Review of the Rental Landscape

IN NEW BRUNSWICK

May 2021
Office of the Chief Operating Officer | Clerk of the Executive Council

New Nouveau Brunswick

Review of the Rental Landscape

IN NEW BRUNSWICK

May 2021
Office of the Chief Operating Officer | Clerk of the Executive Council

New Nouveau Brunswick

Government of New Brunswick
2020-2021

Province of New Brunswick
PO 6000, Fredericton NB E3B 5H1 CANADA

www.gnb.ca

ISBN 978-1-4605-2873-0 (Bilingual print edition)

ISBN 978-1-4605-2871-6 (PDF: English edition)
ISBN 978-1-4605-2872-3 (PDF: French edition)

13257 | 2021.05 | Printed in New Brunswick

Table of Contents

PART 1
Introduction

Foreword 2
Executive Summary 3
Introduction 4
Approach 5

PART 2
Background

New Brunswick's population and economy are growing 8
Housing needs are changing 9
There is a housing boom 10
Housing is a human right vs Housing is a business 12
No easy answers 13

PART 3
Key Findings

There is a gap between what people need and what we have on the rental market 17
Costs of building and maintaining units are rising 18
Lower-cost housing units reported as inadequate 20
Our housing market is not working for everyone 21
New Brunswickers are making hard choices to stay housed 23
New Brunswickers feel unprotected 24
Developing affordable housing is not enticing and full of roadblocks 26
Communities in rural areas have unique challenges 27

PART 4
Additional areas that were examined

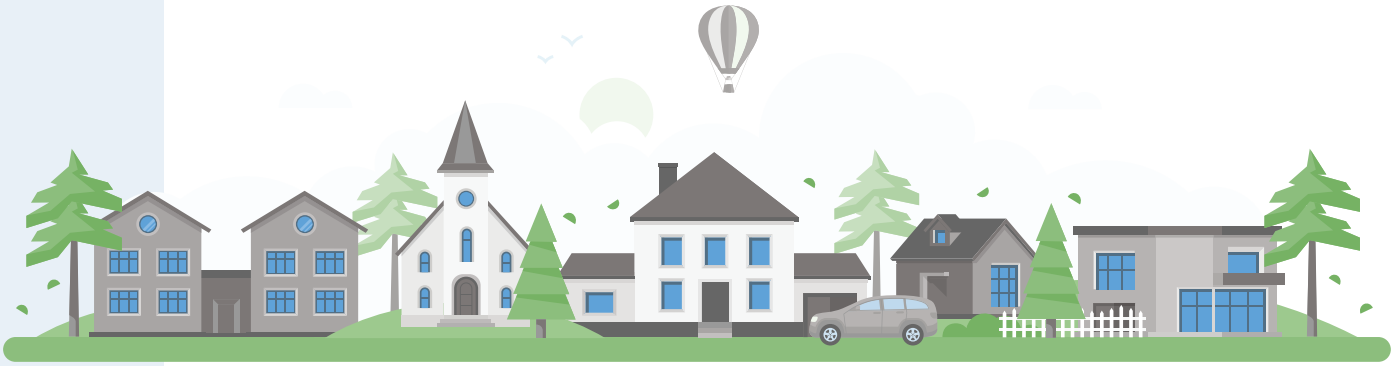
What are others doing? 30
Taxes 30
Rent Protection 30
Rationale for change 31

PART 5
Action opportunities

Work already underway 35
Examples of Local Level Work 36
Recommendations to implement immediately 37
Acknowledgement 39
Engagement Participants 40

PART 1

Introduction



Foreword

As the public service, we are united in a singular mission – delivering for New Brunswickers.

This mission has guided us in our work throughout the pandemic, during which we have learned many lessons on how we can improve and advance as an organization. We have learned how to break out of our own silos, and how to embrace new ways of working based on agility, continuous adoption and a focus on delivering for the citizens of our province. We call this *One Team One GNB.*

As Clerk and Chief Operating Officer, it is my responsibility to ensure all departments work together with this knowledge, and with the determination and urgency necessary to obtain results.

The 90-day review of our rental housing landscape has served as a remarkable example, driven by need, of what we can do when we join together across departments, professions and sectors, to reach a common goal.

Through this review, we have sought to answer if there are gaps in adequate access to safe, affordable and quality rental units in New Brunswick, and if so, what needs to be done to change this. Our goal has been to reveal the gaps in the most essential aspects of shelter, and to highlight immediate actions to improve the situation for so many New Brunswickers.

There is extraordinary strength in approaching our work with a unity in mission, and I want to thank everyone who has contributed to this review to help those most vulnerable to the impacts of our rental landscape.

I hope this report will reflect the voices we heard over the past 90 days, the voices of tenants, landlords, developers, businesses, community leaders, advocacy groups and others who passionately articulated the current landscape. It was a privilege to hear your stories, feedback and recommendations. Only together will we make the changes needed.

Cheryl Hansen

Clerk of the Executive Council and Chief Operating Officer

Executive Summary

There is perception from some New Brunswickers that rental rates within the province have unreasonably and unpredictably spiked during the pandemic. Government has been asked to intervene in the situation by implementing various tenant protection measures and legislative reforms. In response to these concerns, Premier Blaine Higgs committed to undertaking a 90-day rental review looking at existing data, listening to New Brunswicker's experiences, and learnings from other jurisdictions to answer the following:

Are there gaps in access to affordable, adequate, quality and safe rental units in New Brunswick?

If so, what might be done about it?

The 90-day rental review revealed:

The NB economy has been steadily improving with positive economic and population growth trends, as well as some household level economic gains. Yet, like other parts of the country New Brunswick is now facing lower vacancy levels than seen in the past and generally higher rents, which is putting pressure on access to affordable housing. There are challenges in our system that the pandemic has amplified. The challenges include:

- There is a gap between what New Brunswickers need and what there is available on the rental market
- Costs of building and maintaining units are rising
- Lower-cost housing units reported as inadequate
- Our housing market is not working for everyone
- New Brunswickers are making hard choices to stay housed
- New Brunswickers feel unprotected
- Developing affordable housing is not enticing and can be full of roadblocks
- Communities in rural areas have unique challenges

This review reinforced that New Brunswick is not currently in a housing crisis as the system is working for many, but it could become a crisis if we don't pay attention. It also revealed that there are vulnerabilities right now for specific population groups and the province does need to act. While there are many improvements that are already underway in New Brunswick, the following are identified areas of actions:

1. Strengthen Existing Services
2. Provide Incentives for Tenants, Landlords and Developers
3. Review and Revise the New Brunswick *Residential Tenancies Act*
4. Increase Future Builders

Introduction

Housing is so much more than four walls and a roof over our heads. Access to adequate housing is a basic need and it has been proven to influence individual's health outcomes[1]. In addition, it is known that without housing it is challenging for individuals to engage in their economic, social, and cultural rights.

The importance of housing is reinforced nationally with new energy and investment in Canada's National Housing Strategy[2] and the ongoing work to ensure adequate housing because of its social, economic, and health benefits.

Stakeholders and community leaders raised concerns that there is a growing affordable housing crisis in New Brunswick, specifically as it relates to:

- the lack of affordable rental units
- rising and unpredictable rents, and
- evictions and people having to move for renovations.

In response to these concerns, Premier Blaine Higgs committed to undertaking a 90-day rental review to determine if issues exist in the rental landscape and if so, what actions are required to improve.

1 Social determinants of health and health inequalities (https://www.canada.ca/en/public-health/services/health-promotion/population-health/what-determines-health.html)
2 Canada's National Housing Strategy (placetocallhome.ca)

Approach

From the beginning, it was known that data and statistics alone would not provide a complete picture, which is why the following three work streams were formed:

1. TECHNICAL ANALYSIS:
WHAT DO THE NUMBERS SAY?

This stream focused on collecting and examining data to look at how New Brunswick compares to other parts of Canada and note our strengths and weaknesses.

2. PUBLIC ENGAGEMENT:
WHAT ARE NEW BRUNSWICKERS EXPERIENCING?

This stream focused on listening and learning from the experiences of New Brunswickers connected to or impacted by rental housing.

3. JURISDICTIONAL SCAN:
WHAT IS HAPPENING ELSEWHERE IN CANADA?

This stream focused on collecting information and ideas to explore further from other provinces to better understand their housing challenges and solutions.

We heard from tenants, landlords, developers, local governments, development agencies, and community groups.

19 themed conversations

Four topic-based workshops
in French and English with over 170 participants from:

- Community organizations
- Local Governments and Planners
- Landlords and Property Managers
- Developers and Development Agencies

5,539 survey submissions

- 4,623 tenants
- 851 landlords
- 65 developers

PART 2

Background

New Brunswick's population and economy are growing

New Brunswick is not the wealthiest nor most populated province in Canada, but both our economy and population were showing improved growth prior to the onset of the pandemic.

- The New Brunswick economy has been steadily improving in recent years[3] and over the last year New Brunswick has consistently been viewed as having one of the better performing economies in the country.
- More people are working with employment increasing each year from 2016-2019 and hitting an all-time high in 2019 with 361,100 people working.
- Household incomes are increasing with New Brunswick showing the 3rd highest increase in median income in the country over the last decade.
- Our population is growing mostly from immigration but also with more people moving to New Brunswick from other parts of Canada than leaving.
- The incidence of low income has also improved, falling from 16.1% in 2015 to the current rate of 9.4%.[4]

These trends are generally positive for our province, given we collectively experienced harder economic times over much of the last decade.

3 Economic growth over the 2010-2014 period averaged 0.2%, and job losses were seen in four of the five years in question. Momentum picked up over the 2015-2019 period with economic growth averaging 1.1%

4 A widening gap on percentage spent on housing was observed between income levels. According to Statistics Canada, household spending for shelter among New Brunswickers within the lowest income quintile increased by 21.4% over the latest five-year period as compared to the provincial growth rate for this expenditure was 8.4%.

Housing needs are changing

It is important to look at who is choosing to live in New Brunswick, as their needs and preferences influence the types of housing and the locations that are in demand. The following trends are occurring and signaling a shift in the housing New Brunswickers seek:

- **Downsizing:** More New Brunswickers 65 and over are choosing to live in apartments, which is important since 28% of New Brunswick's population is going to be over the age of 65 in the next 10 years.[5]
- **Short-term rentals** (eg. Airbnb): The popularity of short-term rental services is expanding, and a growing number of units are being converted for this service in both rural and urban New Brunswick communities. As a result, this service does remove these short-term units from the long-term housing market.
- **Families:** There are more families needing rentals, both because of newcomers with families moving here, most of whom must rent upon arrival, and because many families are staying longer in rental units while saving for a down payment on a home.
- **Remote workers:** There are indications that more New Brunswickers are looking for rental units with extra space because they work from home. Spending more time at home means increased building costs (utilities, waste, etc.).

> *"There is a gap between subsidized housing and moving into the regular rental market. A family improving their income disqualifies them for the subsidized units but still leaves them far from being able to afford regular rentals." - Targeted Conversation Community organization*

5 New Brunswickers over 65 show a preference to apartment living when compared to younger segments of the population. Nearly 20% of senior households live in apartments, which is an increase of 5 percentage points over the 55 to 65 age group. This suggests that demand for apartments will continue to grow with seniors as a percentage of our total population going from about 22% in 2020 to 28% of New Brunswick's by 2030. (Data from census, population shares, and Government of New Brunswick forecasts)

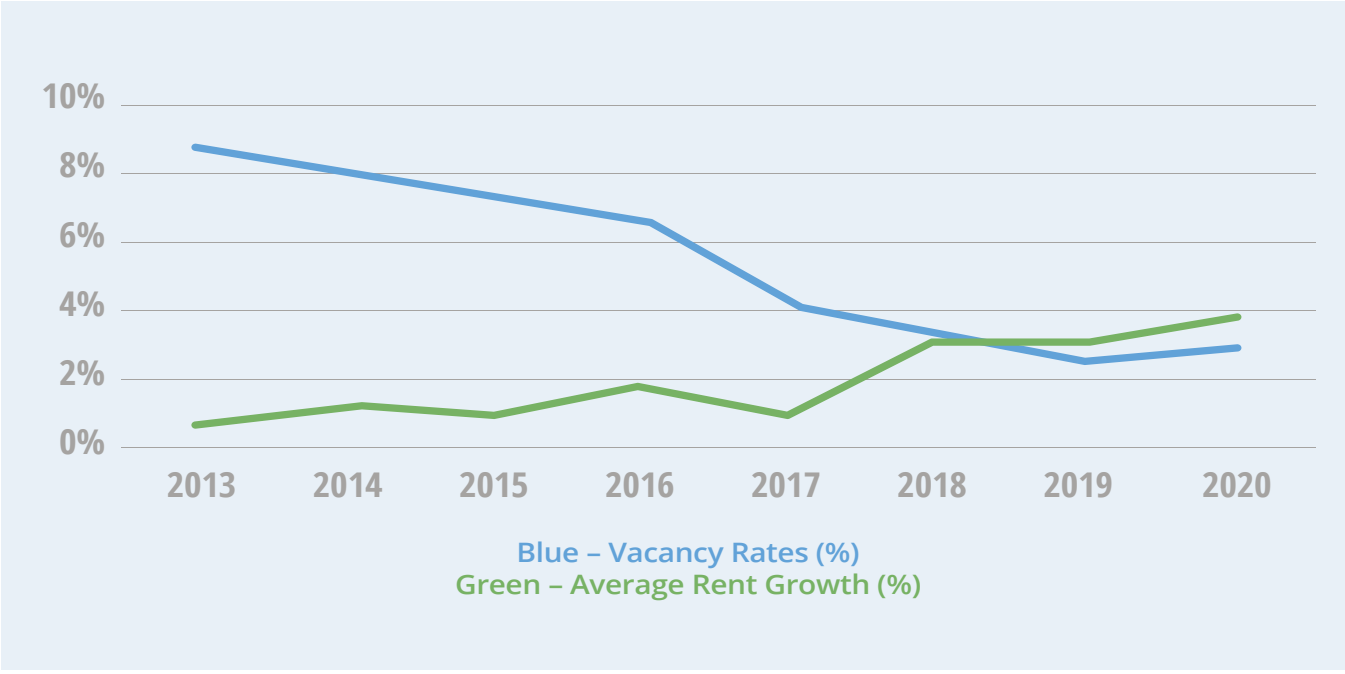
There is a housing boom

Our normally stable and still relatively affordable housing market is booming and attracting new buyers from outside of the province. This thriving housing market is impacting multi-unit buildings, where most rental units resides within:

- Sales of apartment buildings are on the rise with sales in 2020 almost doubling those of 2015.
- More out of province businesses are buying multi-unit buildings with New Brunswick-based businesses accounting for 70% of sales in 2020, down from 93% of sales in 2015. This shift was also highlighted in engagement sessions with some tenants sharing stories of moving from dealing with a local landlord who they know and negotiated with to a more formal less personal relationship with a property management company.
- Buyers (in- and out-of-province) are often paying more than the property's assessment value.

Beyond the growing surge in recent housing sales, **New Brunswick is also building at capacity with record level of apartment construction.** As of February 2021, there are more than 2,300[6] rental units under construction in Moncton, Fredericton and Saint John. These units are primarily for the upper end of the market and the development is mostly happening in urban areas, yet they are much needed and will help increase our housing stock.

Figure 1. Trends in Rents and Vacancy Rates in NB

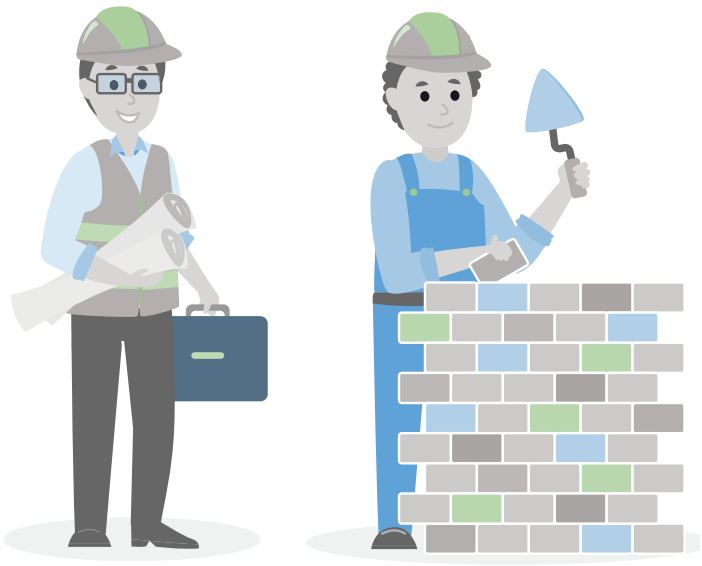


6 These units will result in a 7.5% increase in the rental units available in those cities.

At the same time as housing sales are increasing, **New Brunswick has been experiencing a decrease in rental vacancies across the province**, despite a slight rise in available rental units in 2020. In less than 10 years we have gone from having a relatively high number of places to rent to a market with fewer options. At the same time, all of New Brunswick's rental markets have steadily increased rent, with a notable sharp increase in the last few years.[7]

Table 1. Differences in Rent between 2011 – 2020, Major City Centres in NB

	2020 Average Rent	2011 Average Rent	Rent Difference (10 years)	% Difference (10 years)
Fredericton	$ 986	$ 755	$ 231	31%
Moncton	$ 949	$ 715	$ 234	33%
Saint John	$ 825	$ 670	$ 155	23%
Bathurst	$ 717	$ 555	$ 162	29%
Miramichi	$ 709	$ 556	$ 153	28%
Campbellton	$ 645	$ 542	$ 103	19%
Edmundston	$ 604	$ 484	$ 120	25%



7 Statistics Canada noted that rent prices rose in all four Atlantic provinces year over year New Brunswick was (+4.8%) in March 2021

Housing is a human right vs Housing is a business

There are two viewpoints regarding housing:

Housing is a human right
and Canada has signed and committed to the Universal Declaration of Human Rights from the United Nations. The right to adequate housing without discrimination is identified in this and future treaties.

Housing is a business
with housing being built, sold and rented as a service according to demand.

These are both accurate, but these truths do not always co-exist comfortably and can polarize conversations. While the province's recent economic trends are encouraging, we cannot forget that roughly **70,000 of our neighbors are living on low income**[8], with women making up almost 60% of that group.

The aim with this review is to find ways to improve the existing system so we can work together towards ensuring that everyone has adequate housing.

> **"The human right to adequate housing is more than just four walls and a roof. It is the right of every woman, man, youth and child to gain and sustain a safe and secure home and community in which to live in peace and dignity."**
>
> - UN HUMAN RIGHTS[9]

8 Market basket measure threshold for low-income is $41,716 in rural NB and $44,932 in Fredericton.
9 OHCHR | The Right to Adequate Housing Toolkit

No easy answers

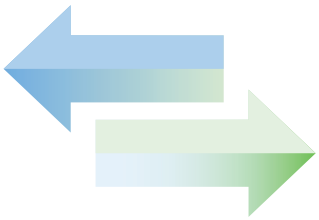
Ensuring everyone has access to adequate housing year after year is no simple task because nothing stays the same and we cannot truly control such a dynamic system. This reality is why there are housing challenges across Canada. Things to keep in mind:

- New Brunswick would benefit from a greater supply of suitable and affordable housing.
- There are few quick fixes when it comes to housing because it takes time to build more housing units.
- The pandemic has amplified existing challenges in our rental system.
- New Brunswick is changing with a growing population and economy, and this is putting pressure on our limited housing.

PART 3

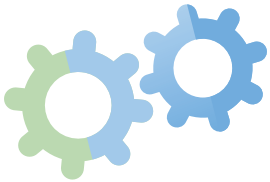
Key Findings

The Rental Review team collected a wealth of information from statistical data, New Brunswickers' stories, and experiences of other Canadian communities. The team has pulled out some key findings from this collective work about where there are growing gaps in the access and development of affordable adequate housing and who is most impacted in our system.



- There is a gap between what New Brunswickers need and what there is available on the rental market
- Costs of building and maintaining units are rising
- Lower-cost housing units are reported as inadequate

- Our housing market is not working for everyone
- New Brunswickers are making hard choices to stay housed
- New Brunswickers feel unprotected



- Developing affordable housing is not enticing and can be full of roadblocks
- Communities in rural areas have unique challenges

There is a gap between what people need and what we have on the rental market

New Brunswickers are having a hard time finding housing that matches their needs and budget because this is a period with low vacancy rates (particularly in the urban areas) and there is a shrinking number of housing units that are affordably priced. The tightness in the housing rental market has been amplified by the pandemic and the boom in demand that is changing the housing landscape at a pace our region is not used to.

- Demand for rental units is growing faster than our ability to build and rent new units.

> *"One of our units had over 80 calls in a few days and those were our mid-range apartments. There is so much demand right now for housing." - Landlord*

- New Brunswickers with low and moderate income are having trouble finding rental housing that is the right fit and budget.
- 41% of respondents with incomes between $10,000 and $20,000 are paying between $750 and $1,000/month for rent.

> *"Rent is way too overpriced for one person to afford. I make $16.75 an hour 44 hours per week and still struggle to pay my bills, plus rent, and often have no food." - Tenant*

- Many rural based businesses are having trouble growing because they cannot find enough adequate affordable accommodations close enough for their current and future workers.

> *"We were providing housing for our new employees for 3 months with the assumption that they would be able to settle into their own rental at after a few months but there was nothing available. We had to set up our own camp facility but that is still a temporary solution because our new employees would like to bring their families over as well." - Employer*

What tenants reported

47%

Rental in bad shape

31%

Rental rates are out of their budget

27%

Rental location is not desirable

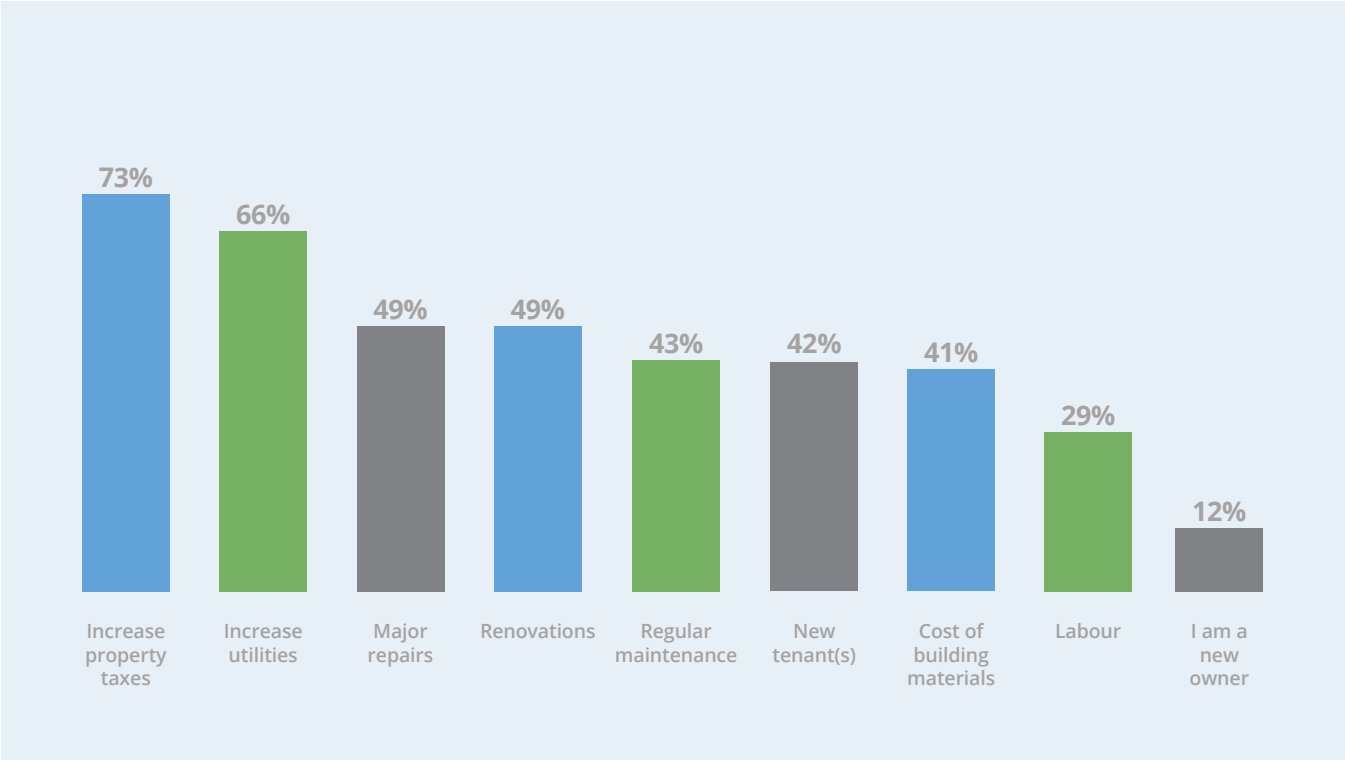
19%

Not enough rooms for their family

Costs of building and maintaining units are rising

Landlords and developers are experiencing increases in daily costs: taxes, insurance, utilities and construction materials. Landlords are under a lot of pressure to keep rents low, but it is hard for a business to keep rental prices low with rising costs.

Landlords raised concerns with the level of property taxation in New Brunswick, and the level of competitiveness between NB and the rest of the country. **The 385 landlords that responded to the topic of rent increases in the survey indicated the following reasons for raising rent:**



Of these landlords 114 indicated they raised the rent in the last 6 months and 63 in the last 6 to 12 months. 93% of respondents are landlords in the three largest cities of our province.

- The dramatic cost increases are influenced by the pandemic and construction materials are particularly impacted, with lumber costs up 60%. Overall, the price of building apartments in Moncton has gone up by 6% in the second half of 2020 alone and this increase was higher here than an average across 11 major Canadian cities.

> *"Construction costs are going up – like drywall and lumber. To get new units in the market, the rental rates need to be increased to make up for that construction cost." - Developer focus group*

- Supply shortages across the entire building supply chain have led to an increased level of uncertainty and costs or delays for landlords and developers.

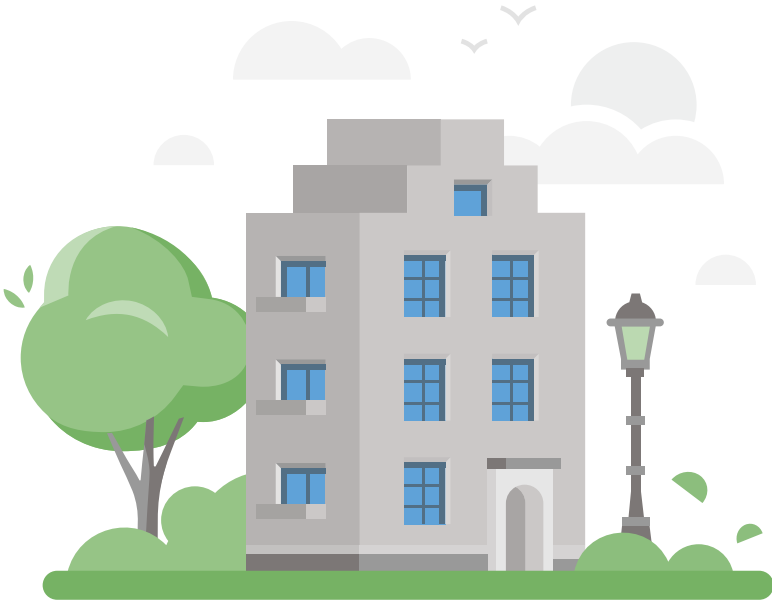
Labour

- Over the last decade, employment in the construction sector has **fallen by nearly 11,000** in the province.
- Construction employment in March 2011 was 33,000. It is now at 22,100. This is a **33% decline** and clearly illustrates a capacity constraint.
- Almost 25% of construction workers are aged 55+ and we are facing up to **7,000 retirements** in the sector over the next decade.

> *"Supply is really difficult – for example if a tenant calls about a broken appliance we can't just go to a store and buy one – looking at 6-8 weeks of waiting. So, we now need to store keep some appliances in stock and that costs money." - Landlord focus group*

- Even if we wanted to build more units, we do not have enough construction workers necessary to do so and this is a growing problem because a quarter of the labour force is likely to retire in the next decade.

> *"Serious HR problem in this industry [trades]. This is going to be a Canada-wide problem – training them, mentoring them, finding someone who is willing to apprentice them." - Developer focus group*



Lower-cost housing units reported as inadequate

Lower-cost housing units tend to be found in older housing stock, which means maintenance, utilities, renovations, and other associated costs tend to be higher, but revenues lower. This lack of repair leads to concerns about health and safety.

The flip side to this is when these units are renovated, they are generally put back onto the market at a higher rent in order to recoup the renovation investment. This improves the units' quality but removes them from the lower-cost housing pool in the private market.

What we heard...

> *Every place I've rented was either insanely expensive to heat due to drafty doors, windows, or poor insulation, had wiring issues, bad water, a leaky roof, etc. You have to take what you can get here because rents are so scarce which makes it hard for people live happily, affordably, and safely."*

> *700-800 units were built in the 70's or 80's, so the standards are very low. Some have been well maintained, but others have not been renovated and are not in the best shape." - Local Governments Focus Group*

> *We frequently had maintenance requests due to non-working appliances, leaks and general aging of the unit. None of this was properly addressed and yet our rent went up due to rising costs. We began looking for another place as a result but when we saw the current market, we were forced to accept the rent increase and just budget that much more."*

47% of tenant survey respondents stated that rentals are in very bad condition

Our housing market is not working for everyone

The rising house prices and rents are impacting low-income earners. Over the last decade, household spending on rented accommodation increased by 41%, with the lowest 20% of the tenant population seeing an increase of 34%. During this same 10-year period, this lowest income group saw their income increase by 18%. On top of an affordability challenge, we heard many tenants share how hard it is to find housing that suited their needs due to lack of availability and/or discrimination.

The following are segments that are vulnerable in the current rental housing market:

Newcomers are impacted by low-vacancy rates because most must rent upon arrival to build a Canadian credit history. On top of this, many newcomers spend more than 30% on rent and have trouble navigating their new community, making finding the right place a challenge. A recent survey found many newcomers felt discriminated against while finding housing.

> *"Being an international student with a family, I found it way too difficult to find an accommodation. Some of the landlords denied as they were not renting out to students and some others denied as they were not giving for families..."*

> *"We are a stable family with two viable careers but due to lack of housing we can't move into NB despite having jobs lined up. I'm not sure how NB can grow its population or income when people can't move there due to extremely limited availability of rental places."*

New Brunswick is committed to growing our population and building our economy through immigration. The plan is to welcome more than 10,000 newcomers annually by 2027 to the province and these people need places to live.

Families are more vulnerable because the current rental housing portfolio is mostly of smaller apartments (2 bedrooms), and we heard many apartments will not accept children. This means it is hard to find a place that has enough space to accommodate varying family sizes.

> *"We don't really have a choice with the rental increase because there are limited spots that take dogs and kids so I didn't want to lose this landlord. I guess I just feel like there is a general disdain towards anyone attempting to rent as a family unit which is completely unfair. Everyone deserves a clean, safe place to live. Children especially."*

> *"Not only is it hard to find an affordable home, but it's also hard to find one that will allow families. I was denied over 100x because I had kids."*

> *"I was moving from out of province with my three children. It didn't take long and at the time it was within my budget, but my rent goes up every year and now it's much more. I have three children and they all sleep in one room, and I sleep in the other. Their dream is to have their own room."*

Tenant survey respondents stated that children (19%) or pets (43%) are not allowed.

Low/moderate income earners are having trouble because their income is not rising as fast as rent, meaning many people are struggling to afford housing and are afraid of future rent increases, which they cannot predict or plan for.

> *There is a gap between subsidized housing and moving into the regular rental market. A family improving their income disqualifies them for the subsidized units but still leaves them far from being able to afford regular rentals." Targeted Conversation Community organization*

> *The rental increase has created a lot of financial anxiety with my partner and I. We are now at the risk of becoming apartment poor, trying to pay the rent on top of all our bills. I am currently on mat leave and on a fixed EI income. We have a newborn at home and do not have the means or the time to find a new apartment right now. We are extremely anxious and face a lot of housing anxiety in our daily lives."*

> *A mortgage payment would be much cheaper than most of these rents, yet paying such high rents leaves little room to get ahead and save for a down payment."*

Individuals with health challenges or mental/physical disabilities are more vulnerable as they often have specific housing needs. This limits options and makes staying within their budget more challenging. Further, landlords have a legal duty to accommodate the accessibility needs of persons with disabilities, which creates hesitancy in some landlords to rent to these groups.

> *The situation for special needs parents with disabilities is dire. Single parents already must choose between staying home on social assistance and working but barely scraping by due to rising costs of living, childcare and transport. Add a parent who has a disability that hampers their ability to work full time and one bad month can leave a whole family homeless."*

Individuals living with complex social needs require more than a roof over their heads. They need supports that help them stay housed and healthy. This type of housing is currently limited and challenging to establish, which means these people do not have the housing needed to meet their needs and so they often fail in our current system.

> *There are from 60-120 people (SJ, Moncton, Fred) whose current health related challenges lead them to being passed over for any housing opportunity."*

> *The people who are in need, I don't think that part of the government has enough support to help these people. Some of these people have really serious health or mental health problems and they need more support. They often lack community and lack family and they are not getting the support that they really need." - Landlord Focus Group*

Indigenous peoples and families face unique housing challenges. First Nations communities in New Brunswick recognize the importance of safe and adequate housing. It was identified in an engagement session that students and low-income individuals are particularly at risk of housing insecurity in the rental market.

> *"Housing is near and dear to our hearts"*

> *"Students are living on very fixed budgets each month. It's tough when most of your income is taken up by housing costs. There are many students who when they leave for school, they don't return to community, but there are those that do come back because of housing-related issues."*

New Brunswickers are making hard choices to stay housed

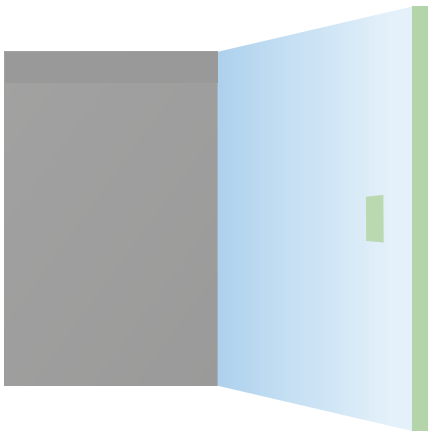
We heard from many people that they are making difficult personal choices to pay rent to keep their current housing.

> *"There are several days in the month, in which I cannot eat. Regularly I have to make decisions to forgo prescription eyewear, dental work, costly medication, clothing or food. The choices are never easy and always difficult. I feel trapped with no way out. Society has swept me under the rug so that I don't have to remind them of what poverty looks like."*

We also heard that people are afraid of needing to move because of the challenges in finding a rental unit in their budget and neighborhood, moving comes with lots of extra costs (new security deposit, shift in utilities, moving materials, etc.), and moving can mean making hard choices.

> *"I am required to pay an extra monthly fee for my pets and every year my rent is increased even though there is no change or upgrades happening within my unit. I live in constant fear that my rent could be increased overnight to an amount that I cannot afford and that I and my dogs will be homeless."*

> *"I had to pull my daughter out of daycare because I can no longer afford it, and now I'm about to lose my job because I have no family or friends nearby to help with childcare."*



New Brunswickers feel unprotected

The *Residential Tenancies Act* received Royal Assent in 1975 and has been subject to amendments since that time. During the stakeholder engagement we heard that many stakeholders feel unprotected and unsupported by the Act and associated housing services.

The data and the engagement also highlighted that who owns buildings is changing with more out of province developers and property management companies involved. Concerns were highlighted specifically with absentee investors seeing the New Brunswick market as an economical market to enter, while applying their own personal experience on markets they do not really know.

At the heart of the matter is a perception of imbalanced power dynamics linked to the tenant landlord relationship/contract, which is categorized as a legal contract where both parties entering have equal obligations and equal access to services by the Residential Tenancies Tribunal. Tenants and community organizations highlight that this is more than a legal contract. It is a relationship between individuals and there are other factors at play, which influence people's choices and actions.

Like most Canadian provinces New Brunswick does not limit the amount rent can be increased. Where we do differ is most jurisdictions limit how often rent can be increased to once a year and we have no such measure in New Brunswick.

What we heard...

- Tenants are afraid of speaking up about housing needs because they feel exposed and are scared that they will lose their home.

> *"We were forced to live in a house that was falling apart out of fear of eviction."*

- Tenants are anxious of what might change with regards to their housing situation and that makes it hard to plan.

> *"We will have to cut things from our budget to make up for the extra rent. We are barely able to keep up with our power bill as it is not included in our rent. We also have increased worry that our landlord will sell our building as he has been selling off some of his other retail properties."*

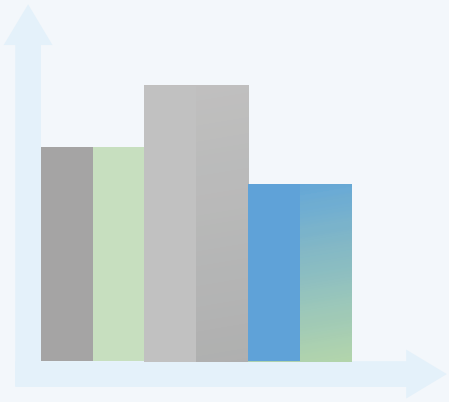
- Tenants and landlords noted that it is not easy to get help when things go wrong, and to get help or support people need to invest a lot of time and have skills to navigate a system.

> *"We have to move out of rentals in the past because of bad landlords who refused to fix/maintain the property, did not file the damage deposit with the rentals man, did not respect the terms in the tenancy act. While some landlords are great, many are not. We need more effective systems and policies to ensure that s are being treated fairly."*

- Tenants and landlords expressed feeling helpless when there are extreme situations (violence, destruction, abuse) against either landlord or tenants.

> *"We are dealing with a lot more mental health problems these days and we need more responsiveness from the police and other community services." - Landlord Focus Group*

> *"There were several times that there were dangerous situations. It took three months to get the tenant out. I was able to go to my nice safe home, but the other tenants were stuck in a dangerous situation and there was nothing I could do about it. And I mean scary stuff. People spray painting their neighbors' doors at night and taking drugs and being threatening." Landlord Focus Group*



Developing affordable housing is not enticing and full of roadblocks

There is very little to no strong business incentive to create and manage affordable housing stock currently when costs are high and there is such a strong demand for higher-end units. Existing incentive programs to build affordable housing are noted to not be enough money to do the work and are seen as complicated and time-consuming to even access.

> *We were working with a developer and the local government for close to two years to prepare an application to government to build an apartment close to our factory which would help solve some problems with recruiting and retaining newcomers.*
> *I am frustrated because this application was ultimately rejected and we have more than 10 families I need to help find homes for."*
> *– New Brunswick Business*

Non-profits were identified during stakeholder engagement as the groups to develop or manage affordable housing stock as a social enterprise but many highlight that there are some economic and capacity challenges that go with this plan.

> *There is a lack of knowledge to develop multi-unit apartments. That knowledge and experience is not there in the non-profit sector or in small developers." - Developer focus group*

> *Nonprofits are not loved by banks – you need a loan to pay for construction and banks don't want to lend to charities because they are high risk. Difficult to get loans when the government doesn't give the charity the money they need until they have spent the money on the housing project. ...need to find some middle ground."*
> *- Community Organization and Housing Developer*

Communities in rural areas have unique challenges

In rural regions of New Brunswick, we heard that as demand for housing increases, we need to work with them on navigating their unique challenges because for many communities population is declining or growing slower than urban centres, they are changing, and they need help responding.

- There is a lack of accurate data for small communities which is impacting their ability to make informed decisions and long-term planning. (i.e. vacancy, unit use, rent prices and other data)
- In communities exploring new builds, expertise is not always available locally to plan and build new and larger multi-unit housing projects and often developers need to bring in labour from outside of the region, which costs more.
- Depending on where people want to build, the rural reality is that not all communities have easy access to sewer, water, and utilities, which causes design and budget challenges when trying to develop.
- Businesses in rural communities strive for growth, but many reported being constrained by the lack of housing. This is further pronounced when seeking to attract migrant workers looking to move. Many have taken lack of housing into their own hands by working closely with local governments, organizing transportation from urban areas and facilitating the development of housing units specifically for their employees.

PART 4

Additional areas that were examined

Further analysis was completed on several other areas, including a review of jurisdictional practices prior and during the pandemic, as well as on specific topics such as taxation and rent protection measures.

WHAT ARE OTHERS DOING?

In the past five years, most jurisdictions across Canada have invested in additional efforts to address challenges related to affordable housing through a variety of mechanisms, including:

- Developing strategies to address housing needs (BC, AB, PE, ON, SK, YK).
- Changing provincial policies and legislation to help increase the supply of affordable housing and modernize social housing (BC, MB, ON, QC).
- Establishing an affordable housing commission (NS).
- Regulating short-term rentals (BC, AB, SK, MB, QC).
- Provision of temporary financial support models, such as Rent Banks, that help tenants in vulnerable situations stay housed (BC, AB, MB, ON).

TAXES

We heard landlords concerns regarding the provincial property tax and desire to remove this tax. This tax is only charged on non-owner-occupied residential properties, which includes rental properties, second homes, and cottages and was reduced by 23% over the 2013 to 2016 period. The structure of the property tax system is being considered further as part of the current Local Governance Reform initiative.

RENT PROTECTION

We heard tenants and other groups' concerns regarding significant and unpredictable rent spikes and the challenge to plan financially. Tenant and other stakeholders asked for some form of rent control or cap, which is a mechanism that limits how much a rental-units price can be increased year-over-year.

New Brunswick's parameters related to rent increases are closely aligned with the majority of other jurisdictions in Canada. As noted earlier, where New Brunswick differs is in terms of the permitted frequency of rent increases; there are no limits on the frequency of rent increases, while in most jurisdictions rent increases are limited to once per year.

Statistics Canada reported that, from March 2020 to March 2021, rent paid on accommodation in New Brunswick rose 4.8%, the largest increase in Canada (the nation increase over that period was an average of 0.5%). Unlike most other jurisdictions, landlords in New Brunswick would have been permitted to make multiple increases to rent during that period.

Implementing rent controls can have long reaching positive and negative repercussions on stakeholders and should be reviewed and considered carefully from a system lens.

Rationale for change

Our province is in a period of growth and this growth brings many positive benefits, but it also puts a strain on a limited housing market. This work shows there is a gap in access to affordable, adequate, quality and safe rental units in New Brunswick. If we do nothing to address this, we know that:

- Lack of affordable housing will limit New Brunswick's ability to grow our population and economy – if people have nowhere to live then they will not move here, and businesses cannot grow without these workers. There is a long-term risk of losing business operations currently residing in New Brunswick to other provinces.
- If we do not keep an eye on housing market trends and New Brunswicker's housing needs we could see increases in lack of suitable housing availability, which could limit immigration and retention and lead to missed economic opportunities.
- If people do not have adequate housing it will take a toll on their personal physical, mental, and financial well-being. This is important because it has been shown that ensuring people stay housed does reduce health, justice and social costs. Further, access to adequate housing is stated as a basic human right and is essential for the enjoyment of other economic, social, and cultural rights.
- If we do not have enough housing there is a higher risk of people, from children to seniors, moving into homelessness, which causes more stressors and problems for our social systems.

PART 5

Action opportunities

The 90-day rental review validated that there are gaps in access to affordable, adequate, quality and safe rental units in New Brunswick. While the rental system is working for many, it is not working for all, especially our most vulnerable populations. There are several opportunities for improvement across the entire rental system to achieve the following goals:

- A balanced and responsive rental market, where tenants can secure affordable and accessible rental housing units and landlords can profit from their rental investments.
- Rental market practices that are free from discrimination and recognize human rights.
- Government of New Brunswick's legislation, programs, and processes are resident-centered and New Brunswick tenants and landlords understand their rights within the *Residential Tenancies Act* and the *Landlord and Tenant Act*.
- Work with all levels of government to activate programs and increase affordable housing across New Brunswick.

It is important to note that there is not one quick fix to correct systemic challenges, and that any response will require collective action by multiple parties at the local, provincial and federal level with support from business, community organizations, and all types of housing providers. Long-term impact must be considered when making decisions, balancing the benefits between financial and social gains.

Work already underway

While Government has much work in front of itself, it is not starting from a blank slate. Along with existing programs under Social Development (such as assistances for rent, utilities, repair and taxes), there are ongoing improvements already underway in our rental system:

- Social Development's New Brunswick Housing Strategy 2019-2029 and the New Brunswick-CMHC Bi-lateral Action Plan 2019-2022 aim to help those in greatest need, making housing more affordable, providing housing options centered on people and strengthening and developing partnerships.
- The Canada Benefit Housing Program was launched April 6, 2021 to provide housing support to families (with children) who earn a minimum of $14,600 annually.
- Social Development launched a project in early 2021 to better understand and address barriers to rental housing development.
- Service New Brunswick offers animated videos to help tenants and landlords better understand their services and started a telephone hearing process to help tenants and landlords resolve security deposit claims faster.

- Invested in 211 to now offer tenants and landlords navigation services to New Brunswickers.
- The department of Post-Secondary Education Labour and Training has invested in growing skill-trade labour capacity:
    - Conducted targeted virtual recruitment for trades such as laborers.
    - Established the 'SheBuilds Step-up Program' that focuses on attracting women into the construction trades.
    - Launched a project to accelerate the apprentice-ship credential process for immigrants by helping them overcome language barriers.
    - Ran Skilled Trade Exploration Programs for women, indigenous and new Canadians to create opportunities with employers.
- The Local Governance Reform initiative is engaging New Brunswickers in a public discussion on how we might improve the local governance structure, increase regional collaboration, improve land use planning and ensure we have a transparent, well understood property tax system.
- As part of Government's pandemic response, the Community Capacity and Resiliency Plans have Stable Housing / Healthy Built Environment as a key component of an evidence-based framework, for the selection provincial and regional priorities, to recover and build resiliency for future disasters and crises.

Examples of Local Level Work

City of Edmundston and CBDC Madawaska Façade Renovation Program and incentive program for construction of a first dwelling on a serviced residential lot.

City of Bathurst Incentive Programs for Municipal Growth and Economic Development for first-time homeowners, residential construction, demolitions, luxury condo constructions, and commercial constructions.

Town of Grand Falls has instituted incentive measures for new constructions, renovations, construction permits, renovations, and is also providing loans for commercial building improvements.

Housing Needs Assessment (2020) for Miramichi to understand the regions situation and need.

IN MONCTON

- Investment into Rising Tide Community Initiatives ($6M over three years; matched by the provincial government) to build 125 affordable housing units.
- John Howard Society, Visions United Church prepare to open community complex with 20 affordable apartments.
- Affordable Housing Prioritization Policy for Developments and Grant for Building Permit and Planning Fees.

IN FREDERICTON

- Funded the conversion of the City Motel Fredericton to create additional affordable housing units, peer support units, and emergency homeless shelter.
- Fredericton Community Action Group on Homelessness and the Plan to End Homelessness.

Town of Grand Bay – Westfield are providing grants for property improvements, municipal infrastructures, sustainable residential developments and multi-parcel subdivision.

OTHER AREAS

- Southwest NB housing study to understand and then act on the lack of rental housing.
- In Kent, a co-op housing project in partnership with MAGMA Kent.

Recommendations to implement immediately

The following recommendations represent the incremental new opportunities government can pursue to start addressing many of the issues examined as part of this review, in addition to existing solutions already underway. Furthermore, new opportunities will be reviewed and considered as we move forward.

1. STRENGTHEN EXISTING SERVICES

Existing services can be hard to navigate and at times confusing. Not everyone is aware of their rights and responsibilities already in place. Government red tape can slow down or even stop affordable housing projects because of time, complexity, and lack of financial incentives. There is an opportunity to invest in actions that help tenants, landlords and developers to better navigate government services.

1.1 Improve access and assistance with tenancy matters through a revamped phone service so New Brunswickers can get answers right away (goal of 'one call resolution').

1.2 Involve tenants and landlords in the re-design of the Residential Tenancies Tribunal website and supporting processes to improve ease of use, access, and enhanced information on rights, responsibilities and statutory obligations.

1.3 Work with Regional Service Commissions and Local Governments to identify and address barriers in the planning and development approval processes to decrease time from application to decision.

1.4 Provide advocacy groups with the tools and information to help tenants and vulnerable groups understand their rights.

2. INCREASE THE SUPPLY OF RENTALS

Landlords and developers are challenged to keep rents low due to a lack of financial incentives and rising expenses. It is critical to find new ways to help people stay housed when in vulnerable moments, support landlords in maintaining quality affordable housing stock, and find creative ways to encourage more rental housing.

2.1 Invest in a business plan for a provincial non-profit rural workforce housing development corporation, led by the New Brunswick Multicultural Council in partnership with the New Brunswick Business Council.

2.2 Leverage provincial government inventory of land and buildings, where appropriate, to encourage developers considering new high-priority builds (such as affordable, newcomer, and employee housing).

2.3 Promote available tools to Regional Service Commissions and Local Governments to support rental units within existing residential development. Assess how these tools can be further improved through Local Governance Reform.[10]

2.4 The Land Use Planning Working Group will investigate additional tools such as inclusionary zoning as part of the Local Governance Reform. Any additional land use planning tools can further support future local housing initiatives.[11]

10 For example: secondary, basement, garden suite, or through repurposing commercial buildings.
11 Local governments are currently able to use their zoning by-law to permit a variety of housing types (granny suites, apartments in homes, rooming houses, etc.). As well as using bonus zoning, incentivizing developers by giving grants or waiving fees to support the development of affordable housing.

3. REVIEW AND REVISE THE NEW BRUNSWICK RESIDENTIAL TENANCIES ACT

Many of the over 4,000 tenants that shared their experiences are worried about possible repercussions of raising concerns through the New Brunswick Residential Tenancies process. They feel helpless with respect to unpredictable and significant rental increases. Some tenants have concerns about discrimination treatment based on race, family status, and disability. It is critical to ensure tenants and landlords are protected and involved in any legislation and procedure reviews.

3.1 Modernize the Act and accompanying procedures to better meet the changing needs of tenants and landlords by: removing any barriers to accessing services, limiting rent increases to once a year, better protections against unreasonable rent increases and improve landlord access to support in situations involving property damage or illegal activity.

3.2 Release guidelines on non-discriminatory practices in housing and deliver supporting educational materials to raise awareness on tenant and landlord rights and ways to prevent discrimination.

4. INCREASE FUTURE BUILDERS

We learned that there are fewer construction workers today than a few years ago and that many are getting ready to retire. We also heard developers concerns with attracting skilled laborers for housing development projects is a challenge that is stalling or preventing development. It is a competitive market and there are less of these skilled construction workers in the New Brunswick labour force.

New Brunswick needs to look at how to increase the supply of skilled trade labour so that there are human resources available to build.

4.1 Support and prioritize on-going recruitment initiative under the lead of the Department for Post-Secondary Education, Training and Labour (PETL) such as continuing to partner and expand the Skilled Trades Exploration Programs (STEP) to connect Women, New Canadians and, Indigenous people to careers in the construction trades.

4.2 Prioritize and provide resources for initiatives aimed at skill-trade labour immigration and retraining for immigrants in skilled-labour fields.[12]

12 For example, the ongoing work at of opening immigration stream for international students

Acknowledgement

Finally, thanks must be extended to all the other staff within these same departments who helped ensure this work could be accomplished in the 90-day timeline by supporting the core team with: note taking, survey analysis, design, logistics, data research and more. Everyone's contributions were appreciated and needed to complete this shared effort.

This review was a collaborative effort to examine affordable, safe and accessible housing concerns across New Brunswick. It was completed by an inter-departmental group of public servants from the Department of Finance and Treasury Board, Service New Brunswick, Opportunities NB, the Department of Environment and Local Government, the Department of Social Development, the Department of Justice and Public Safety, the Economic and Social Inclusion Corporation, the Human Rights Commission and the Department of Post-Secondary Education, Training and Labour.

Thank you to the following departmental representatives whose dedicated efforts helped shape this report and its recommendations:

Department of Finance and Treasury Board
Alex Matson
Deidre Hutchings
Jane Amachree
Joanna Brown
Kathy Wyrwas
Meranda McLaughlin
Nicola Johnson
Randa Doche
Sandra Lawrence
Sarah Lamb
Stephanie Carter
Todd Selby
Travis Bergin
Yuki Wu

Environment and Local Government
Paul Jordan
Marcelle Thibodeau-Hennigar

Service New Brunswick
Jessica Bernier
Judy Ross

Social Development
Greg Forestell
Libby Macdonald
Wendy MacDermott

Opportunities New Brunswick
Cameron Bodnar
Peter MacNutt

Economic and Social Inclusion Corporation
Brian Saunders

Post-secondary Education Training and Labour
Gaston Richard

Human Rights Commission
Khurram Khurshid

Justice and Public Safety
Anita Rossignol

Engagement Participants

The following stakeholder groups participated in themed workshops and targeted interviews. Individuals and groups who requested not to be named are not listed.

3+ Economic Development Corporation
3D Property Management
Ability New Brunswick
ACORN
ALG Properties Dieppe Inc.
Allan Properties
Appartements MADISCO Apartments
Association francophone des municipalités du Nouveau-Brunswick
ATMJ Properties Inc.
Beaséjour Family Crisis Centre
Belleterre Community Partners
Black Lives Matter - Fredericton
Canada Homes for Rent
Canada Mortgage and Housing Corporation
Canadian Home Builders Association NB
Canadian Union of Public Employees - New Brunswick
CBRE Limited
Cedar Camp Developments
Centre d'accueil et d'accompagnement francophone des immigrants (CAFi)
City of Bathurst
City of Fredericton
City of Miramichi
City of Moncton
City of Saint John
Colpitts Developments
Coopérative de Développement Régional-Acadie
Coverdale Centre for Women Inc
Creativ Realty
Decodesign
Elbowroom Properties
Elias Management Group
Ellerdale Properties Ltd
Encore Properties
Exit Realty Associates
EXP Services Inc.
Expansion Dieppe
Ferris Properties
First Rate Realty Ltd.
FOR YOU Realty Ltd
Fundy Harbour Property Management
Ganong Bros., Limited
Gardiner Properties Ltd.
Gorham Real Estate
Greater Miramichi Regional Service Commission
Greenlight Property Management
Ground Floor Property Management
Homestar Inc.
Housing Alternatives Inc.
Human Development Council
iQ Commercial Mortgage Strategy Inc.
JDI Woodlands Division
Kent Regional Service Commission
Keocor Real Estate Inc.
Key Group Realty Corp.
Killam Apartment REIT
Liberty Lane Inc.
McInnis Group (1993) Ltd.
Milltown Elementary School
Miramichi Emergency Centre for Women Inc.
Miramichi Youth House
MU Property Management Ltd.
Multicultural Association Chaleur Region
Multicultural Association of Carleton County
Multicultural Association of Fredericton Inc.
Multicultural Association of Sussex
Municipal Affairs - Government of Prince Edward Island
MW1 Realty LP

NB Coalition for Tenants Rights
New Brunswick Association for Community Living
New Brunswick Business Council
New Brunswick Deaf and Hard of Hearing Services Inc.
New Brunswick Multicultural Council
New Brunswick Non Profit Housing Association
New Brunswick Real Estate Association
New Brunswick's Common Front for Social Justice of New Brunswick
North Shore Mi'kmaq District Council
Northwest Regional Service Commission
Oasis House
Prestige Building Solutions
Quest Capital
Re/Max 3000 Ltd.
Real Estate 360 Property Advisory
Regional Service Commission 11
Rehabitat Inc.
Residence Habitat Soleil Inc
Residential Rental Association of PEI
Restigouche Community Inclusion Network
Restigouche Regional Service Commission
Riviera Real Estate Ltd
Royal LePage Atlantic
Rural Community of Beaubassin-East
Rural Community of Hanwell
Rural Community of Haut-Madawaska
Saint John Apartment Owners Association
Saint John Community Loan Fund
Saint John Newcomers Centre
Saint John Non Profit Housing Inc
Seville Property Group Ltd.
SGME Holdings Inc
SheBuilds Communities For LIFE Inc.
SJ Murphy Planning & Consulting
SkyHigh Real Estate Investments
Somerset Suites Ltd.
Southeast Regional Service Commission
Southwest Regional Service Commission
St Stephen Properties
Sussex Vale Transition House
Sutton Realty
Tannery Place Holdings Inc.
The Bathurst Youth Centre
The ONE Change Inc
The Salvation Army - Sussex
The United Way
Third Estates
Town of Florenceville-Bristol
Town of Grand Bay-Westfield
Town of Grand Falls
Town of Quispamsis
Town of Rothesay
Town of Sackville
Town of Saint Andrews
Town of Sussex
Town of Woodstock
Twenty-Third Enterprise Inc.
United Way of Greater Moncton & Southeast New Brunswick
Unity Realty Inc.
Village of Belledune
Village of Eel River Dundee
Village of Grand Manan
Village of Harvey
Village of Petitcodiac
Village of Salisbury
City of Dieppe
Town of Richibucto
City of Edmundston
Youth in Transition
YWCA Moncton