecked self-interest of real estate investment and the weak regulatory framework.
- d) Businesses and their employees are also facing impossible economics due to the high cost of one skewed input, real estate. Some municipalities are having to protect industrial and office zoning supplies, as conversion to residential zoning is more profitable. (Vancouver moved decades ago to protect office-space supplies, but did not act in a similar manner to protect affordable housing supplies.)

Aug, 2025

- e) The present mode of remediation by subsidy or spot zoning will become steadily less feasible for municipal governments. The cost of subsidy continues to be pulled upward by rising land values, and spot zoning practices damage social cohesion.
- f) The affordability crisis is not driven by a lack of political will to offer subsidies. As long as the current regulatory framework persists, it is simply too expensive for any government to pay the total cost of remediating the entire housing crisis by subsidy. There simply is not enough money in the economy to fund such an effort with Business As Usual (BAU) economics. Government is locked in a recursive loop, chasing the ever increasing cost of their own neglect.
- g) It is now mathematically impossible for these property market conditions and regulatory frameworks to continue indefinitely. The extrapolation of local, national and international trends of all housing metrics cannot be sustained and there is no event in the foreseeable future that will do anything more than temporarily pause the price increases, and likely for only small sectors of the market.

There are important questions around the political and social toll of inaction. The ultimate results of an *unsustainable market* need to be considered. When are there too many people in a community with unsuitable housing? What proportion of unhoused people can be present in a community before it becomes unstable? How soon will your country reach a point of social instability due to housing shortages? Why are we allowing housing providers' self interest to continue unchecked? How does this end?

3) The Solution

Around the world the housing crisis is caused by only one problem; the basic human right and public good of housing, is being supplied by private interests that are not aligned with the needs of society. Democracies have a long history of inserting narrow and effective protections into the market, when unchecked self-interest has such broadly negative social effects. The balance and elevation of society have taken a step forward every time governments have moved in this manner.

The absence of simple, fair, and universal regulation is the root of the housing problem and effective regulation has long been delayed by disinformation pertaining to business and property rights. Housing providers cannot be allowed to continue building only the easiest and most profitable units, without providing a complete range of units for all incomes and configurations. Providers of a public good have a responsibility to their communities, to construct housing for all needs, and government is responsible for ensuring that every provider is shouldering their share of that responsibility.

- A) Housing prices must be tied to the range of incomes present in the local market area;
 - The range of incomes must be broken into brackets and every income bracket must have a viable inventory of affordable units available for rent and for sale.
 - Unit pricing brackets must be tied to specific income brackets.
 - A unit's pricing bracket must be permanently tied to the title of the property.
 - Purchasers must qualify for a bracket with income as verified in tax filings.

Aug, 2025

- B) The quantity of housing inventory permitted, starting with entry level income and configuration, must match the frequency distribution of incomes and family sizes in the local population.
- Every development must contain a proportional range of unit prices starting from the local minimum wage.
 - An independent Housing Authority must verify the statistics and demographics, to establish a transparent formulae for prescribing pricing and configurations according to local data and remove political interference or bias.
 - Building permits must fulfill a balance in supply in all brackets, in every location.
- C) To be fair and equitable, the policy must apply everywhere.
- Fairness must be ensured through universality and universal diversity.
 - Every new development over 3 units must comply.
 - Once one beneficial owner has more than two 3-unit properties, their entire inventory must comply with the regulation.
 - Foreign unit ownership is possible and desirable only for top bracket units, as it subsidizes a greater number of affordable units in this regulatory model.
 - A market area would be subject to regulation after a hard start date, activation for specific properties only after the change of any beneficial owner of a parcel of land or application for any type of building permit. This grandfathers developments-in-process or properties in stasis such as heritage designations.
 - Non-compliance should result in a development freeze on the subject property.
- D) Establish an independent and transparent Housing Authority to;
- i. remove political interference
 - ii. collect housing market and income distribution data
 - iii. establish pricing for income brackets based on affordable debt service metrics
 - iv. establish pricing bracket and configuration formulae based on local inventory and population data

4) Specific Considerations

- a) **Profitability** Those who benefited from the previous market structure will immediately be required to adjust their business model to preserve profitability. The loudest opposition to this adjustment will come from these established developers who have profited the most from the unregulated escalation of the market. There will likely be claims about the difficulty of achieving the requirements, but the new business/pricing model (a variation of the Regulated Pricing Model below) is already being used successfully and voluntarily in British Columbia today by the British Columbia General Employees Union to build affordable housing. It is absolutely possible to do, it does provide a healthy return on investment, it simply does not allow for development activity that is damaging to society.
- b) **Public Opinion** The community standard has moved dramatically against the status quo in recent decades. Those on the property ladder, generally understand they are members of a new privileged class. Those unable to afford to purchase a home are moving past anger, to loosing hope they may ever own a home. The latter group is large and growing far too fast. Those in the middle, have now lost the ability to choose where they want to live and must settle farther from there desired municipality, to a location they can still afford. Anger is palpable at every level, but it is often misdirected, as a variety of false narratives have been injected into the public discussion (for

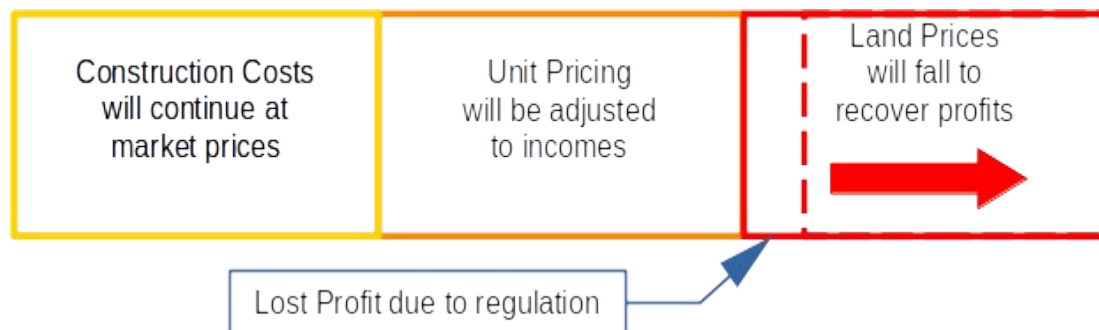
Aug, 2025

example; 'foreign ownership' as a cause). Unfortunately, this distracts from an effective public discourse on the subject and has now become a source of regulatory inertia due to the political headwind of competing and false narratives. Those that will complain the loudest, are those that benefited the most from the damaging business model, or those who are least capable of adapting. Financial opportunity will not be removed in the new system, only updated with effective standards of development operation.

- c) **Property Rights** Significant changes in this area run counter to perceived 'property rights' of developers and real property owners, but there are many examples where modern legislation in other areas, narrowly and specifically curbs an individual right in order to protect society in general. Honest and factual discussion of these issues is important to improve the quality of public discourse, while building support for governments to fulfill their responsibilities. For example, many aspects of building are already managed or prohibited by legal frameworks around the world: zoning for building use, height, engineering standards, occupancy density, set-back, materials, style, safety, weather resilience, warranty requirements for builders, and contributions to municipal services and neighbourhood amenity costs. All of these regulations constrain builders to ensure they integrate properly with their neighbours. Allowing construction of only the most profitable units and protecting regulations that further damage the housing market, are in opposition to a healthy and sustainable community.
- d) **Implementation** A viable implementation strategy must provide due notification, time for the market to adapt and consider any exceptions to regulation that may be acceptable to the public, while remaining compatible with establishing a stable market. A related implementation process was the staged deployment of fire alarm systems in modern building codes, starting with the largest buildings first and working down to small properties over a period of years.
- e) **Metrics and Data** Collecting data that accurately describes the local income range, family size and demographics, highlights the need for an apolitical, transparent, source for survey, codification and reporting. A truly independent Housing Authority must be responsible for the collection of income and housing data, establishing housing price brackets, unit configurations, pricing bracket formulae and regional regulatory boundaries. This is an extremely important element of an effective policy. Any attempt to institute this type of regulation without measurement and verification of outcomes would be a disaster. Similarly, any opportunity for political interference in the collection of, and effective response to, authentic data would have a profoundly destabilizing effect on the community.
- f) **Speculation** All housing units in buildings of three units or more, whether for rent or for sale, would belong to a designated local price bracket. Initial and resale prices must perpetually reflect real affordability based on traditional, affordable debt service metrics for personal income. (about 30%) Bracket definition needs to be the responsibility of the independent Housing Authority institution. There are still many profitable housing business models available in this regime, just not those that inflate prices and aggressively concentrate wealth. Ultimately a permanent housing price bracket must run with the title of the property, qualification for ownership must depend on real income as declared in tax filings, and corporate holders must disclose beneficial owners to prevent gaming of the system. Speculation is not possible under these parameters, without obvious fraud.

Aug, 2025

- g) **Zoning and Architecture** The first developments under the new regulation would likely occur in the core of major municipalities, where demand for all unit configurations is most likely to be strong. Then as developers adapted or new developers entered the market with successful strategies and configurations, new opportunities would become viable across a wider area. Starkly rich or poor municipal zones would be eliminated in favour of more functional, blended communities where ever multi-family zoning occurred. Built forms then become the means to address privacy and lifestyle considerations. Fairness and balance is restored, when every multi-family site is subject to the same regulation. Market forces and innovation will bring forward new solutions for the demands of social integration and over time, entire municipalities should expect, stronger social cohesion, improvement in the distribution of public amenities and community-wide improvements in the quality of architecture.
- h) **Global Status** A housing policy that is a truly effective stabilizer and provider of affordable housing, would be a world-leading initiative. With fair housing addressed, that community would have a global competitive advantage for high value business to locate there. Other jurisdictions would certainly follow in order to remain competitive.
- i) **Land values** Multi-unit land values are where the pricing adjustment will occur to preserve profitability. In the short term, land values will move downward in regulated zones. The negative market effects will be no worse than using high interest rates to temporarily slow an inflationary market, except that this downward pressure will only affect formerly inflationary players in the market. The most vulnerable classes would immediately see new and favourable housing options.



Old land pricing models will need to be recalculated with fresh data from new, regulated developments. In the medium term, land values should fall, relative to wages, until reduced land input prices restore overall development profitability. In the long term, establishing living wages as a base income, combined with a universal framework for multi-family regulation, will restore a sustainable rate of increase in land values, more accurately in step with wage, population, and general economic growth.

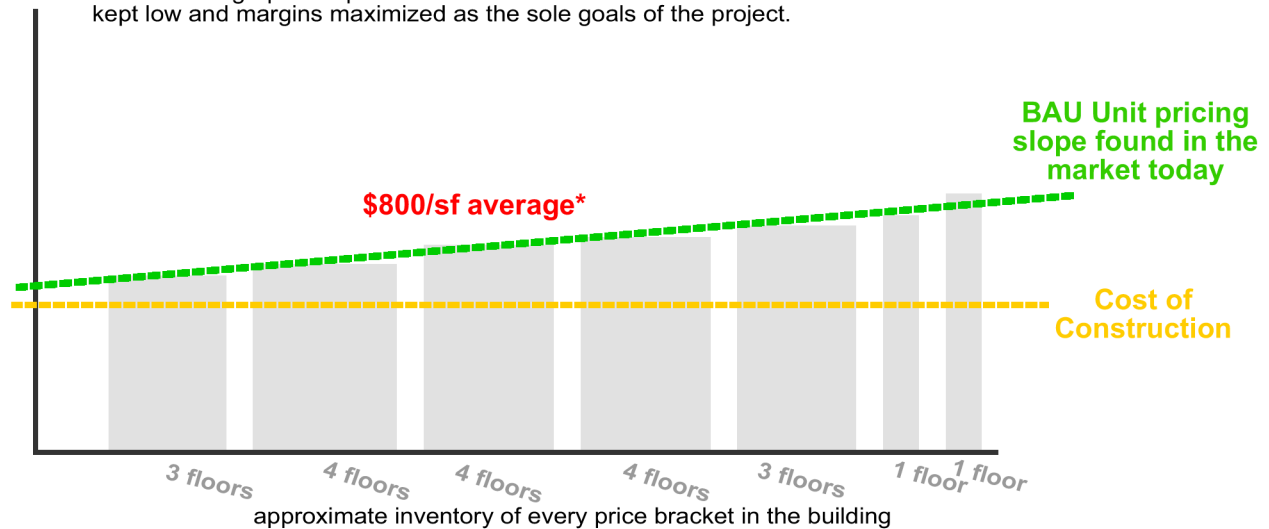
- j) **Taxation** Property Tax Revenue will likely need to be modelled differently, as current property values have risen above sustainable levels, relative to wages. In a market regulated by this proposal, property taxation revenue will decline in proportion to falling land values, but the resulting regulated scale of housing brackets, tied to income, presents a new tool for wealth redistribution in a sustainably calibrated, property tax schedule. Housing income brackets in this model present a new taxation tool, more easily targeted to fair and effective levels of taxation.

Aug, 2025

5) Business Model Adjustments

20 floor BAU Pricing Model

Business As Usual (BAU) pricing model simply adds profit suitable for a narrow demographic of prices to the cost of construction. Costs are kept low and margins maximized as the sole goals of the project.



*this price is not meant to reflect a real market value, merely a consistent price for comparison

A Business As Usual (BAU) model chooses the highest sale price possible for every unit, without considering the provision of any affordable units. Further, lavish units are often consigned to wealthy enclaves. This concentration of value in a few locations, applies upward price pressure on all land in the municipal area, making the delivery of affordable units harder across an entire municipality. The argument that affordable housing cuts into profit, falsely asserts that affordable housing cannot be delivered by a profitable pricing framework.

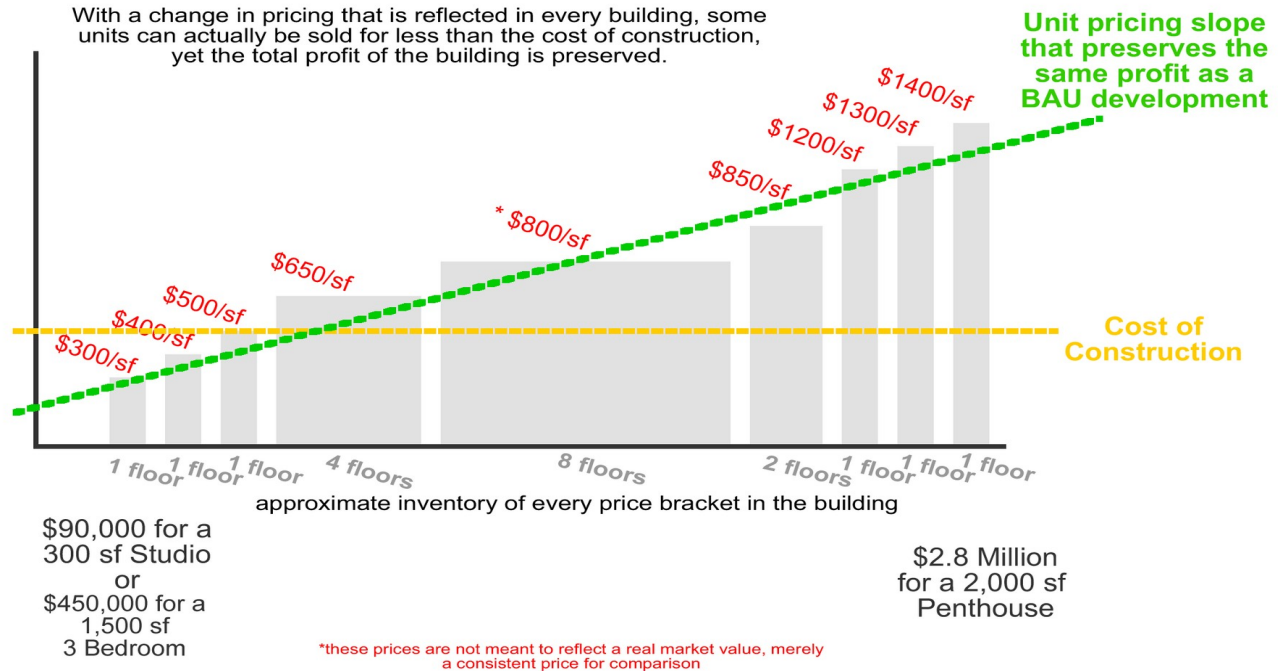
Strengthening Affordable Housing Policies

8 of 11

Aug, 2025

20 floor Regulated Pricing Model

With a change in pricing that is reflected in every building, some units can actually be sold for less than the cost of construction, yet the total profit of the building is preserved.

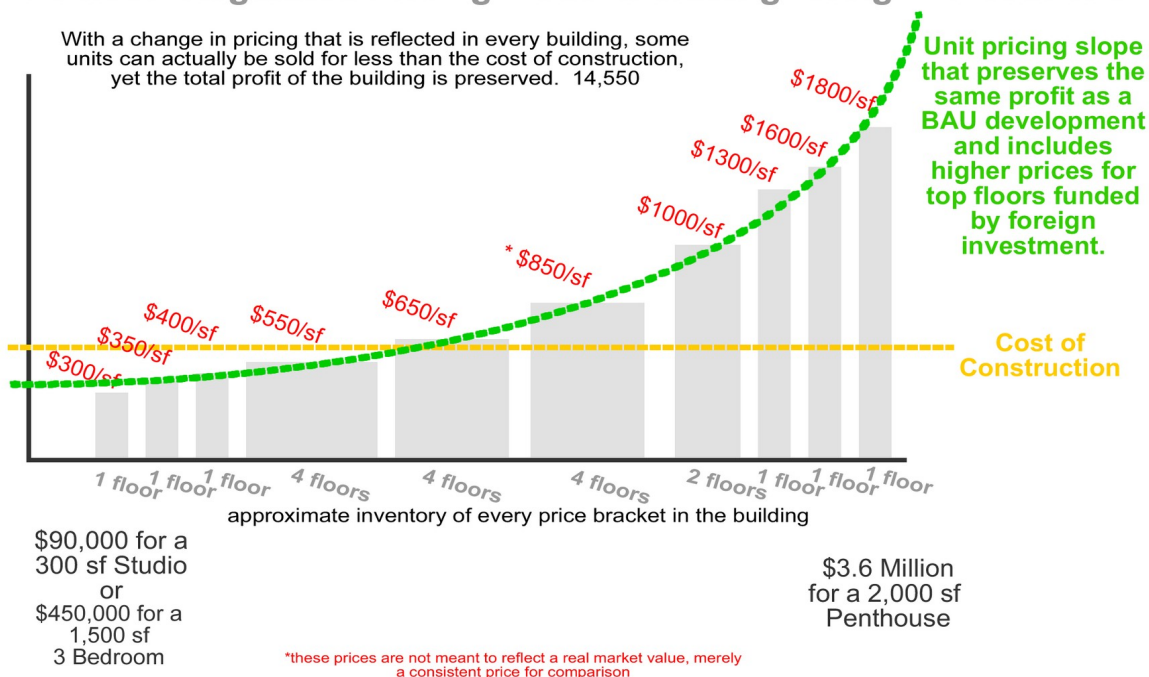


Simply tilting the pricing scale to reduce the sale price of some units in every building, while allowing for unlimited pricing at the highest brackets, preserves the building's net profit.

When fair housing regulation applies to the entire market, a profitable business model is preserved. The absence of fair regulation causes affordable housing to be unprofitable.

20 floor Regulated Pricing Model including foreign investment

With a change in pricing that is reflected in every building, some units can actually be sold for less than the cost of construction, yet the total profit of the building is preserved. 14,550



Such a pricing model makes the case for removing legislation limiting foreign investment. High value purchasers directly subsidize more affordable housing in every building where they are present.

Aug, 2025

6) Rapid Deployment Model

This truncated model could be implemented immediately with a single piece of enabling legislation. It is less ambitious than a universal regulation, but would demonstrate all major aspects of an effective housing policy.

- a) Create a new municipal Zone Type for Housing Tied to Incomes (HTI).
- b) HTI zones should be located where older housing stock currently exists and should be dispersed at regular intervals throughout a municipality.
- c) The current built form and zoning of a subject zone should be low to medium density, to be replaced with high density HTI zoning.
- d) Once the subject zone is designated HTI, new permits will only be issued for high density built form and HTI pricing, where all unit pricing reflects the frequency distribution of lower 60% of the range of incomes within the municipality.
- e) Existing building permits at the time of rezoning will be grandfathered and allowed to complete.
- f) New permits should follow a “fast track” model and require rapid completion performance requirements for builders.
- g) The quantity of each price must reflect the frequency with which that income occurs in the local demographics.
- h) Height bonuses must only be used to improve economics for proposals that present the highest quality-of-life designs.
- i) Residents displaced from anywhere in the zone have first right of refusal on new units.
- j) There should be a hard deadline for all HTI properties to redevelop, based solely on the reasonable time for the municipality to increase services to supply the full density of the zone.
- k) Commercial components of mixed HTI redevelopments should follow similar pricing formula to support small business owners that live and work in the HTI zone.
- l) Participation within the HTI zones should be a requirement for all builders asking for high density permits outside the HTI zones.
- m) Over an extended time period (10 to 15 years) HTI requirements should extend to all permits and zones in the entire municipality, at which time, the pricing range would be extended to 100% of the range of incomes within the municipality.

Aug, 2025

7) Conclusion

There is always a place in the market for government regulation to curb excessive self-interest and activity that runs counter to the health and safety of society. We are, after all, dealing with a common human behaviour that is regulated in other sectors. There are two gaps in the regulatory framework that act against a growing percentage of the population; one is poor protection for living wages and the other is no requirement for housing prices to be tied to the full range of incomes in the area.

This condition has long been waved away with the explanation, that the needs of business stakeholders must be factored into policy, or that market forces would somehow deal with the inequality. However, when the self-interest of business become the standard of regulation, we all suffer. We learned early in the twentieth century that allowing cheating and fraud in the marketplace damaged the whole country. We must surely have matured to the point that we can see the same curbs to self-interested behaviour are required in the housing market in this century.

The models presented in this paper have been proven viable in today's market, at today's prices, in the most expensive cities. They destroy the argument that it is not profitable or possible for builders to fulfill the public good of affordable housing, while doing good business.

Patchwork regulations, represented by the current norms of property zoning, exacerbate the outcomes of the poor regulatory framework and they are not able to present a broad and fair solution to the market. Every multi-family housing development above a very small property size (3 units), must be designed to contain units matching the full spectrum of incomes in the area.

Without tying the public good of housing delivery to the full range of incomes, people at every level will always act independently, and in their self-interest, driving housing prices up and damaging society as a whole. Government that does not tie multi-family housing permits to the income levels present in the community is not fulfilling its responsibility to good governance. Governments must tie business citizens to their community obligations, through narrow, fair, and universal regulation.

Entering the market with more regulation will draw complaints and this paper has attempted to consider every consequence that will cause them. Compared to the inevitable collapse of social structure in the absence of regulatory action, there is no consequence or complaint that is worth withholding effective regulation. Indeed, many progressive builders are now calling for regulation on their own market.

Aug, 2025

Adenda	
Affordable Housing	Data from Statistics Canada - The rate of unaffordable housing, or the proportion of households that spent 30% or more of their income on shelter costs, 20.9% in 2021. The rate of unaffordable housing in Canada for renters, 33.2% in 2021, of renters earning below the median household income of all renters 56.0% in 2021. Unaffordable housing rates are highest in downtowns. In 33 of 42 downtowns of large urban centres, the percentage of renters spending more than 30% of their income on shelter costs in 2021 was above the national average. Almost 1.5 million Canadian households lived in "core housing need" in 2021, defined as living in an unsuitable, inadequate or unaffordable dwelling and not able to afford alternative housing in their community. The core housing need was 10.1% in 2021. There were 603,040 children (8.8%) living in core housing need in 2021. Millennials who lived with a roommate were less than half as likely to live in core housing need (7.4%) as those who lived alone (15.3%).
Beneficial Owner	Legislation must ensure that incorporating cannot be used as a tool to avoid regulation. Failure to disclose all beneficial owners should result in the suspension of permitting.
Business As Usual (BAU)	A generalization of the mode of business and regulation typical of the 20 th Century, typified by business externalizing costs, concentration of wealth and poor environmental practices.
Common Qualification Practice	There are well established metrics for determining the financial viability of mortgage or rental expenses. The Government of Canada considers housing expense above 30% of income to be unaffordable. Legislation must protect these metrics as essential to the success of the Social Sustainability of the regulation. These metrics must remain transparent.
Pricing Bracket	The spread of incomes in a city are broken into a series of ranges, starting at the local minimum wage. Unit Pricing per bracket shall be determined according to Common Qualification Practice. A greater differential between the lowest and highest income should result in more groups or brackets. As the key element of the legislation, the process for collecting local data and determining brackets must be transparent.
Range of Incomes	Local income data must be founded on primary sources such as Government Tax filings.
Socially Sustainable	A set of business practices and regulation that establish and preserve a higher, sustainable quality of life for all members of society, by guarding against unfair market practices and concentration of wealth.
Unit Pricing	The total sale price of a housing unit or the total monthly rental cost less utilities of a rental unit.
Universal Diversity	Common zoning practice currently stands in the way of social diversity. Under Universal Diversity zoning must ensure that every income bracket is represented in every multi-family residential zone and that representation must reflect the economic demographics of the region.