

AFFORDABLE AND ADEQUATE HOUSING FOR ALL:

*Forging a New Path Through Community
Housing in New Brunswick*

Presented by:

**HOUSING
HUB**

In partnership with:



Conseil économique
du Nouveau-Brunswick inc.

NEW BRUNSWICK
MULTICULTURAL
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kalēidoscope
social impact

Introduction

This spring, the newly formed Housing Hub of New Brunswick, along with a number of partner organizations, released two discussion papers on New Brunswick’s housing challenges. The aim of these papers was to build a better understanding of the situation in all its complexity, assess the magnitude of the province’s future housing needs and help identify concrete measures that will help ensure New Brunswickers from all corners of the province can secure affordable and adequate housing in the years to come.

The first paper, prepared by Richard Saillant, examined the dynamics of New Brunswick’s housing market, including how it has responded to the growing needs fueled by the province’s recent population surge. The second paper, prepared by David Campbell of Jupia Consultants, provides an estimate of the housing demand by region through to 2030. This document represents the third and last paper, which will summarize the challenges and propose a series of concrete steps for discussion and moving forward in an effective, balanced, and inclusive way.

This document was prepared by the Housing Hub of New Brunswick with contributions from the New Brunswick Non-Profit Housing Association and Kaleidoscope Social Impact, and is presented in partnership with the New Brunswick Multicultural Council, New Brunswick Business Council, and Conseil économique du Nouveau-Brunswick.

Executive summary

New Brunswick is experiencing record population growth, which is welcomed news after years of concerned efforts to attract people to the province. In the last year alone, more than 26,000 people moved to the province.

These new residents are helping to secure the sustainability and growth of companies and communities throughout the province. However, this new growth has also brought new challenges we haven't faced in recent history, including a depleted housing stock and record rent increases. If we want to continue to grow sustainably, we must invest aggressively in affordable and adequate housing so New Brunswickers and newcomers alike can live happy, healthy, and productive lives throughout our province.

This report outlines several recommended actions to support the development of new affordable housing, retain existing affordable housing, ensure development occurs in rural and small population centers, and to build capacity in strategic areas. A central theme in this report is the importance of partnerships and funding programs targeted towards the community housing sector – namely non-profit and cooperative housing providers.

OUR TOP RECOMMENDATIONS INCLUDE:

- › **Invest \$1 billion** towards the creation of 10,000 deeply affordable, affordable and community market housing units.
- › **Develop a *Community Option to Purchase Act* (COPA)**, that enables community housing providers to retain and create affordability in the rental market by acquiring multi-unit buildings that would otherwise be sold to the private market.
- › **Explore the creation of a provincial *Community Land Trust* (CLT)** with a mandate to acquire land and housing assets with the purpose of ensuring affordability into perpetuity.
- › **Support capacity building in the community housing sector** through strategic regional plans focused on succession, sustainability, and growth in the sector.
- › **Develop an aggressive strategy for immigration into construction and skilled trades** that includes actions to support recruitment, upskilling, credential recognition, workplace integration, settlement, and retention.
- › Support the Regional Service Commissions to ensure up-to-date and accurate province-wide **housing needs assessments and action plans**.



We are at an important moment in New Brunswick's history. Strategic, bold, and urgent action is needed now to ensure affordable and adequate housing for all.

Some definitions

Before we dive in, it's important to clarify some key terms and definitions around housing. The housing sector is going through some change; in that change, language that once was strictly defined has shifted.

The following terms and their use are how we see the housing sector move forward with language, and it will be language used in this document.

- › **Cost of shelter:** total cost of shelter, including rent or mortgage payment, utilities, and property taxes (in ownership).
- › **Affordable housing** (proposed definition): housing, where the cost of shelter a 2-bedroom unit is equivalent to 30% of median household income for renters in any market, per CMHC/ Statistics Canada data. To benchmark for smaller units, reduce by 10% for each bedroom reduced and add 10% for each bedroom added to benchmark for larger units. For example, CMHC would consider affordable rent for a 2-bedroom unit in rural New Brunswick to be \$982 monthly, while the affordable rent in the three largest cities is approximately \$1200 monthly (see table in appendix for details).

New Brunswick - Proposed definition of “affordable” rental rates

| | Renter median household income | Single Room Occupancy | Studio | 1-bed | 2-bed | 3-bed | 4-bed |
|-------------|--------------------------------|-----------------------|----------|----------|----------|----------|----------|
| Fredericton | \$ 49,800 | \$ 672 | \$ 1,008 | \$ 1,121 | \$ 1,245 | \$ 1,370 | \$ 1,506 |
| Moncton | \$ 45,700 | \$ 617 | \$ 925 | \$ 1,028 | \$ 1,143 | \$ 1,257 | \$ 1,382 |
| Saint John | \$ 48,000 | \$ 648 | \$ 972 | \$ 1,080 | \$ 1,200 | \$ 1,320 | \$ 1,452 |
| Rest of NB | \$ 39,300 | \$ 531 | \$ 796 | \$ 884 | \$ 983 | \$ 1,081 | \$ 1,189 |

Median household income source: CMHC MLI Select Resources

- › **Deeply affordable housing:** below market housing where cost of shelter is equivalent to 30% of total NB social assistance for suitable family composition to unit size (i.e., 1 person: studio, couple: 1-bedroom, one adult/one child: 2-bedroom, etc.) These units are typically subject to a rent-supplement agreement.
- › **Housing affordability:** determined when shelter costs, including utilities, and property taxes (for ownership), is less than 30% of any household's gross income. Housing affordability intrinsically varies from household to household.
- › **Purpose-built rental:** housing built for rental purposes over the long-term. May be at any level of affordability, from deeply affordable to luxury. Does not refer to any specific built form (i.e., apartment, townhouse, detached).
- › **Housing tenure:** refers to the type of housing in the housing ecosystem, usually refers to ownership and rental as a group.

- › **Public housing:** housing that is developed and operated by the NB Housing Corporation. Though typically in the social housing or affordable housing realm, public housing does not refer to any level of housing affordability.
- › **Social housing/social housing provider:** housing built in former Federal and Provincial programs, in NB called “Pre-’86” and “Post-’85” and owned/operated by a non-profit (provider), where rents are calculated according to a geared-to-income calculation (RGI) and the subsidy calculation is specific to those agreements. Most social housing will reach end of mortgage by 2030.
- › **Community housing/community housing provider:** non-profit housing built in the post-social housing era, which usually offers affordable and deeply affordable housing and proposes rent supplement agreements to help ensure overall financial sustainability. Community housing providers may have a mandate to provide affordable housing exclusively, or may provide mixed income housing offerings. Community housing providers may also have social housing projects in their portfolio and might have a history of being a social housing provider.
- › **Non-profit housing provider:** any housing provider working as a non-profit, may be a continuing housing cooperative, a social housing provider or a community housing provider.
- › **Shelterlessness:** also known as homelessness, when one is without stable housing.
- › **Housing ecosystem:** also known as the housing continuum, proposes all forms of housing from emergency housing to market ownership.
- › **Rural area:** any municipality or community with a population of fewer than 1,000 people.
- › **Small population centers:** any municipality or community with a population between 1,000 and 50,000 people. In New Brunswick, most municipalities fall into this category
- › **Medium population center:** any municipality or community with a population between 50,000 and 100,000 people. In New Brunswick, [Saint John](#) and [Fredericton](#) fall into this category, according to the 2021 Census.
- › **Large population center:** any municipality or community with a population greater than 100,000 people. In New Brunswick, Moncton is the only large population centre according to the [2021 Census](#).
- › **Overhousing:** a household is overhoused when the number of people in the household is smaller than the number of bedrooms in the home they live in (ie., a couple in a three-bedroom home or larger)



Context setting

New Brunswick's last province-wide growth period was in the era of social housing in the '70s and '80s, led by the Canada Mortgage and Housing Corporation (CMHC). At that time, affordable housing was built and fully subsidized by the federal crown corporation through an operating loan for up to 40 years. Many non-profit housing providers were created to support this housing, but it also opened the door to socially minded private developers to provide housing with subsidy.

As the end of these social housing agreements are reached, we notice that affordability of units, either at the low-end of market or subsidized, is only maintained in the long term when operated by the community housing (non-profit) sector.

In today's market, the construction of housing proposing affordable or deeply affordable units needs to be significantly subsidized, and it is incumbent on levels of government to ensure they receive the maximum return on their investment. Construction costs have spiked since 2015 and housing market values, though increased, have not kept the same pace. Repayable, interest-bearing loans are at the core of funding programs, with extended amortization periods and low interest rates. Even with these programs in place, the business case for affordable purpose-built rental is weak. When proposing affordability in mixed-income communities, funders lend to ensure minimal surpluses.

To support a long-term business case, private developers are forced to either build, own and operate housing through traditional financing channels, charging rents at the higher end of market (usually in the three major centres). In efforts to develop affordable or mixed-income housing communities, they can play an important role in building resilient and dignified housing in partnership with non-profit housing providers, ultimately giving non-profits the mandate to rent and manage the housing over the long-term.

New Brunswick's non-profit sector consists of approximately 180 organizations which operate 6,600 units of affordable housing. Much of the housing was built in the social housing era. Although early agreements (pre-'86) proposed rents at low-end of market rates, those rental levels are now considered much below the current market.

Moving forward, non-profits and housing cooperatives are uniquely and strategically placed to develop permanently affordable mixed-income housing communities, and help respond to the need for more rental housing. Though market rate housing is needed to create complete communities, rental rates for market units will increase at a slower pace when managed by the non-profit housing sector as shown through the evolution of the pre-'86 projects, proposing long-term affordability for all units.

WHAT ELSE IS HAPPENING?

Municipal reform: Beyond the market, the province's municipal reform which took effect in January 2023 provides Regional Service Commissions (RSCs) with the mandates of economic development, including housing.

Loss of affordability in rental units: As we look at the implied housing deficits and need for increased housing stock, finding ways to maintain affordability in the current stock and/or amend vacant stock to better meet New Brunswickers' needs are things we need to solve for.

Visible shelterlessness: Visible shelterlessness has become a reality in the major centres of the province, and is at risk of emerging in smaller centres. Finding proven ways to support an emergency housing model that will remove housing precarity and provide safe, secure, and supported housing programs to not only hide, but solve shelterlessness is critical today.



Revival of the New Brunswick Housing Corporation: In early March, the Minister responsible for housing revived the New Brunswick Housing Corporation, centralizing all operations related to housing, previously in three different departments. This was welcome news and signals an increased focus of government resources to urgently address New Brunswick’s housing challenges. The NB Housing Corporation, as its first action, is committed to launch a housing strategy in June of 2023.

An aging population: Over the coming years, New Brunswick needs continued growth. With baby boomers leaving the workforce, over 120,000 positions will need to be filled during the coming decade simply to maintain our current economic activity and levels of service. Part of the housing solution will be to increase affordable and suitable housing solutions for seniors looking to downsize and pass on their existing housing to new generations.

WHY INVEST IN HOUSING?

In an environment where there are so many priorities for government spending, one might ask why the government should invest in housing? The answer is simple: investments in affordable housing are critical if we want to continue to grow our population, economy, and tax base while ensuring nobody is left behind. Safe, adequate, and affordable housing is the most important building block to creating a healthy and productive population. [Maslow’s hierarchy of needs](#) underscores this point.

Investing in affordable and adequate housing can also save significant public spending in other areas. For example, a New Brunswick study in 2017 called *At Home/Chez Soi* looked at the cost of a “housing first” approach to housing versus allowing people to remain unhoused or precariously housed. It concluded that for every dollar invested in adequate and supportive housing for the most vulnerable and highest acuity individuals, \$2.17 is saved.

Beyond the social imperative, investment in the construction of affordable housing provides substantial economic benefits at both the local and regional levels. Investment in affordable housing creates jobs, economic activity, and government revenue through taxes and fees generated by the direct construction or revitalization itself, the indirect purchase or sale of goods or services upstream or downstream, and the induced activity that occurs due to the increased wages and salaries.

A recent American analysis in the [Residential Construction Economic Study](#) of 2020 pegged the GDP multiplier at 3.019 for every dollar invested in the construction of affordable housing. Simply put, a hot construction industry is good for the economy. We need to build housing, and we need to grow the economy. They go hand in hand.

HOW DO WE SOLVE FOR HOUSING IN NEW BRUNSWICK?

The housing challenge in New Brunswick and across rural Canada is a systemic issue and crosses sector borders, but it can be solved.

When proposing to change things systemically, we must first change our mindset, so here are some brain teasers before we begin diving into a call to action to our levels of government. These guide the conversation ahead:

- a. **All** housing is transitional. Your housing, my housing, emergency housing. None of us will be in our current home forever. Promoting housing precarity through housing types (emergency shelter, transitional housing) does not promote wellness or overall success. That said, emergency housing should exist, without timeline, with individual safety and security, and

with individualized supports provided to guide folks to a place where they might secure their own supports, employment and savings over time.

- b. Housing is **one** challenge and shouldn't be compartmentalized. It shouldn't be separated by tenure type (rental vs. ownership), affordability level (luxury vs. market vs. affordable) or place in the housing ecosystem (emergency vs. affordable, or market rental vs. affordable rental, or affordable vs. market ownership). It shouldn't be separated by who the key stakeholders are either.

The housing stock across the province and across the housing ecosystem is depleted. Housing development of all forms, types and densities is needed for successful outcomes. With a depleted housing stock, we need to solve for it in one vested effort.



For New Brunswick to be successful in solving for the current housing crisis, four main pillars must be addressed. We must:

- 1 | Build new housing through the development of a balanced housing ecosystem.
- 2 | Retain housing affordability in existing housing stock using innovative approaches, particularly in rental housing.
- 3 | Support residential and community development in rural areas and small population centres.
- 4 | Build province-wide capacity to ensure success



1

Building new housing - developing a balanced housing ecosystem



EXAMINING THE CHALLENGE

- › Following many years of stagnation and decline, our population is growing faster than we've seen in New Brunswick's history.
- › Property values of homes are increasing; however, they continue to trail the national average. This is attracting inter-provincial migrants, particularly from Ontario.
- › As a result, vacancy rates are below the critical threshold of 1% in many communities, which shows a depleted housing stock.
- › New housing development is not keeping pace with increasing demand. As a result, rental rates have increased in New Brunswick at rates higher than any other province in the country.
- › Long term housing affordability for the most vulnerable and marginalized, as well as for low- and moderate-income households, is at risk without a focused effort to create a balanced housing stock with a focus on purpose-built rental housing. This is supported by this data, and reinforced in a recent report by Scotiabank, suggesting that a modest start to addressing Canada's housing crisis would be a doubling of social and community units. **In New Brunswick, this would convert to approximately 10,000 units.**
- › The non-profit sector has limited capacity to fund housing projects upfront, and programs that are available typically flow funds at the start of construction. In the meantime, preconstruction activities (design, approvals, legal, etc.) cost projects an average of \$20,000 per unit. Limited financial capacity limits the pace at which community housing projects can proceed.



WHAT'S TRENDING?

Complete communities: Whereas projects in the social housing era developed units exclusively for households on social assistance, or with income levels in the low or modest brackets, there is a movement to develop complete integrated and inclusive communities for people of all abilities, incomes, and ages. This is not to say that housing for particular target groups (seniors, students, etc.) should be obsolete; there is a role for these types of projects. But rather, when developing purpose-built rental housing to serve a broader population, the current best practice is to create mixed and inclusive developments.

Regardless of who occupies a unit and what rent they pay (or are able to pay), every unit is designed in the same way, with the same finishes, amenities and space. When a unit is deeply affordable or affordable, whether subsidized or not, there may be income checks and income limits to calculate subsidies or to ensure that affordable units are allocated to households who need them. But then, if a particular household reaches income levels that allow them to pay market rates, there's no need to move if they choose not to.

Aging in place: Housing developed should support aging in place. Not just seniors' housing... all housing. Accessible design, when done well, is accessible to families with children as well. It is accessible to the adult who is temporarily in a wheelchair due to an accident. If not fully accessible, units should at least be easily convertible. Thinking differently about what accessibility can be, and working with policy makers to facilitate this, could have meaningful outcomes.

Green design: Energy efficient and green design is a growing concern, particularly when observing wellness and other benefits directly related to it. This involves design that minimizes a carbon footprint in construction (minimizing waste, water, etc.) and in operation. Low-impact civil design may help support better development in rural areas and unserved lands while ensuring minimal impact to the surrounding environment.



RECOMMENDED ACTIONS

Fund complete communities: Replace ARHP with a new expanded and enhanced program for non-profit housing organizations and cooperatives that would fund a contribution of \$100,000 per unit or 30% of project costs (whichever is lower) towards the purchase or construction of *all* units of a project that proposes 50% of units to be affordable or deeply affordable. Given the scale of the housing challenges we face, the province should invest \$1 billion over the next 5 years and target the creation of 10,000 new community housing units.

This type of program would help build more mixed and inclusive communities and would respond to the needs for a variety of housing options that will remain affordable well into the future. Because the business case for purpose-built rental housing is weak, construction costs for new builds have been driving rents to very high levels. While creating thousands of affordable rental units, this subsidy program would also help create a form of market housing for moderate income households through community housing providers.

With the investment focused on the non-profit sector, what might be close to market rents for moderate income households today will be affordable in the future. Furthermore, the potential for affordable and deeply affordable units to remain at that level of affordability over the life of the building is high.

Support preconstruction activities: For projects to accelerate, non-profits that propose a viable project through a feasibility study that is further targeted by provincial funding (ARHP/expanded ARHP) should have a 20% of the total \$100,000 per unit released to fund preconstruction activities. These may include but are not limited to the design, costing, studies, legal and other related costs incurred ahead of the start of physical construction. This would facilitate a rapid pace of development of the housing projects for these groups, who have historically been mandated to maintain limited financial capacity due to social housing regulations.

Streamline access to lands: As municipalities work toward identifying lands that may be used for housing development, so too should the province amend its mechanisms for surplus and tax sale land divestiture, to facilitate collaboration with community housing providers and/or developers to undertake the development of affordable and mixed-income housing communities across the province.



Working with government representatives and key housing stakeholders from across the province, the creation of an evaluation committee to create an allocation process and review any potential lands to be proposed for inclusive residential community development will likely increase the number of potential projects to proceed.

Facilitate development on more lands: Many communities have generous faith-based lands, or lands zoned for other institutional uses (recreational centres, emergency services, education, etc.) that could easily be intensified to provide housing. By adding medium-density housing as a permitted use on such zoning, the door opens to building housing above or around any of those facilities. A great example of this is the [mixed use fire station in Vancouver, BC](#), where the YWCA partnered with the City to develop housing as part of the building.

HOW MUCH WOULD THIS COST?

There are two considerations regarding capital cost contributions: the contribution per unit and the total number of units. Assuming contributions increase to \$100,000 per unit to ensure overall feasibility and that 10,000 community housing units must be built over the next five years, the total provincial investment needed would be \$1 billion over a 5-year period.

While it is unprecedented, it is attainable. New Brunswick's recent population and economic growth have fueled record budget surpluses. Now is the time to invest in the critical infrastructure that will support continued growth, while ensuring no New Brunswicker is left behind.

To add 10,000 new units over 5 years, the community housing sector will need to significantly increase its capacity in the areas of development/construction and operations. We propose some solutions on that work in the last solutions section of this report.

! SOME CONSIDERATIONS

Why non-profits? Though private developers have an important role to play in affordable housing development, there are a few reasons why the ownership and operation of it is not where their role should be.

Firstly, current CMHC National Housing Strategy funding programs, which are inevitably where financing would be obtained, ensure that profits/surpluses incurred through the operation of such projects are minimized. Indeed, with one program they mandate a projected surplus of \$0 and with another they mandate surpluses of 10%. These mandates are well below the expected returns by the private sector for operations.

Secondly, for those developers initially willing to pursue these programs in the name of social enterprise, the overall appeal typically wears off over time. With affordability agreements signed for a period of 20 years, it is too common to see private landlords exit those agreements following that initial 20-year term.

Lastly, if a building's expected useful life is 100 years, this would imply that over the life of a project, government capital investment to a non-profit would be \$1,000 per unit per year, whereas for most private developers entering 20 year affordability agreements, that same investment would be \$5,000 per unit per year. Even if the private sector was eligible for half of the funding, the investment would still be 2.5 times greater per unit per year.

What about public housing? With the New Brunswick Housing Corporation revived, it is conceivable that they could lead the charge in developing desirable complete communities through a similar funding structure as non-profits, borrowing from CMHC through the National Housing Co-Investment Fund.

However, the current approach to public housing is to develop communities exclusive to those on the housing waiting list and requiring operating subsidy. If each unit has a cost of \$250,000 and a building's useful life is 100 years, government capital investment would be \$2,500 per unit per year, which is 2.5 times the cost of the proposed program focused on community housing providers.



2

Retention of affordability in existing rental stock



EXAMINING THE CHALLENGE

- › As mentioned in Mr. Saillant’s discussion paper, over 8,600 units rental units with monthly rents under \$750 were lost between 2016 and 2021.
- › Research data shows that across the country, for every new affordable unit built, anywhere between [four](#) and [fifteen](#) are lost.

New affordable housing development will only improve our current housing situation if it helps to grow the overall number of affordable housing units. It would be an exercise in futility to build new affordable housing units if we simultaneously lose an equivalent or greater number of existing affordable housing units. We must look at innovative approaches to retain the existing affordability in the rental market.



WHAT’S TRENDING?

There are many tools available to prevent the loss of affordability in the existing housing stock:

Rental increase guidelines: In New Brunswick, advocates refer to these as “rental caps” and it is a controversial topic. These are usually intended to have rental rate increases mirror inflation. Quebec, Ontario, and British Columbia have variations on these, where Ontario identifies it as a guideline and Quebec has it as a firm requirement. This is an effective measure in the short term, particularly when we are seeing conservative data showing an 18% increase in rental rates in our larger centres.

While rent increase guidelines may be an effective tool to control sharp increases in rental rates, they can involve unintended consequences, including limiting community housing providers’ ability to increase rents according to incomes, particularly following end of operating agreements. Furthermore, it potentially limits private landlords’ ability to adequately maintain units while pulling a suitable profit in the private market. Finally, rental spikes at turnover with can be expected in a market as tight as New Brunswick’s. Though there are potential tools to counter these spikes, these have not been implemented in other jurisdictions.

Expansion of the portable housing benefit: Portable housing benefits allow for low- and moderate-income households to secure market rental housing. Housing affordability is maintained through a direct-to-consumer subsidy to cover the gap between shelter affordability and market rents.



Such a program offered to qualified households proving to have the life skills to manage the benefit could effectively hide income barriers to adequate housing, so long as the housing supply is growing in a supported and balanced way, per our earlier discussion in this paper.

For some households, an adequate portable benefit could be as costly to government as supportive housing is; therefore, any portable housing benefit program should be paired with vested efforts in increasing and maintaining a sustainable affordable housing stock across the province, as they run the risk of artificially subsidizing market rental increases.

Protection from rental unit divestitures in the market: Some markets have introduced policies to increase the rate of transfer of purpose-built rental housing to the non-profit housing sector.

One key precedent is in the City of San Francisco (population 3.3M), who have developed the [Community Opportunity to Purchase Act \(COPA\)](#), giving first right of offer followed by a first right of refusal for any qualified community housing provider to purchase any building or developable land for a minimum of 3 residential units.

A similar, less overarching policy was implemented in Montreal (population 1.8M) in identifying neighbourhoods and lands where it reserves the [pre-emptive right](#) to purchase buildings or lands for the purpose of community housing development.



We must look at innovative approaches to retain the existing affordability in the rental market.



RECOMMENDED ACTIONS

Explore a province-wide COPA model in NB: A similar policy to that of San Francisco could be adopted in New Brunswick, through the NB Housing Corporation, potentially through the same evaluation committee proposed to evaluate the potential use of surplus lands from DTI.

A COPA policy would significantly reduce the divestiture of multi-unit rental units and potential loss of legacy affordability in the market. It could be adapted to buildings/land of at least four units, and the process streamlined through the NB Housing Corporation.

Explore a centralized entity to hold and leverage lands for community housing development: To minimize the required funding needed to successfully achieve the objectives set out by a COPA policy, the province could explore the development of a Province-wide Community Land Trust (CLT).

A CLT, funded to acquire and/or retain multi-unit residential rental buildings in the community housing sector, would allow for a system-based solution that could leverage properties to build its asset base, thus minimizing long-term public investment. Finally, the CLT could be the mechanism to distribute surplus and/or tax sale lands to the community housing sector for development or operation, as appropriate.

A provincial CLT would be represented by government representatives (NB Housing Corp, Department of Transportation and Infrastructure), community housing leaders across the province, key government officials, and off-reserve Indigenous housing representatives through the National Indigenous Collaborative Housing Inc. (NICH).



SOME CONSIDERATIONS

Focusing on a COPA policy and a CLT does not take away the need to revisit rental increase guidelines or other related actions. Our position on solving for housing in New Brunswick focuses on increasing and redirecting housing supply to the community housing sector.

When looking at the implementation of rental increase guidelines, we believe it is important to ensure open dialogue with community housing providers to understand the potential impact of these changes on their operations and ensure there are no unintended consequences on organizations serving the most vulnerable in our community. As all landlord/tenant relationships are under the same legislation, sensitivity to all stakeholders seeking positive social outcomes will be pivotal to success.

3

Support development in smaller communities



EXAMINING THE CHALLENGE

- › **Ownership is the rule:** In rural areas and small population centres, the rental market is scarce, with up to 90% of housing as low-density ownership. Conversely, many people coming to New Brunswick (or seeking to downsize as they age) are seeking rental units across the province.
- › **Low housing starts:** Despite low vacancy rates and strong demand, housing development in rural areas is slow to accommodate population growth. Indeed, starts are at levels 50 per cent below the levels reached in the 2000s: in 2022, housing starts in New Brunswick were up 2,356 units compared to five years ago. However, more than 19 out of 20 of these additional annual starts (95.6 per cent) were apartments or row houses in the three CMAs.
- › **Shortages of skilled trades:** With a tight labour market in the skilled trades and construction sectors, contractors and builders are focusing on the projects with the greatest risk adjusted returns. This inevitably leads them to focus on projects in the largest urban centers across the province and leaves rural communities behind. The skilled trades workforce is also limited to non-existent in rural areas, which requires that we take different approaches to housing development in rural markets including through prefabricated and modular home manufacturing.
- › **Market conditions:** In some communities, market housing values remain below a realistic cost to build adequate housing. At a cost to build of \$200 to \$300 per square foot, or an average of \$300,000 per unit for a 1,000 sq.ft. home, some markets would not sustain a sale at that rate. The absence of a clear business case for rural housing development is influencing developers to focus on larger markets rather than rural and small population centres. Not all rural communities are faced with the upside-down market valuation on new housing construction, but it is a reality in many such communities.
- › **Development limitations:** When working with unserviced lands (lands without municipal water and/or sewer), the province's *Community Planning Act* currently allows a limit of four units to be developed without a three-season environmental study. This is a more recent measure, as most purpose-built rental buildings in rural communities have a minimum of 10 units in them.
- › **Aging and no place to go:** As the population in rural communities ages, housing options to facilitate aging in place are minimal. This causes empty nesters to feel forced to remain in their family dwellings in order to remain in their home community, leaving them overhoused.

Facilitating development on unserviced lands: In New Brunswick, there are large areas, sometimes entire communities or municipalities that do not have any fully serviced land— that is land with an available connection to municipally serviced water and sewer. Unserved lands implicitly then require a well for water and a septic tank for sewer services.

When working with unserved lands, the province's *Community Planning Act* currently limits development on any parcel of land to four units. If the proposal is to develop more units, a three-season environmental impact study is required to justify the feasibility of the development.

A small jurisdictional scan (Ontario, British Columbia) shows that such limits are low as compared to other provinces. This is a more recent measure in New Brunswick, as most purpose-built rental buildings in rural communities have a minimum of 10 units. Furthermore, the same *Act* allows for increased development on unserved lands in seniors' care homes, where the use of water and wastewater might arguably be greater than in a standard independent living or purpose-built rental unit.

Preventing negative equity through interest-free loans: to adjust for poor market conditions and facilitate development in those markets, affordable home ownership programs may propose to facilitate interest free loans to support home ownership to households wishing to own their home. The premise is that over time, home values increase and the loan may be repaid when market and personal conditions allow.

Filling gaps in the ecosystem: Where the housing ecosystem is out of balance, mobility within it is limited. Alternative housing strategies are a tool to support a vested effort to adjust for the gap, such as [Tay Valley Township's](#) age friendly community plan, which examines the housing needs and development strategies to facilitate aging in place, access to services, and inclusive communities. Furthermore, tools such as [sparrowshare](#) can be promoted for use throughout the province, to match overhoused folks with students seeking adequate housing during their postsecondary education.

 **RECOMMENDED ACTIONS**

Facilitate multi-unit development on unserviced lands: Working with the departments of local government, environment, and health, develop a framework where balanced and higher density development may be supported without lengthy studies, perhaps through the support of projects proposing low-impact civil measures, to encourage the sustainable growth of small communities with limited services.

Fund rural projects: Support targeting of new construction projects for capital funding where need is identified through community consultation rather than solely through wait lists. This action would also directly benefit from an enhanced subsidy program that provides up to \$100,000 per unit to community housing providers, as mentioned above.

Adjust for negative equity in select communities: Develop a sustainable framework to develop housing for working families seeking work in smaller communities, adjusting for negative equity in innovative ways.

Fill housing gap for a balanced housing ecosystem: Determine gaps in the housing ecosystem, including gaps in housing needs for seniors and students where post-secondary institutions have campuses will be critical to overall success. We address this solution in the next section.

Explore alternate built forms: Work with the prefabricated construction manufacturers to develop cost-effective and suitable built forms for multi-unit residential development in rural settings, preventing the need for multiple trades to travel to a distant construction site for project completion.

4

Building capacity to ensure success



EXAMINING THE CHALLENGE

Funding and implementing the suggested actions in the first three sections is all well and good, but none of it will be possible if sector-wide capacity is not bolstered. The housing crisis in New Brunswick came upon us hard and fast, and it is time to catch up to it in an equally aggressive way.

There are two main constraints to successfully building and retaining the housing we need to be successful and working with the community housing sector to achieve it. Capacity is an issue both in the skilled trades and ancillary professions, and in the community housing sector.

Capacity building is needed in various areas of the sector, including:

- › The non-profit housing sector is reaching a critical point in its history, with legacy social housing providers reaching end of mortgage, aging boards with limited succession plans and a limited pool of candidates available to support their succession. Furthermore, many community housing providers, though successful in effective property management in the past decades, remain without or with limited paid staff and small portfolios, limiting their overall growth potential.
- › The skilled trades workforce needs an aggressive boost. This will require all players to the table, including prefabricated manufacturers, government and trade associations. According to labour force data, around 8.5 percent of construction jobs are currently going unfilled. This translates to nearly 2,000 positions, which is consistent with the labour force projections of 10,000 expected vacancies within the construction workforce between 2018 and 2027.
- › Within the RSCs, to first understand housing need, gap and projections in each of their communities, including and not limited to household sizes, incomes, type and built form, and then create strategies to fill the need identified.
- › Where communities host post-secondary institutions, understanding the housing supply, need and gap for current and future student populations, what conditions might retain students in the communities year-round and what might attract students to remain in their post-secondary communities into their careers may be pivotal to economic growth. This specific type of study will provide both good context to a key demographic, as well as a potential line to overall community growth and diversification in economic sectors.

Establishing and maintaining regional housing strategies: Robust housing strategies are an important tool to establish current and future housing needs and determine strategies that communities might take to fill the needs. In Ontario and Alberta, 10-year housing strategies are required, with updates every 5 years and annual operational plan reporting to council. These guiding documents are critical to policy-making and to establishing a firm and common goal, backed by policy. Housing needs studies are becoming increasingly intuitive to develop through tools such as [the Housing Assessment Resource Tools \(HART\)](#), which aims to create standardized, replicable, and equity-focused tools to support housing supply decision making at all levels of government.

Facilitating housing sector capacity: Mergers and other forms of consolidation are a common thread in both the corporate and housing sectors. From establishing non-arm's length relationships between housing and service providers, to consolidating organizations to build overall capacity, succession and sustainability planning for current community housing providers is an inevitability and necessity. In Saint John, such a focused effort led to the consolidation of all local housing cooperatives to create Unified Saint John Cooperative.

Immigration into construction and skilled trades: The skilled trades shortage is not unique to New Brunswick's construction workforce. Ontario, for example has set a goal of building 1.5 million houses over 10 years and predicts that they will need 100,000 construction workers to do that. The province's labour minister even said he thinks this is the biggest issue facing the province. To address this issue, Ontario is looking at all avenues including through post-secondary training, accessing temporary foreign workers, and immigration pathways.



RECOMMENDED ACTIONS

Reviewing the non-profit housing sector's capacity: As the non-profit housing sector reflects on its future, we should intentionally coordinate regional discussions, identifying challenges and opportunities among groups as we move toward a post social housing world.

The exercise should be an intentional one, involving comprehensive regional discussions with all stakeholders about the needs and opportunities ahead. Regional discussions should focus on the scale of the needs and opportunities ahead, including the retention of existing housing units, portfolio growth, and the desirability and capacity of each organization to contribute to these goals. Through a resourcing and knowledge sharing exercise, some organic synergies might evolve, resulting in an organic path forward. The conversations should be facilitated by key provincial housing sector leaders, in partnership with each RSC – covering and representing all organization types.

In a time where Regional Service Commissions (RSCs) are empowered to take on housing as a portfolio within the economic development fold, it will be incumbent on them, with sector associations, the province and other key stakeholders to engage in these open conversations with their community housing providers and determine the best path forward for the retention of existing social housing and housing portfolio growth in their communities.

Finding innovative solutions to building capacity in the skilled trades: An increase in housing stock will be impossible without a significant increase in skilled trades capacity in New Brunswick.

To accomplish this, New Brunswick must inevitably focus in three areas: increasing involvement of under-represented groups such as women, Indigenous, and visible minorities; increasing promotion and exposure to the skilled trades amongst youth in the k-12 school system; and – perhaps most importantly – increasing immigration into the construction and skilled trades sector.

Recognizing the demographic crisis facing New Brunswick and the rest of the country, all sectors are competing to attract talent. Immigration is already responsible for all net workforce growth in New Brunswick and will be vital to ensuring the sustainability and growth in the skilled trades and all sectors, moving forward. This will require a concerted effort between the federal and provincial government, industry associations, and experts to help companies identify which markets to recruit from and which immigration pathways to utilize; how to create culturally inclusive workplaces; and, bridging and upskilling initiatives for immigrants to name just a few.

Developing regional housing strategies: As RSCs aim to identify challenges and provide solutions to the housing landscape in their communities, it will be critical to pursue regional housing strategies that include a detailed housing needs assessment with income and household composition data, projections, development plans, and solid strategies to support success. Various regions and municipalities are at different stages in some initial related work. Strategies should align with a provincial strategy and have operational plans tied to them with annual reporting.

The province could support the RSCs and municipalities in the strategy work by facilitating the studies, either directly or through a third party. Clear direction and methodologies to reach objectives will result in reduced duplication and better overall outcomes.

Finally, the creation of non-profit community real estate development organizations such as the Housing Hub will help in developing new housing swiftly and in partnership with community housing providers (with a history in property management) and the private sector (effective in construction and delivery) to provide the desired community results in a balanced housing stock.

Summary

This report outlines several ambitious and attainable actions that can help position New Brunswick to overcome the housing challenges we face today and into the future.

Fundamentally, considerable investment is urgently needed to ensure New Brunswickers and newcomers alike have access to affordable and adequate housing. Our future population growth and economic sustainability depends on whether we get this right.

As Richard Saillant pointed out in his discussion paper, “New Brunswick is increasingly being divided between the housing “haves” and “have-nots”. The data and evidence shows that, left to its own devices, the private housing market has not generated a sufficient supply of new affordable housing. In fact, our recent Census data shows that we lost nearly 9,000 affordable apartments at a rate of nearly 2,000 units per year.

In the face of these challenging dynamics, significant public investment will be needed from all orders of government to create a more balanced and affordable housing market. As outlined in this paper, community housing offers the best return on investment and the most reliable partner to ensure long-term affordability into the future.

There is a new narrative forming about New Brunswick. We are growing at record levels and the world is recognizing the wonderful quality of life and economic opportunities available here. Now is the time to invest in our province’s value proposition by ensuring adequate and affordable housing for all.



