From: Kim White [redacted]
Sent: March 29, 2023 8:52 PM
To: Office of the Legislative Counsel
Subject: Fixed Term Leases

This " Bill" is utterly insane, asinine and out right wrong.
Allowing a tenant to control the narrative is like allowing an employee to stay after there probationary period is over.

This current example of how a fixed is so important to the livelihood of small landlords especially. New Dec 1 paid rent has 4 month fixed term lease 2 month 10 days late, 3 month 10 days so we extended the fixed term 1 month and again late. Gave tenant until the 10 to pay or fixed lease would not be extended. Tenant did not pay at all. So landlord loses a month's rent. Thus tenant in those few months showed they were going to be a future issue.

Government should not allow this Bill to pass.

Thank you

Kim White Property Manager
Amherst NS.

From: Tom [redacted]
Sent: March 31, 2023 9:15 PM
To: Office of the Legislative Counsel
Subject: Controlling Rents
Attachments: Co-operative Housing falls behind Market Rent 2022.docx

A Submission from Global Co-operation Inc.

We need a rent control system that works for small scale landlords and people who need affordable rental housing. We need it because an influx of population has drawn profit maximizing large investors seeking to make maximum returns from a housing shortage. We know that Canadian and US billionaires, who have more than doubled their wealth during the pandemic, are looking for the most profitable money and are pouring it into tight housing markets where they can buy housing and use various methods to increase the rents they know people must pay or simply not find housing. An effective rent control regulatory system will not permit landlords to increase their profit margins.

The fixed term lease loophole allows them to one way of jacking up rents. 'Renovictions' provides another. The best way to discourage the worst behaviour is to ensure that massive rent increases are simply not profitable.

Reasonable landlords need to be able to cover reasonable cost increases like heating costs or reasonable, needed maintenance. Maintenance the tenant says is not needed should not qualify as a reason for a rent increase. Any cost incurred by government in regulating rents will likely be more than offset by cost savings related to homelessness and mental and physical health care. Rental increases might be limited to the inflation rate of rental related costs.

Finally, we need long term solutions and the only proven long term solution is non-profit housing such as co-operative housing. See the attached study. The members in co-operative housing and the boards of not-for-profit housing societies have no incentive to raise rents beyond what is needed for maintaining the housing stock.

Sincerely,

Tom Webb

--

J Tom Webb
President, Global Co-operation
Adjunct Professor
International Centre for Co-operative Management
Sobey School of Business

Ring the bells that still can ring,
Forget your perfect offering,
There is a crack, a crack in everything,
That's how the light gets in.
Leonard Cohen, Anthem

Charity is love for a moment.
Justice is love extended into the future.
Rev Mark Sandlin

The Co-operative Housing Federation of Canada has just released a study comparing rents in co-op housing units to rents of similar private-sector market units in Victoria, Vancouver, Edmonton, Toronto and Ottawa[1] for the period 2006–2021. I played a small role in writing the report, along with Greg Suttor (the report's lead author) and Chidom Otogwu (who led the quantitative analysis).

Ten things to know:

1. It's important to understand what co-op housing is about in Canada. Most co-op housing in Canada is non-profit in nature and is a form of community housing, in which the property is owned and controlled collectively by the member residents through a Board of Directors they elect from amongst themselves, without individual ownership.

2. Co-op housing involves income mix. There is an intentional income mix among member residents—typically, a portion of the homes in a given co-op are reserved for low-income households who receive separate rental assistance geared to their income, which enables them to affordably pay the rent.

3. Co-op housing is a public investment. Historically in Canada, co-op housing was usually developed with capital and operating support from government. Proponents of co-op housing have argued that this investment pays off over the long term (spoiler alert: our study findings confirm this).

4. This study strives to compare 'apples to apples.' To compare rent levels of mature[2] co-ops in Canadian cities to those of comparable private-sector market rental buildings over time, it compares buildings of similar structure (townhouse vs. apartment building) and number of bedrooms. Similarly, the study does not include co-op units that have the much lower Rent Geared to Income (RGI) rents that a minority of co-op households pay (as per point #2 above).

5. The study benefits from a rich dataset. Using data provided by both the Agency for Co-operative Housing and the Canada Mortgage and Housing Corporation, the co-op stock studied includes about 7,900 units in apartment buildings and 7,500 townhouses, with 15 years of detailed unit-by-unit data for co-ops, and detailed Rental Market Survey data for the private market stock.

6. The study finds co-op rents to be consistently lower than market rents for apartments and townhouses, with the gap widening over time. Co-op rents for 1- and 2-bedroom apartments were found to be approximately 25% below market (between $150 and $250 per month difference) in the early part of the study period, and this widened to approximately 33% (reaching $400 to $500 difference monthly) in the later years. Co-op rents have also remained moderate over the past five years even while private-landlord rents escalated steeply.

7. There's a long-term benefit to co-op housing. Indeed, one important implication of these findings is that the relatively affordable rents offered by co-ops are the long-term payoff of public investment in this housing.

8. Co-op housing is a cost effective way to subsidize low-income renters. One of the implications of this study's findings is that there's a smaller government subsidy required when a low-income household is in a co-op unit than in a private-market unit, even though many government rental allowance/benefit programs are used in private-market rental housing. For example, it costs far less to cover the gap between a low-income tenant's rent payment in a $1,000 co-op unit than in a $1,500 market rent.

9. Similar research focused on other forms of community housing has found similar results. While the focus of this report is co-ops, the same logic applies to other forms of community housing (i.e., social housing). Indeed, previous research on other forms of social housing in Canada has yielded comparable findings.

10. Moderate rents in co-ops do not compromise the quality of housing. The condition of 97% of formerly federally administered co-op housing (which constitutes the majority of co-op housing in Canada) is rated as fair to excellent.

In sum. As we debate housing policy in Canada, it is important to be mindful of the long-term affordability created by co-op housing for people with a mix of income levels. This study can help practitioners, researchers, policy-makers and elected officials better understand this.

I wish to thank Dallas Alderson, Courtney Lockhart, Sylvia Regnier, Greg Suttor and Alex Tétreault for assistance with this blog post. I also wish to thank the Co-operative Housing Federation of Canada for use of the photo that appears above.

[1] These cities were chosen because of data availability. Co-ops in these cities are or were under federal administration, through which housing charge data was collected by the Agency for Co-operative Housing. This data is not similarly available for co-ops that are or were under provincial administration.

[2] The co-ops are "mature" in that most were developed 15 to 40 or more years before the study period started.

Law Amendments Committee

April 3, 2023

Bill 262
Interim Residential Rental Increase Cap Act (amended)

Kevin Russell
Executive Director

Remarks on Bill 262
Law Amendments Committee
March 30, 2023

Mr. Chair and members of the Law Amendments Committee:

Thank you for the opportunity to speak today on Bill 262.

Before I begin my comments about Bill 262, I would like to acknowledge the Minister of Service Nova Scotia and Internal Services and his departmental staff for their work.

I recognize that it is not easy finding a balance – especially when the decisions that government makes will often attract criticism.

As Executive Director of the Investment Property Owners Association of Nova Scotia, it is an honour to represent responsible private sector rental housing providers.

The people I represent are the largest provider of affordable housing in this province.

And from 2000 to 2019, the people I represent kept rental increases in this province lower than jurisdictions that had rent control.

That's not opinion.

It is fact.

Data from Canada Mortgage and Housing Corporation – CMHC – showed that over a 20-year period, jurisdictions that had rent control – Ontario, British Columbia, Manitoba and Prince Edward Island – saw rents for apartments increase at a higher rate in those places than in Nova Scotia.

If these words seem familiar, it's because I shared this data with Law Amendments Committee in 2021.

Since the rent cap was put in place, rents have gone up in our province at a higher rate than in other jurisdictions.

That is a fact – according to CMHC data.

Since the rent cap was put in place, homelessness has gone up in our province.

That is a fact.

Rent control is making our province's housing crisis worse.

And Bill 262 perpetuates the failed policy of rent control.

Rent control is an unbalanced solution.

Every MLA was warned of the negative consequences of rent control in 2021.

I remind MLAs of what the independent Affordable Housing Commission concluded almost two years ago.

The independent Commission recommended that the rent cap imposed by the previous Liberal government be lifted at the end of the COVID-19 State of Emergency.

As I did at Law Amendments 18 months ago, I quote from page 28 of the Affordable Housing Commission report:

"Operating models that build on projects with uniformly low rents are unsustainable and organizations will face the hard choice of displacing tenants who can't afford the needed increased rent, or delay critical maintenance work on their buildings, two scenarios that should be avoided."

Despite this evidence-based conclusion by the independent Affordable Housing Commission, MLAs have embraced populist schemes like rent control that are making our housing crisis worse.

Why have rents gone up in Nova Scotia, despite the rent cap?

There are several reasons.

First, capping rents on existing units means that as developers build new rental apartment buildings, they are charging higher rents, knowing that they need to factor in higher costs before they rent control applies.

Higher costs they won't be able to recover through increasing rents at a future date.

Rent control makes our new housing supply more expensive.

To quote this 2019 report from BMO Capital Markets:

"Under rent control restrictions, developers are disincentivized to build affordable rental units and tend to build high-end apartments and condos."

Of course, we already knew this market reality in Canada, because rent controlled jurisdictions like Vancouver and Toronto have long been more expensive than Nova Scotia.

Thanks to rent control coming to this province, our market is therefore catching up to historically more expensive markets.

The second reason that rent control is failing is that many smaller rental housing providers are leaving the sector.

They are selling their properties, because they can't afford to lose money on their rental units.

And when properties are sold, many tenants end up having to find a new place to live.

Because many new owners either move in themselves...

Or they renovate or replace rental units to recover their costs.

Last week, we surveyed more than 460 rental housing providers in our database – many are IPOANS members.

More than 160 responded to the survey.

Here is what the survey told us.

First off, in the year 2022, 27% of rental property owners sold their units – with more than 40% of those sales going to new owners who planned to move in.

For the year 2023, 29% plan to sell their properties, with an additional 36% considering selling their properties.

For the year 2024, 24% plan to sell their properties in 2024, with an additional 41% considering selling their properties.

We asked those who have sold in 2022 and or planning to sell in 2023, why they were selling their properties?

39.8% said the financial impact of the province's rent cap;

23.15% said increased costs to own and operate rental properties; and

10.2% said the unfair residential tenancies system to rental property owners.

This is data that supports what we hear from rental housing providers.

There are some who believe there's a difference between the government's rent cap and comprehensive, permanent rent control.

Rental housing providers don't differentiate between the two.

They're both flawed, populist policies that have failed in every place they have been tried.

I have already pointed out the Canadian experience with rent control – namely that jurisdictions with rent control have higher rent increases than those without.

I could spend all day pointing out the jurisdictions where rent control has failed.

I could cite the problems of rent control in Switzerland, Germany, Ireland.

Many of the most expensive cities on the planet have rent control.

New York, Washington, DC, Los Angeles, San Francisco, Toronto, Vancouver, Boston.

All have a form of rent control. All are among the most expensive cities on the planet.

In New York City, there are tens of thousands of vacant apartments – thanks to decades of rent control.

There are other flaws in Bill 262 that mirror the flaws that have been in place since the previous Liberal government imposed the rent cap and the current PC government extended the rent cap.

These were flaws that we identified at Law Amendments in the fall of 2021.

Flaws that the government has failed to address.

First, the rent cap is not targeted to tenants in need. The 2% rent cap on a $700/month unit is the same one that's applied on a $6,000/month unit on the Halifax waterfront.

Shouldn't government focus its attention on renters in core housing need, as defined by CMHC?

Second, rental housing providers have no ability to apply for an above cap rent increase to offset documented increases in operating expenses?

Every MLA in this House supports an electricity system where Nova Scotia Power can pass along their energy costs to its customers.

If Nova Scotia Power is allowed to have a fuel adjustment mechanism – with the support of the PCs, Liberals and NDP – why don't rental housing providers get the same support?

Third, in Ontario, the rent cap for older buildings is 10%.

Older buildings are more expensive to operate and maintain.

Buildings constructed before 1996 represent the majority of rental housing in the province.

The low rent cap in Nova Scotia is forcing more sales of buildings, more renovations by the new owners and more tenants having to find new places to live.

Rental housing providers have been making these suggestions for years.

The day Bill 262 was tabled, I received 60 emails from rental housing providers.

They are tired of being ignored by government.

They are tired of being scapegoated by politicians.

They are tired of a broken residential tenancies system that too often allows tenants to live rent free, without consequences or enforcement.

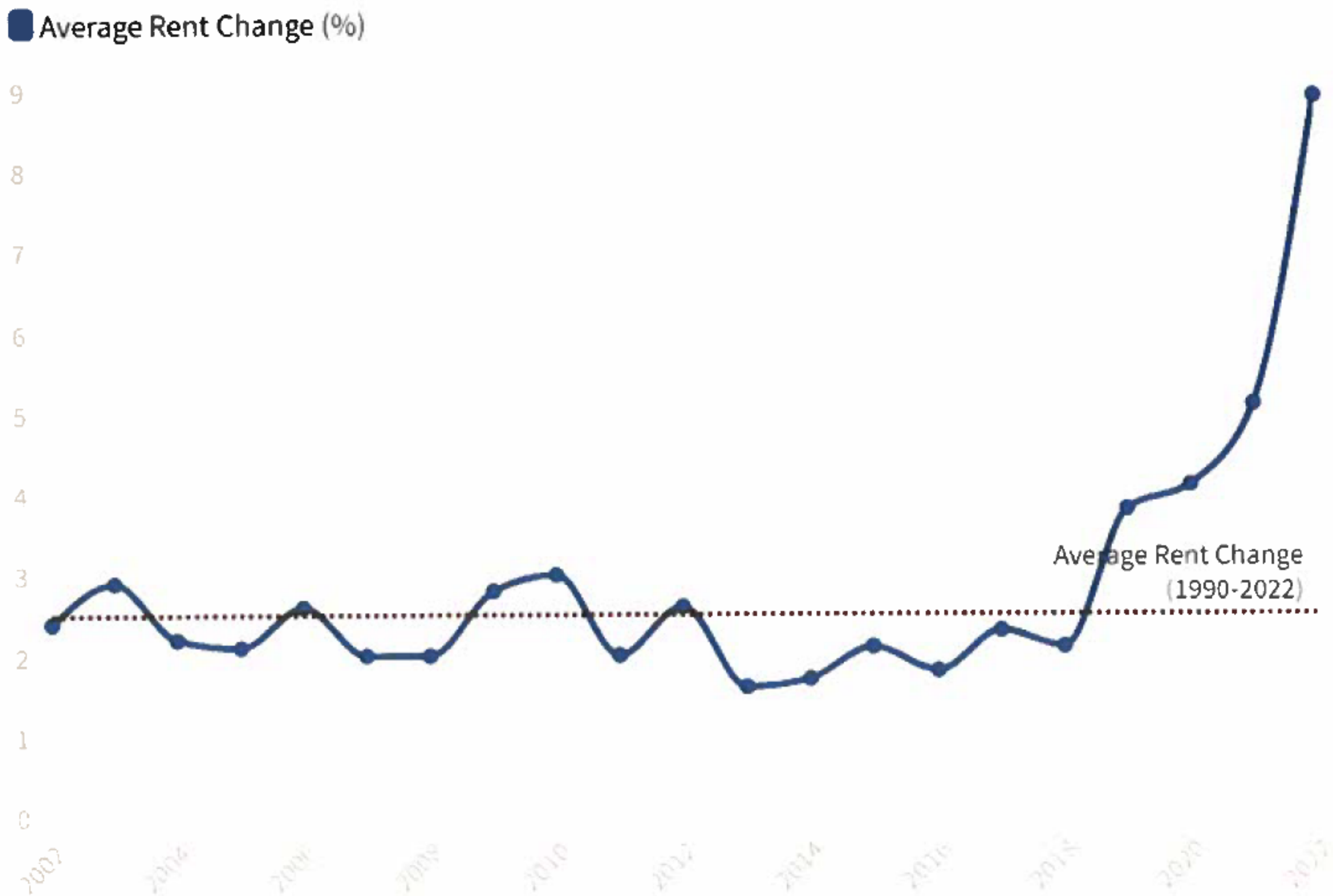
Rental housing providers are tired of losing money, worried about how they're going to pay their mortgages

They are tired of being accused of being the problem with housing, when they should be embraced and supported as part of the solution.

Please work with us, or the housing crisis will continue to get worse, thanks to the actions of elected officials who support rent control.

Thank you.

HRM Rents 2002 - 2022



Source: Rental Market Report, CMHC (January 2023)

CCPA
CANADIAN CENTRE
for POLICY ALTERNATIVES
NOVA SCOTIA OFFICE

CCPA-NS Submission to Law Amendments on BILL NO. 262: *Interim Residential Rental Increase Cap Act*

Submitted April 3rd, 2023, by Catherine Leviten-Reid and Christine Saulnier

Before the emergency pandemic cap and temporary extensions, Nova Scotia had been without rent controls since they were eliminated in 1993 when the province faced vacancy rates as high as 12%.[1] Due to the abolishment of rent controls, landlords could increase the rental rates for their units by any amount simply by providing at least four months' written notice to all tenants before the end of any 12-month period. Changes made to the Residential Tenancies Act in November 2012 did include the introduction of the Annual Allowable Rent Increase Amount (AARIA), which restricts the percentage increase that can be applied to rent in land-lease communities (i.e., mobile home communities).[2] *We are making this submission to recommend permanent vacancy control instead of the proposed temporary cap extension. Our second recommendation is that the government base the vacancy control's permitted maximum rental unit allowance amount on the AARIA formula.*

The typical argument against rent control is that it reduces the incentive to build new units. This argument is based on the overly simplistic economics-101 model of imposing a price ceiling on a perfectly competitive market. In reality, landlords have significant leverage over their tenants, enabling them to raise rents over and above what would be predicted by a well-functioning competitive market, which the rental market is not. This is especially true in a market marked by the growing dominance of financial actors in the housing sector-- 16% of housing stock is owned by real estate investment firms in NS compared to 10% in Ontario and 4% in BC.[3] And rising rents are especially concerning in a market with such low vacancy rates; Halifax[4], for example, has a vacancy rate of 1%, and the average rent increased by 8.9% in one year. In addition, only 3% of the rental units available are affordable to renter households in the lowest 20% of the income distribution (with annual income less than $28,000). There is ample evidence that rent control can help keep rents affordable without creating a disincentive to build new units.

New housing construction doesn't simply decrease when rent control is introduced or increase when rent control is removed. Supply is affected by many factors, including demographics, land-use policy, other regulations, input costs and developer decisions made for profiteering, especially for large investors like Real Estate Investment Trusts (REITs). Of course, supply is also impacted by the will of governments to make significant and necessary investments in non-market housing, like public units. Many Canadian provinces have some form of rental increase control, and approximately 200 cities in the United States have rent control measures in place. The evidence shows that rent control does keep downward pressure on the cost of rent, promotes long-term tenure, and helps bring stability to neighbourhoods with less displacement of current residents.[5]

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for POLICY ALTERNATIVES
NOVA SCOTIA OFFICE

The government needs to strengthen the current rent cap and not just extend it, while also making it permanent. Without rent control, the expectation is that tenants will have access to additional income or can cut back on other expenses to keep pace with increases in shelter costs. In reality, many Nova Scotians need help to afford their current rent and cannot afford any increase. The average worker has not seen wages keep pace with inflation, and many others, including income assistance recipients, have seen no increase. In 2020, at least 48,000 renters in Nova Scotians reported paying more than 30% of their income on shelter costs, leaving them vulnerable to losing their housing. That represents 35% of tenants. That number is likely higher today.

We recommend vacancy control, a form of rental cap increase tied to the unit instead of the lease, because it remains in place even when the tenant moves and thus removes the incentive to end the tenancy agreement. Under the current temporary program, landlords can find a reason to evict and then increase the rent as much as they want for new tenants. The province must also strengthen how illegal evictions are addressed by providing greater provincial investments in legal aid services and tenant organizations. Further, data need to be made publicly available on the number of evictions in the province, where they are happening, and for what causes.

Not addressing the problems with the current rent cap means that the additional $8 million in rent supplements for 1000 more Nova Scotians (for a total of 8000) will only be as effective as your ability to control rental increases. Providing rental assistance without vacancy control will provide landlords with profit subsidies. It will not help those who need it the most because the current rental support program is tied to average market rent. The current rent supplement program only bridges the gap between 30% of a tenant's income and a cap of Average Market Rent (AMR). For those under the age of 58, the supplement covers the gap between 30% of their income and the AMR. Those who are 58 or older get a subsidy covering the gap between 30% of their income and 95% of AMR. Even if you are eligible for a rent supplement, obtaining affordable housing is a moving target, and even more so for older renters, given the less generous subsidy amounts they receive. Here are examples to illustrate following the rental supplement guide.[6] If you are 30 years old, your monthly income is $1000, and the AMR is $859 because you are living in Dartmouth and renting a one-bedroom, your subsidy would be $300 to bridge the gap between 30% of your income ($559) and the AMR of $859. If you are 58 or older, however, the subsidy would bridge the gap between 30% of your income ($300) and 95% of AMR, $816. The subsidy you would receive would be $516. The AMR does not capture what people must pay in rent for available units, especially given the loopholes in the current rent cap. Consider that a two-bedroom unit occupied by a new tenant was, on average, 28% more expensive than one that did not turn over, pointing to the need for vacancy control.[7]

Recommendation: Institute permanent vacancy control by legislating how much a landlord can raise the rent every 12 months on an occupied or vacant residential unit based on the existing Annual Allowable Rent Increase for mobile home parks.

Specifically, Subsection 4(1) should be amended as follows: striking out the "two per cent" and substituting it with:

(a) Until and including December 31, 2023, two percent:

(b) As of January 1, 2024, and going forward, permanently cap a rental unit's increase once every 12 months using the Annual Allowable Rent Increase formula: $(X + Y) \div 2$., where X = annual average percentage change for the Nova Scotia Consumer Price Index for the calendar year immediately before the year the AARIA is published by the Residential Tenancies Program and Y = annual average percentage change for the Consumer Price Index.

The legislation itself must spell out a specific percentage or a formula because it is crucial that it be up for debate and discussion in this forum.

Vacancy control is one tool.

Vacancy control is one tool that, if used effectively, can help support the security of tenure for tenants. The government should also implement a province-wide program of landlord licensing and inspections. Landlord licensing would prevent rental housing needing significant repair from being rented in the first place, and stop landlords from opting out of renting to subsidy recipients when repairs during a tenancy are requested. Beyond low vacancies, we know tenants face discrimination based on income source, interactions with the justice system, family type, and ethnicity, among other characteristics, again highlighting the need for greater tenant protection. Strengthening tenant protections in Nova Scotia would also bolster renters' security of tenure. What is most urgently needed is a substantial investment in supply-side responses that generate affordable rentals and especially nonmarket (cooperative, public, nonprofit) housing. Furthermore, addressing the financialization[8] of housing supply is the main barrier to realizing housing as a human right.

About the authors: Catherine Leviten-Reid, PhD, is an Associate Professor in the MBA in Community Economic Development program at Cape Breton University and is currently leading a national, SSHRC-CMHC partnership grant on affordable housing. Christine Saulnier, PhD, is the Director of CCPA-NS. They served as co-leads of the Housing for All working group that published a collaborative report in May of 2021 on how to achieve the goal of housing for all in Nova Scotia.

[1] Brooks Arenburg, P. *Rent control gone for good, N.S. government says* (Chronicle Herald, July 26, 2012). http://www.thechronicleherald.ca/metro/121176-rent-control-gone-for-good-ns-government-says

[2] The formula for calculating the AARIA is: (X + Y) ÷ 2., where X = annual average percentage change for the Nova Scotia Consumer Price Index for the calendar year immediately before the year the AARIA is published by the Residential Tenancies Program and Y = annual average percentage change for the Consumer Price Index for the calendar year immediately before the calendar year used for X. https://beta.novascotia.ca/annual-allowable-rent-increase-amount-land-lease-communities-mobile-parks

[3] August, M. (2022.) *The financialization of housing in Canada: A summary report for the Office of the Federal Housing Advocate*. The Office of the Federal Housing, p.12. Advocate.https://www.homelesshub.ca/sites/default/files/attachments/august-financialization-summary-report-ofha-en.pdf

[4] CMHC (January 2023). Rental Market Report for 2022. https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2022-en.pdf?rev=2a0ed640-6c4c-435d-b13a-0faca94c0667

[5] Mason, J.W. (2019). *Why Rent Control Works*. https://jacobinmag.com/2019/11/rent-control-housing-crisis-affordability-supply

[6]CMHC and Government of Nova Scotia. (2023, January). *Canada Nova Scotia Housing Benefit Renters Guide*. https://housing.novascotia.ca/sites/default/files/CNSTHB-Renter-Guide-0123.pdf

[7] CMHC, OP.CIT.

[8] August, M. (2022.) Op.Cit.

Dalhousie Legal Aid Service
A Community Service of Dalhousie University

5746 Russell Street
Halifax, NS B3K 0H8
Phone: (902) 423-8105
Fax: (902) 422-8067

Suggested amendments to the Interim Residential Rental Increase Cap Act

4(1) remove "by an existing tenant"

4(1) remove "two per cent"

4(1) remove "the tenant"

4(1) add

(a) until and including December 31, 2023, two per cent

(b) from January 1, 2024, to December 31, 2024, inclusive the amount permitted by the **annual allowable rent increase amount in land lease communities as defined by the *Residential Tenancies Act* regulations.**

(c) from January 1, 2025, to December 31, 2025, inclusive the amount permitted by the **annual allowable rent increase amount in land lease communities as defined by the *Residential Tenancies Act* regulations.**

Remove 4(2)

DEFEATED

Bill #262
Interim Residential Rental Increase Cap Act (amended)

CHANGES RECOMMENDED TO THE
LAW AMENDMENTS COMMITTEE

PAGE 1, Clause 1 - add "(1)" after the Clause number.

PAGE 1, subclause 1(1) (as renumbered) -

(a) proposed clause 4(1)(b), lines 1 and 2 - delete "the amount permitted by the regulations" and substitute "five per cent";

(b) proposed clause 4(1)(c), lines 1 and 2 - delete "the amount permitted by the regulations" and substitute "five per cent".

PAGE 1 - add the following subclause after subclause 1(1) (as renumbered):

(2) Section 4 of Chapter 22 is further amended by adding immediately after subsection (2) the following subsection:

(3) Where

(a) a fixed-term lease ends;

(b) before the end of the fixed-term lease the landlord does not offer the existing tenant the opportunity to continue the tenancy for any length of term; and

(c) the landlord next begins a new lease with a new tenant for the same residential premises,

the landlord may not set the rent payable under the new lease at more than the maximum permitted rent increase allowed under subsection (1).

PAGE 1, Clause 2 - delete.

PAGE 1 - renumber Clauses 3 and 4 as 2 and 3, respectively.