



# Rent Control in Canada: Information Scan and Policy Options

## **Prepared By:**

Melissa Goertzen & Karley Hewitt

Policy & Research Analysts

Service Nova Scotia & Internal Services

August 18, 2020



## Executive Summary

The goal of this report is to examine rent control policies that are currently in place across Canada and Oregon. It identifies seven rent control options and alternatives that are utilized by various jurisdictions to balance the needs of stakeholders and the economy. Three of these policies are tied to traditional rent control practices, three provide alternatives to rent control, and one is related to COVID-19 rent-relief measures.

The term *rent control* is defined as a government program that regulates the amount charged for residential dwellings made available through rental agreements. The goal of rent control policies and strategies are to ensure that the cost of housing remains affordable for all citizens, including low- and moderate-income households.

Rent control is a controversial issue with strong arguments for and against regulated rental markets. To date, there are no strategies or policies that resolve all challenges tenants, landlords, and housing developers face in a competitive rental market. Provincial governments across Canada structure approaches based on preferences towards open or regulated rental markets. Policy decisions attempt to balance the same underlying conditions: affordable housing and the needs of the economy.

The rental market is further complicated by uncertainty regarding the outcomes of the COVID-19 pandemic. The short-term and long-term economic impacts are unknown. The rental market may bounce back quickly as borders reopen, students return to post-secondary institutions, and workers regain employment and lost income. If the current restrictions continue, vacancy rates are expected to increase, short-term rentals may be converted to long-term rentals, and international and interprovincial migration rates may drop significantly.

### **The Rental Market in Nova Scotia**

The Nova Scotia rental market is complex. Economic, social, and political variables vary greatly across the province and strategies that are appropriate for one community are unfit for others. Conversations with analysts working in various departments across the Government of Nova Scotia, along with those based in Residential Tenancies Units in all jurisdictions across Canada, suggested that effective and sustainable rent control policies or alternatives rely on long-term horizontal and vertical collaborations.

Multiple government departments at the municipal, provincial, and federal level, along with NGOs and businesses in the private sector, work with the same stakeholders to provide occupancy permits, funding for affordable housing programs, and support for low- and moderate-income households. All of these groups work in silos and hold valuable information about stakeholders' needs that must be exchanged before sustainable programs and policies can be developed within the province.

At the present time, research and initiatives are underway within the Government of Nova Scotia to examine issues related to rent control and affordable housing. For example, the Department of Municipal Affairs and Housing is gathering data and studying the impact of short-term rentals on the overall rental market. The study will provide evidence-based findings that can inform rent control options in Nova Scotia. Similarly, in most provinces across the country, the equivalents of the Department of Municipal Affairs and Housing or the Department of Community Service lead programs that support affordable housing options or supplements. These programs are rarely offered by Residential Tenancies Units.

### **Stakeholders' Views on Rent Control in Nova Scotia**

Tenants, landlords, developers, and advocates across Nova Scotia have a range of views regarding rent control options and alternatives. Advocates in favor of regulated markets suggest that rent control protects

renters from unwarranted increases, protects vulnerable tenants, and stabilizes neighborhoods. Advocates opposed to rent control suggest that landlords may struggle to cover the cost of property repairs, renovations, and maintenance, developers may be inclined to build condominiums as opposed to apartments due to greater return on investment, and affluent households hoard rent-controlled units.

### **Conclusion**

Decisions regarding affordable housing are complex and rely on a balance between social and economic needs in a jurisdiction. There is not one solution that perfectly addresses the factors contributing to a national housing crisis and the needs of the economy.

## Table of Contents

<b>SUMMARY OF THE CURRENT MARKET AND RENT CONTROL LANDSCAPE IN NOVA SCOTIA AND CANADA .....</b>	<b>4</b>
<b>RENT CONTROL AND POLICY ALTERNATIVES.....</b>	<b>10</b>
<i>Policy 1: Portable Housing Benefits .....</i>	<i>10</i>
<i>Policy 2: Rental Housing Construction Tax Credit .....</i>	<i>12</i>
<i>Policy 3: Rental Housing Working Groups .....</i>	<i>14</i>
<i>Policy 4: Rent Control - High Rental Increase Cap .....</i>	<i>15</i>
<i>Policy 5: Rent Control - Rent Increases are Tied to the Tenant .....</i>	<i>16</i>
<i>Policy 6: Rent Control - Vacancy Control and Rental Registry Databases .....</i>	<i>17</i>
<i>COVID-19 Rent Relief Initiatives .....</i>	<i>18</i>
<b>APPENDIX A: HISTORY OF RENT CONTROL IN NOVA SCOTIA.....</b>	<b>20</b>
<b>APPENDIX B: RESIDENTIAL TENANCY LANDSCAPE IN NOVA SCOTIA .....</b>	<b>21</b>
<b>APPENDIX C: RENT CONTROL IN A POST-COVID-19 MARKET.....</b>	<b>23</b>
<b>APPENDIX D: STAKEHOLDERS’ PERSPECTIVES ON RENT CONTROL .....</b>	<b>24</b>
<b>APPENDIX E: JURISDICTIONAL SCAN, RENT CONTROL ACROSS CANADA .....</b>	<b>26</b>
<b>APPENDIX F: JURISDICTIONAL SCAN, OREGON .....</b>	<b>41</b>

# SUMMARY OF THE CURRENT MARKET AND RENT CONTROL LANDSCAPE IN NOVA SCOTIA AND CANADA

## **Topic:**

An examination of rent control policies or strategies that are currently in place across Canada and Oregon.

## **Issue:**

The term *rent control* is defined as a government program that regulates the amount charged for residential dwellings made available through rental agreements. The goal of rent control policies and strategies are to ensure that the cost of housing remains affordable for all citizens, including low- and moderate-income households.

Jurisdictions across Canada work to provide rental housing in the midst of low vacancy rates, stagnant wages, international and interprovincial migration, an aging population living on fixed incomes, and the growth of short-term rental services. The country is also facing a recession caused by the economic impact of the COVID-19 health crisis, which puts additional strain on household budgets. In circumstances such as these, governments may consider rent control policies, alternatives to legislated rent control, or strategies to regulate the market.

Regardless of the economic, social, and political factors that impact rental markets, the topic of rent control is controversial. While it can protect tenants from unsustainable rent increases and stabilize neighborhoods, it can also detour developers from building rental properties, lead to poor quality housing, or place landlords in tight financial positions.

As Nova Scotia emerges from the COVID-19 health crisis and the eviction moratorium is lifted, the Residential Tenancies Office at Service Nova Scotia and Internal Services (SNS-IS) anticipates questions regarding possible rent control strategies.

## **Background:**

### **Rent Control Legislation in Nova Scotia**

In the 1970s, oil prices quadrupled and had extreme economic impacts. The inflation rate in Canada doubled and mandatory wage and price guidelines were introduced by the Federal Government. As part of the strategy, all provinces established rent review schemes.

In Nova Scotia, the *Rent Review Act* governed rent increases. It functioned in the following ways:

- Cabinet set the percentage guideline that was based on a report provided by a national accounting firm provided a range for the guideline.
- Rents could increase once within a 12-month period. Tenants had 3 months of notice and landlords filed a copy of the notice with the Department of Consumer Affairs (DCA).
- Rent increases that exceeded the percentage guideline were subject to review by the DCA.

In 1993, the Liberal government passed an [order in council](#) that exempted all classes of residential premises from the *Rent Review Act*. The province argued the exemption would save \$500,000 a year, which would be reallocated toward programs to help the working poor. The vacancy rate of 7.1% on the peninsula and 12% in Dartmouth was determined a means to keep landlords from raising rents.

Stakeholders and political parties such as ACORN and the New Democratic Party (NDP) have called on the government to introduce rent control. [In the report](#) “State of Renters During COVID-19”, ACORN asked the government to “mandate full rent control, including vacancy control, immediately and to

continue after COVID-19.” In 2018, the NDP also introduced legislation entitled “[Rental Fairness and Affordability Act](#)” which aimed to restrict rent increases to 0.8% in the first year. [The legislation](#) would have allowed for landlords to apply for increases over the guideline if there were extraordinary increases in municipal taxes, cost of utilities or investments made to the property.

At the present time, rental rates in Nova Scotia continue to be set by market conditions.

For more information about rent control legislation in Nova Scotia, please see [Appendix A](#).

### **Current Rental Market in Nova Scotia**

The vacancy rate in Nova Scotia is at a historic low. The [Canadian Mortgage and Housing Corporation](#) reports that the vacancy rate hit 1% in 2019, versus 1.6% in 2018. Data from SNS-IS indicates that in Halifax, the vacancy rate dropped to 0.9% in 2019.

During the same period, the average rent increase reflects the demands placed on the market by a low vacancy rate. In 2018, rent costs increased by 1.9% across the province. The following year, it jumped by 3.6% across the province and 3.7% in Halifax. The rent increase surpassed the Consumer Price Index increase for this period (1.6% in Nova Scotia; 1.5% in Halifax).

A number of factors are influencing the rental market in Nova Scotia, and it is expected that they will continue to shape the market over the next five years. They include the following variables:

- **Market Supply.** New apartment supply is not coming onto the market fast enough to offset increased demand.
- **Household Income.** Approximately 20% of households spend over 50% of their income on rent and utilities, an amount that is unsustainable long-term.
- **Employment Rates.** Job growth and a declining unemployment rate diminish interprovincial outflows and retain international migrants in the province.
- **Immigration.** Nova Scotia’s population increased by 1% due to international immigration.
- **Interprovincial Migration.** The province has seen net interprovincial migration growth for three consecutive years.
- **Aging Population.** The number of renters aged 55 and over in Nova Scotia increased by 16% between the 2011 and 2016 census. It is likely that demand from this downsizing market will remain strong as homes continue to sell quickly, enabling individuals to make the move into rental accommodations.
- **Renovictions.** Affordable housing stock is being renovated and advertised at market rates. Many tenants are evicted during the renovation process or not provided with the right of first refusal.
- **Short-Term Rentals.** Services such as AirBnB rentals have reduced housing stock available to long-term tenants, which can also drive up the cost of rent in a competitive market.

The Department of Municipal Affairs and Housing is conducting a study to measure the impact of short-term rentals on the rental market. Currently, there is little data available and most working knowledge of the short-term rental market is based on anecdotal information.

For more information about the rental market in Nova Scotia, please see [Appendix B](#).

### **Impacts of the COVID-19 Pandemic on the Rental Market**

The pandemic has put additional pressure on tenants and increased calls for rent control. In April 2020, ACORN conducted [a survey](#) and found that almost 35% of renters did not have the funds to cover the cost of rent on May 1, 2020, and another 20% were “extremely worried” about their ability to pay rent.

[In the same report](#), ACORN called on the provincial government to mandate rent control after COVID-19. Similarly, the NDP and ACORN issued a [joint statement](#), requesting that the government freeze all rental increases during the state of emergency.

Despite the requests for rent control policies, there is still a great deal of uncertainty regarding the full impact of the pandemic on the rental market. A number of factors may contribute to a higher vacancy rates over the coming 12 months. They include the following variables:

- **Border Closures.** Immigration has slowed, affecting the rental industry in urban centers. However, the Canadian Government predicts a spike in the number of permanent and temporary residents once restrictions are lifted.
- **University Campus Closures.** Many post-secondary institutions closed campuses in the spring and students returned to family homes. Universities in Nova Scotia have announced that classes will be online during the Fall 2020 semester and students may not require rental housing during the upcoming academic year.
- **Unemployment.** Many businesses permanently closed during the first wave of COVID-19 and it is unclear how a second wave may affect the economy. If employment is sparse, there may be a reduced demand for rental units.
- **Tourism Industry.** The closure of borders impacts the tourism industry across the province. As the demand for AirBnBs declines, landlords may convert short-term rentals into long-term rentals to receive a return on investment. This would increase market supply.

As mentioned above, The Department of Municipal Affairs and Housing is working on an evidence-based study to measure the impact of short-term rentals on the rental market in the province.

For more information about COVID-19 and the rental market in Nova Scotia, please see [Appendix C](#).

### **Perspectives of Stakeholders in Nova Scotia:**

#### **Advocates for Rent Control**

- Provides tenants with security by protecting them from an unwarranted increase in monthly rent.
- A lack of regulation puts significant pressure on the rental market and creates a more vulnerable low-income population.
- Advocates argue that there is no evidence to suggest that rent control causes lower quality housing stock or affects vacancy rates. Most agree that rent regulations should not interfere with a landlord’s claim to an adequate rate of return on investment.
- Stabilizes neighborhoods because renters stay in one location over a longer period of time.
- Prevents displacement of vulnerable individuals.

#### **Advocates against Rent Control**

- Property owners and economists argue that rent control creates poor quality housing, leads to housing shortages, and does little to reduce poverty.
- Below-inflation rent controls make it difficult for landlords to make necessary investments in repairs, renovations, and maintenance.
- Limits on allowable rent increases create a disincentive to produce new rental housing stock by creating large opportunity costs for builders and developers. Developers have much greater opportunity to maximize returns on their investment in properties that generate revenue based on market pricing (e.g. sales of single-family homes and condominiums).
- While branded as a poverty reduction tool, some say rent control fails to address the needs of low-income tenants. The beneficiaries are affluent households who hoard rent-controlled units and prevent lower-income and more vulnerable tenants from accessing lower-rent housing.

For more information about stakeholders in Nova Scotia, please see [Appendix D](#).

### Current Requirement:

There are no rent control policies in Nova Scotia. Rental rates are set in accordance with market conditions. The *Residential Tenancies Act* does not restrict the amount by which landlords may increase rental amounts, but it does specify that landlords may only give tenants one rental increase in a 12-month period. Tenants must be advised of rental increases 4 months in advance.

### Jurisdictional Research Summary:

Across Canada, rent control is a controversial issue and governments structure their approaches based on a preference towards an open or regulated rental market. Regardless of the approach, all decisions are an attempt to balance the same underlying conditions: affordable housing and needs of the economy.

Province/Territory	Rent Control	Details
BC	Yes	<ul style="list-style-type: none"> <li>• Maximum increase: 12-month average % change in CPI for British Columbia</li> <li>• Rent increases occur one in a 12-month period</li> <li>• Tenant receives 3 months' notice of the rent increase</li> <li>• Tenant does not have to pay an increase that is higher than the amount allowed by law</li> <li>• Rent increase rests with the tenant</li> </ul>
AB	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases occur once in a 12-month period</li> <li>• Tenant receives 3 months' notice of the rent increase</li> <li>• Tenant does not have to pay the increase if proper notification was not provided</li> </ul>
SK	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases occur once every 12 months if landlord is not a member of SKLA and once every 6 months if landlord is a member of SKLA</li> <li>• Tenant receives 2 months' notice of the rent increase</li> <li>• Increase does not take effect until the tenant has received proper notice</li> </ul>
MB	Yes	<ul style="list-style-type: none"> <li>• Maximum increase: Based on % change in the CPI for Manitoba</li> <li>• Exemptions: If rent is over \$1,545, the unit/property is exempt from rent control policies</li> <li>• Properties with 3 units and less are exempt from rent control policies</li> <li>• Landlord can apply for guideline increase</li> <li>• Rent increase rests with the tenant</li> </ul>
ON	Yes	<ul style="list-style-type: none"> <li>• Maximum increase: Based on % change in the CPI for Ontario</li> <li>• Exemptions: New residences built after November 2018 are exempt</li> <li>• Rent increase rests with tenant</li> <li>• Rent increases occur once in a 12-month period</li> <li>• Tenants receive 3 months' notice of rent increase</li> <li>• Landlords can apply for guideline increase</li> </ul>
QE	No	<ul style="list-style-type: none"> <li>• No limit on the rent increase landlords may request</li> <li>• The government provides a calculation tool that the landlord may use to enter data pertaining to the building and submits results to the tenant</li> <li>• The landlord and tenant agree on the rent increase amount</li> <li>• If tenant and landlord cannot agree on a rent increase, the Tenancy Board will set rent</li> </ul>

NB	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Landlords may increase rent at any time during the tenancy with proper notice (2 months for week to week/month to month tenancy; 3 months for year to year/fixed term tenancy)</li> </ul>
NS	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases occur one in a 12-month period</li> <li>• Tenants receive 4 months' notice of rent increase (yearly lease); Notice of rent increase is set in the lease agreement (fixed term lease)</li> </ul>
NF	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases occur one in a 12-month period</li> <li>• Tenants receive 2 months' notice for week to week tenancies and 6 months' notice for month to month or fixed term tenancies</li> </ul>
PE	Yes	<ul style="list-style-type: none"> <li>• CPI is a strong factor in allowable increase, but other factors considered</li> <li>• Allowable rent increases are set by the Island Regulatory and Appeals Commission</li> <li>• Rent increases occur once in a 12-month period</li> <li>• Tenants receive 3 months' notice of rent increase</li> <li>• Landlords can apply for guideline increase</li> <li>• Rental rate rests with unit, does not reset with new tenant</li> </ul>
NU	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases occur one in a 12-month period</li> <li>• Tenant receives 3 months' notice of the rent increase</li> </ul>
NW	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases occur one in a 12-month period</li> <li>• Tenant receives 3 months' notice of the rent increase</li> </ul>
YU	No	<ul style="list-style-type: none"> <li>• Rent increases are not regulated</li> <li>• Rent increases are not permitted during the first year of tenancy</li> <li>• Tenant receives 3 months' notice of the rent increase</li> </ul>

### ***Regulated Rental Markets***

Today, four out of ten provinces (British Columbia, Manitoba, Ontario, and Prince Edward Island) have regulated the rental market through legislation that establishes rent control. These policies have been established to support low- and moderate-income households in the midst of a housing crisis due to low vacancy rates and increases in the cost of living.

The abovementioned provinces have established formulas for rent guideline increases that are based on the Consumer Price Index (CPI). Rent increases are tied to the tenant in three out of four provinces (British Columbia, Manitoba, and Ontario), meaning that landlords can increase rent to any amount once a tenant vacates the property. Prince Edward Island is the exception; rental rates are tied to the property, not the tenant.

In Manitoba, any property that has a rental value of over \$1,545 is exempt from rent control regulations. Similarly, in Ontario, any property that was built after November 2018 is exempt. In all four provinces, landlords may apply for rent increases that are above the guideline to recover the cost of maintenance, renovations, property taxes, utilities, and so on.

In all four provinces, landlords are only permitted to increase rent once in a 12-month period. They are also required to provide a minimum of 3 months' notice to tenants prior to the effective date of the rent increase.

### ***Open Rental Markets***

Six out of ten provinces (Alberta, Saskatchewan, Quebec, New Brunswick, Nova Scotia, and Newfoundland) and all three territories (Nunavut, Northwest Territories, and Yukon) have no form of rent review. Landlords set the cost of rent based on market supply and demand, costs of maintenance, and return on investment. Many allow for free negotiation between landlords and tenants regarding rent increases. However, rent arbitration is available to settle disputes.

Despite the fact that rent increases are unregulated, provinces have legislation in place to protect tenants and provide fair notice. For example, landlords are only permitted to increase rent once in a 12-month period and must provide tenants with notice.

Regardless of provinces' stance on regulated or open rental markets, all provide support to low income or vulnerable tenants. For example, Alberta created the Community Housing Program, which provides subsidized rental housing to low-income families, seniors, and individuals who cannot afford other housing options. Through the program, a tenant's rent is based on 30% of the household's total income. Local housing providers are assigned the responsibility of program management and tenant selection.

For more information about rent control policies and strategies in Canada, please see [Appendix E](#).

### ***Discussions with Policy Analysts and Residential Tenancies Units Across Canada***

SNS-IS reached out to managers and policy analysts working in Residential Tenancies departments based in all ten provinces and three territories. The findings supported what was previously reported in this paper: decisions are largely based on the provincial government's preference towards open or regulated rental markets. In all jurisdictions, approaches attempt to balance the needs of tenants, landlords, and developers, along with rental market conditions.

When asked about innovative approaches or alternative strategies to rent control policies, jurisdictions did not have information available. However, when comparing the results, SNS-IS did notice several programs that were unique. For example, British Columbia, Ontario, and Manitoba provide rental assistance directly to the tenant as opposed to the landlord. This provides tenants with greater autonomy over their household budgets and may provide greater housing options, as landlords do not have to opt into the program.

The discussions also revealed that most programs providing housing benefits, access to affordable housing, or financial aid are administered by municipalities or provincial departments that work specifically with housing and social services. These would be the equivalent of the Department of Community Services and the Department of Municipal Affairs and Housing in Nova Scotia.

### **Conclusions**

Decisions regarding affordable housing are complex and rely on a balance between social and economic needs in a jurisdiction. There is not one solution that perfectly addresses the factors contributing to a national housing crisis and the needs of the economy.

The current landscape is further complicated by uncertainty regarding the outcomes of the COVID-19 pandemic. The short-term and long-term economic impacts are unknown. The rental market may bounce back quickly as borders reopen, students return to post-secondary institutions, and professionals regain employment and lost income. However, if the current restrictions continue, vacancy rates are expected to increase, short-term rentals will become less lucrative and likely converted to long-term rentals, and international and interprovincial migration rates may drop significantly.

## RENT CONTROL AND POLICY ALTERNATIVES

### Policy 1: Portable Housing Benefits

In many provinces, rent subsidies are provided to the landlord and/or unit, not the tenant. For example, Housing Nova Scotia enters directly into an agreement with a property owner to subsidize a portion of the rent for low-income families and individuals in the private rental market.

#### **British Columbia**

The province created an innovative option to rental subsidies by providing rental assistance directly to the tenant. BC Housing's Rental Assistance Program provides eligible low-income, working families with cash assistance to help with their monthly rent payments.

Those who receive income assistance already receive a subsidy portion for housing. This program is directed towards low-income families and individuals who do not receive income assistance and pay more than 30% of their household income towards rent. The Rental Assistance Program reimburses a percentage of the difference between 30% of the gross household income and rent, subject to maximum rent ceilings.

\* This program is administered by BC Housing, not by Residential Tenancies staff.

#### **Ontario**

The province created a program called the Canada-Ontario Housing Benefit (COHB), which is a funding program that provides eligible households with a Portable Housing Benefit (PHB) to assist with rental costs. This benefit is paid directly to the household and is fully portable.

The COHB-PHB pays the difference between 30% of the household's income and average market rent in the area. For recipients of social assistance, the COHB-PHB will pay the difference between the shelter allowance and the household's rent and utilities costs.

Unlike the program in British Columbia, applicants must be on or be eligible for the Centralized Waiting List for social housing.

\* This program is administered by municipalities in Ontario, not by Residential Tenancies staff.

#### **Manitoba**

The Rent Assist program provides financial benefit for renters who receive Employment and Income Assistance, as well as for low-income private renters. Like the programs mentioned above, Rent Assist makes rent affordable by paying the tenant a benefit based on their income and the cost of rent in the market for their family size. The program was designed to enable tenants to take greater control of their finances and was intended to support transitions away from welfare.

Rent Assist benefits are paid monthly. Once a year, Rent Assist eligibility will be reassessed based on the income reported on tax returns.

\* This program is administered by the Department of Families, not by Residential Tenancies staff.

#### **Nova Scotia**

Housing Nova Scotia is working on a similar portable benefit initiative as part of the bilateral agreement under the 2017 National Housing Strategy. While details and roll-out of the program are not yet confirmed, it is worth noting that Housing NS created a pilot of the program last year. The Portable Housing Benefit Pilot was a direct-to-tenant housing subsidy program that ran for one year and assisted low-income tenants with housing costs. The purpose of the pilot was to design, implement and evaluate a direct-to-tenant housing benefit, observing both the successes and challenges. The pilot's Evaluation Report found that the portable benefit did not create additional pressure on the rental housing market, but that those who received the benefit used it to stay in their current accommodation.

## **Pros and Cons of Portable Housing Benefits**

### **Pros**

- Issuing subsidies directly to landlords can result in shortages of affordable housing; many landlords are not willing to enter into subsidy agreements.
- Rental assistance given directly to tenants provides access to better quality housing.
- Provides direct financial assistance to tenants and promotes autonomy.
  - Portable housing benefits can help households pay their rent without having to dip into their budget for other basic needs such as groceries or medicine.
- Eases pressure on affordable housing units, as tenants have greater housing options.
- Useful for individuals or households that need emergency assistance to pay for their housing.
  - People leaving domestic violence or people experiencing short-term income loss can take advantage of a benefit that is not tied to a specific rental unit.
- Contributes to reduced poverty rates. Individuals are better able to meet basic needs and report better mental health, greater family stability, and higher levels of social engagement.
- The threat of homelessness decreases.

### **Cons**

- Potential for misuse of funds.
- In cities with low vacancy rates, the hope of greater housing options can prove false for low-income households.
- Tenants who move from social housing benefits to portable housing benefits are at a higher risk of homelessness; the threat of losing housing in the private rental market is greater than losing rent-g geared-to-income units (i.e., social housing units).
- The risk of losing portable housing benefits is higher because they could be reduced with a change in government policy.
  - “Bricks and mortar” social housing creates a permanent structure that provides greater stability for tenants.
- Removing tenants from social housing waiting list when they accept a portable housing benefit will further decrease housing stability.
  - Note: This scenario did not occur in Nova Scotia's Portable Housing Benefit Pilot.
- Housing allowances do not address the problem of inadequate supply.
  - Housing benefits need to be implemented as part of a comprehensive housing strategy, which includes the creation of new affordable rental housing.

### **Additional Sources:**

- [Rental Assistance Program](#)
- [Assisting Renters: Manitoba's Rent Assist in the Context of Canada's National Housing Strategy](#)

## Policy 2: Rental Housing Construction Tax Credit

### Manitoba

In addition to Manitoba's rent control legislation, the government introduced a Rental Housing Construction (RHC) Tax Credit\* to stimulate construction of rental housing and increase the quantity of new affordable rental housing units. Essentially, it was a financial incentive offered to private and non-profit housing developers (including non-profit co-operatives) to address the persistent shortage of rental housing in Manitoba communities.

Landlords who constructed new rental housing were eligible and could offset a proportion of their capital investment through a tax credit equal to 8% of the capital cost of new rental housing construction. To receive the tax credit, a minimum of 10% of units constructed must have had affordable rents.

An important component of the tax credit was that it required landlords to report on their affordable units annually for five years and at least 10% of the units in an eligible project must be affordable housing. This means that the rents charged are at or below the Affordable Housing Rental Program Rents for the current year and the tenants meet the Program Income Limits.

\* In January 1, 2019, the Rental Housing Construction Tax credit was eliminated. The program was administered by Manitoba Housing and Community Development, not their Residential Tenancies office.

### Ontario

In Toronto's [2020-2030 Housing Action Plan](#), it states that the city has implemented requirements through 'inclusionary zoning' that a certain percentage of the development be provided as affordable housing as a condition of development. There are also opportunities on these sites to create further affordable housing through the provision of federal and provincial dedicated funding and financing mechanisms.

Similarly, Toronto's *Open Door Program* offers a range of benefits to developers who create affordable housing. These benefits include fee exemptions, property tax relief and capital grants. Private and non-profit organizations that are planning to build and operate quality rental housing or are looking to include affordable rental housing in their current development are encouraged to apply to the program. New construction and acquisition and rehabilitation of existing residential buildings are eligible.

### Nova Scotia

In addition to subsidized housing administered by Housing Nova Scotia (HNS), there are several programs available in the private and not-for-profit sectors. Through the New Rental Housing Program and the Rental Housing Preservation Program, HNS provides capital contributions for new construction and preservation of affordable rental housing.

The New Rental Housing program is for developers who are interested in building new affordable rental units in areas where the population is growing or there is a shortage of housing. It provides up to \$50,000 per unit in up-front capital funding. In some cases, a rent subsidy can also be provided for a period of ten years. Projects may involve new construction or the conversion of non-residential properties into affordable rental housing.

HNS also administers the Rental Housing Preservation program. It is designed to rehabilitate existing affordable housing in areas where there is a need and where this housing that might otherwise be lost to the rental marketplace. It provides up to \$25,000 per unit in up-front capital funding and up to \$25,000 per unit in rent supplement funding over 10 years.

## Pros and Cons of Rental Housing Construction Tax Credits

### Pros

- Stimulates construction of new affordable rental housing units.
- Provides incentive for developers to continue to build despite rent controls.
  - New developments may already exempt from rent control under provincial regulations.

### Cons

- Programs would not be administered by Residential Tenancies, but by Housing Units.
- Rent subsidies would create additional economic burden for provinces.

### Additional Sources:

- [Manitoba Rental Housing Construction Tax Credit](#)
- [Rental Housing Construction Tax Credit](#)
- [A Guide to the Rental Housing Construction Tax Credit Program](#)
- [New Rental Housing, Housing Nova Scotia](#)
- [Rental Housing Preservation, Housing Nova Scotia](#)

## Policy 3: Rental Housing Working Groups

### **British Columbia**

In 2018, the provincial government created a Rental Housing Task Force to “advise on how to improve security and fairness for renters and rental housing providers throughout the province.” Several government MLAs, along with stakeholders and community members, were members of the group.

The Task Force identified 23 recommendations for potential new or amended legislation or regulation, and for actions that could modernize and improve the rental housing system for renters and landlords. The Government of British Columbia implemented 11 of the recommended actions. Some of these initiatives included restricting the maximum allowable rent increase and allowing landlords to apply for additional rent increases to cover maintenance and repair costs.

### **Alberta**

In 2020, the Affordable Housing Review Panel was appointed to review the province’s affordable housing system. The Panel will explore the ways to make affordable housing more accessible for low-income households. The recommendations will be used to transform Alberta’s affordable housing system so that it is financially sustainable and addresses growing demand.

### **Nova Scotia**

Labour and Advance Education (LAE) created a working group model that promotes horizontal and vertical collaboration between government departments and external stakeholders. The Department of Municipal Affairs and Housing suggested that the structure would be suited to affordable housing and rent control concerns.

LAE work groups are co-chaired by a high profile membership of the occupation together with the Consultant International Labour Mobility. Each group meets quarterly and stakeholders include regulatory authorities, professional associations, educational institutions, NGOs, employers, unions, and government departments. Membership is voluntary and typically long-term. As the group matures and trust increases, a collective vision develops and the resulting synergy leads to partnership initiatives and creative collaboration. Essentially, the structure of the working groups promotes a sustainable and collaborative approach to making systemic change.

## **Pros and Cons of a Rental Housing Working Group**

### **Pros**

- Collaboration among stakeholders and other organizations improves government transparency.
- Potential for new, innovative ideas on rent control and tenancy laws.

### **Cons**

- Potential for criticism if all/some recommendations are not implemented.
- Working groups have life cycles because they are formed to review specific issues.
- Membership can also turnover after elections or when MLAs leave office.
- Rent control could become the primary focus of discussion.

### **Additional Sources**

- [News Release – Maximum Rent Increases set at 2.6% for 2020](#)
- [Rental Housing Review Recommendations and Findings](#)
- [Affordable Housing Review Panel \(AB\)](#)
- [International Qualification Recognition – Multi-Stakeholder Work Group \(LAE\)](#)

## Policy 4: Rent Control - High Rental Increase Cap

High rental increase caps attempt to balance the needs of tenants and the free market. They set limits on the rent hike that tenants are faced with on an annual basis but provide flexibility that allow landlords and developers to cover the cost of property maintenance or receive a return on investment in property development.

In Oregon, there are rent regulations at the State level, but the cap is set high enough that it does not restrict landlords from raising rents up to 7% plus inflation during any given 12-month period. Rent increases are capped at 9.9% through 2020. The rent cap doesn't apply to buildings that are less than 15 years old, nor to government-subsidized rents.

In other rent-regulated jurisdictions in Canada, such as Ontario and Manitoba, new buildings and buildings with new renovations are exempt from rent regulations.

### Pros and Cons of High Rental Increase Caps

#### Pros

- Lawmakers stated that high rental increase caps can avert large rent hikes that function as de facto evictions.
  - The high rent cap does not affect landlords who increase their rents at reasonable rates, but it does limit those that attempt to evict tenants by raising their rents more than double.

#### Cons

- The law does not protect tenants who experience rental increases under 7% plus inflation.
- Some have argued that high rent caps are not effective in areas such as Oregon, where rent costs are increasing at a slower rate than what is permitted under the cap. Typical rents across Oregon are rising at a far slower rate than what's allowed under the cap.

#### Additional Sources:

- [Most Oregon rent increases capped at 9.9% in 2020](#)
- [No relief for most Oregon tenants under rent control law, Portland State economist says](#)

## Policy 5: Rent Control - Rent Increases are Tied to the Tenant

Four out of ten provinces (British Columbia, Manitoba, Ontario, and Prince Edward Island) have regulated the rental market through legislation that establishes rent control. These policies have been established to support low- and moderate-income households in a tight rental market impacted by low vacancy rates and increases in the cost of living.

Rent increases are tied to the tenant in three out of four provinces (British Columbia, Manitoba, and Ontario), meaning that landlords can increase rent to any amount once a tenant vacates the property. However, long-term tenants who live at a rental property over the course of several years pay rental increase that are based on the Consumer Price Index (CPI). This allows the tenant to maintain a relatively stable budget while living in the same rental unit over a long period of time.

\*\*Real Rent Control BC, a collaboration between the Vancouver Tenants Union and Raise the Rates BC, is pushing for vacancy control in British Columbia. This is a form of rent control that means landlords are not permitted to raise rent when tenants move out or are evicted. Essentially, it ties rent increases to the unit, not the tenant.

### Pros and Cons of a Rent Increases Tied to the Tenant

#### Pros

- Provides greater financial stability to tenants who remain in the same unit for several years.
- Allows tenants to remain in neighborhoods where market value is driven up by demand.
- Provides stability to a community, as they are less transient.

#### Cons

- Landlords may rent units for a price below market value, particularly when tenants remain in units for long periods of time.
- Landlords may be less able or inclined to maintain units due to lower return on investment.
- Developers may be more inclined to build condominiums instead of apartments due to higher return on investment.
- Long-term rentals may be converted to short-term rentals so that landlords can have a higher return on investment.

#### Additional Sources:

- [Real Rent Control BC](#)

## Policy 6: Rent Control - Vacancy Control and Rental Registry Databases

Rent increases are tied to the tenant in three out of four provinces that have rent control policies in place (British Columbia, Manitoba, and Ontario), meaning that landlords can increase rent to any amount once a tenant vacates the property. Prince Edward Island is the exception; rental rates are tied to the property, not the tenant. This means that the cost of rent for a unit can only increase by the established rent guideline, regardless of whether the tenant moves out of the unit.

### Establishing a Rental Registry Database

Advocates in Prince Edward Island would like the province to establish a public rental registry database that lists each rental unit in the province, along with the cost of rent for the unit. This would provide the province with a means to regulate rent increases and ensure that they do not exceed established guidelines, particularly in situation where new tenants move into a rental unit.

In some cases, landlords increase the price of listings above the allowable rent increase set by Island Regulatory and Appeals Commission (IRAC) when long-term tenants move out and the vacant unit is advertised. The rental registry would allow new tenants to reference the amount paid by the previous tenant and ensure the listed price of the unit falls within the IRAC guidelines.

### Pros and Cons of Vacancy Control

#### Pros

- Provides greater affordable housing options to tenants who are new to the rental market or move to meet changing housing needs.
- Provides developers and landlords with a clearer picture of return on investment when affordable housing units are in the planning phases.
- Promotes a transparent rental market, as it is simple to determine if rent increases are in line with established guidelines.

#### Cons

- It may be costly for the government to build and maintain a registry of all rental units.
  - Example: In 1993, it cost \$500,000 in NS to run a similar program.
- There may be privacy concerns associated with a public rent registry.
- Landlords may rent units for a price below market value.
- Developers may be more inclined to build condominiums instead of apartments due to higher return on investment.
- Long-term rentals may be converted to short-term rentals so that landlords can have a higher return on investment.

#### Additional Sources:

- [Lack of Affordable, Accessible Housing a 'Crisis' Says Advocate](#)
- [Tenancy Law Changes in P.E.I. could Offer Relief for Renters](#)

## Policy 7: COVID-19 Rent Relief Initiatives

Some provinces have developed innovative solutions to protect tenants during the pandemic. Moreover, advocacy groups in Nova Scotia have called on the provincial government to support renters through several programs.

Although the following strategies were put together and suggested to address the immediate COVID-19 rental situation, they fall under the scope of this rent control review project.

### COVID-19 Short-Term Rent Relief Requests from Nova Scotians

#### Extend Moratorium on Evictions

Dalhousie Legal Aid Service released a plan that calls on the province to take immediate steps to prevent “COVID-19 related forced evictions into homelessness.” The plan urges the government to extend the COVID-19 related eviction ban. It says the moratorium should remain in place for the duration of the public health emergency and should be accompanied by policies that direct landlords to enter into reasonable repayment agreements with tenants whose income has been affected by COVID-19.

#### Rental Repayment Plan

As part of Dalhousie Legal Aid’s Eviction Prevention Plan, the group suggests that the government commit to regulatory oversight on rental repayment plans. It proposes the province amend the Residential Tenancies Regulations to include a section directing landlords not to refuse a reasonable rental arrears repayment schedule with tenants whose income is affected by COVID-19.

### Pros and Cons of COVID-19 Related Measures

#### Pros

- Extension on moratorium, rent relief subsidy, and repayment agreements would provide immediate help for tenants facing evictions.

#### Cons

- Any tenant relief in the form of an extension on the moratorium or repayment agreements would create additional financial pressure for landlords.
- Regulatory oversight would require regulatory change.
- Rent subsidies would create additional economic burden for the Province.

#### Additional Sources:

- [Dalhousie Legal Aid Eviction Prevention Plan](#)
- [Residential eviction ban ends in NS, concerns loom for tenants, landlords](#)

### COVID-19 Short-Term Rent Relief Measures in Place Across Canada

Province	Short-Term Rent Relief Measures Outside of Eviction Moratoriums
BC	A rent supplement will provide up to \$500 per month, paid directly to landlords. The relief program has been extended for July and August.
AB	A ministerial order prevented landlords from charging a fee or penalty to tenants for missed rent payments. Landlords are not permitted to charge the fee or penalty retroactively.

	Tenants and landlords must work together to develop a payment plan, or make reasonable attempts to do, where tenants are struggling to pay rent and/or utilities. This policy remains in effect until the end of August.
SK	Tenants who are unable to pay their rent during the state of emergency will be expected to pay their rent in full once the state of emergency is over. Landlords and tenants communicate with each other about individual situations so they can come to mutually agreeable solutions.
MB	Not at this time.
ON	Not at this time.
QC	Tenants whose incomes are reduced due to COVID-19 can ask for an interest-free loan up to \$1,500 per unit. The loan is repayable by August 1, 2021, without interest. Households who plan to move into their main residence but have been delayed because of COVID-19 will receive up to \$2,000 per month for a maximum of two months. This covers the costs of temporary accommodation and expenses related to the moving, transportation, and storage of their movable property.
NB	Not at this time.
NS	Not at this time.
PE	The Government of PEI created a rent relief package valued at \$1,000,000.00 for tenants unable to pay rent. Eligible tenants could receive \$1,000 over three months, paid directly to the landlord.
NL	Not at this time.
YK	The Rent Assist Program is a grant to landlords on behalf of tenants in the private rental market who have lost 30% or more of their income due to COVID-19. Applications are accepted through late July.
NT	Not at this time.
NU	Not at this time.

## APPENDIX A: HISTORY OF RENT CONTROL IN NOVA SCOTIA

The *Rent Review Act* became law in 1975 and all rental increases were governed under the provisions of the Act. It came into effect because of the state of the economy in the 1970s. At that time, oil prices quadrupled and had extreme economic impacts on industrialized nations. Canada faced double inflation numbers and necessitated the introduction of mandatory wage and price guidelines by the Federal Government, which included a request that all provinces establish rent review schemes.

The percentage guideline amount in Nova Scotia was set by Cabinet. It was not formula based, but the annual standard allowable percentage increase was set based on a report the Department of Consumer Affairs received from a national accounting firm setting out a possible range for the guideline.

Landlords could increase rent once within any 12-month period by the guideline amount by simply giving tenants three months notice and filing a copy of said notice with the Department of Consumer Affairs two months prior to the effective date of the increase.

Rent increases in excess of the standard allowable percentage were deemed to be an application and subject to the decision rendering process. For instance, landlords filed applications to cover actual or potential out of pocket costs to maintain or repair a property.

Historically, Nova Scotia was the only province with rent control legislation (out of MB, ON, NS, PEI) to consider the rate of return on landlord's investment, the objective being to maintain the existing rate of return on the owner's equity in a building. Rent was based on the market value of the owner's equity. In the absence of other evidence, this was calculated by inflating last year's market value by 5% and deducting outstanding mortgage principle or other encumbrances. The required rent was then determined by adding on the interest payments and operating costs; the permitted rent increase was the greater of the amount required to yield the requested rent or the guideline increase.

In 1993, the newly elected Liberal government passed an [order in council](#) that exempted all classes of residential premises from the *Rent Review Act*. The province argued the exemption would save \$500,000 a year, which would be reallocated toward programs to help the working poor. The high vacancy rate of 7.1% on the peninsula and 12% in Dartmouth was determined to be an appropriate means to keep landlords from raising rents.

In 2018, the NDP introduced legislation entitled "Rental Fairness and Affordability Act" which aimed to restrict rent increases to 0.8 percent in the first year. The legislation would have allowed for landlords to apply for increases over the guideline if there were extraordinary increases in municipal taxes, cost of utilities or investments made to the property.

At the present time, rental rates in Nova Scotia continue to be set by market conditions.

## APPENDIX B: RESIDENTIAL TENANCY LANDSCAPE IN NOVA SCOTIA

A [rental market report](#) released by the Canadian Mortgage and Housing Corporation stated that the vacancy rate in Nova Scotia declined to an average of 2.0% in 2018. In Halifax, it dropped to a historic low of 1.6%. More notable, it fell to 2.7% in 2018 from a high of 8.3% the year before. Although the supply on the rental market continues to increase, demand from population growth and downsizing caused the vacancy rate to fall to a historic low.

Below are the average rent increases across the province over the past decade:

Year	% Rental Increase		Vacancy Rate		CPI	
	Nova Scotia	Halifax	Nova Scotia	Halifax	Nova Scotia	Halifax
2010	3.0%	2.9%	3.2%	2.9%	2.2%	2.0%
2011	1.7%	1.7%	2.8%	2.6%	3.8%	3.5%
2012	2.7%	2.8%	3.7%	3.2%	2.0%	1.7%
2013	1.2%	1.2%	4.3%	3.8%	1.2%	1.1%
2014	1.7%	1.8%	4.7%	4.6%	1.7%	1.8%
2015	1.7%	1.7%	4.2%	3.9%	0.4%	0.5%
2016	1.4%	1.4%	3.1%	2.7%	1.2%	1.2%
2017	2.4%	2.6%	2.7%	2.4%	1.1%	1.1%
2018	1.9%	1.9%	2.0%	1.5%	2.2%	2.1%
2019	3.6%	3.7%	1.4%	0.9%	1.6%	1.5%
<b>10 Year Average</b>	<b>2.1%</b>	<b>2.2%</b>	<b>3.2%</b>	<b>2.9%</b>	<b>1.7%</b>	<b>1.7%</b>

All Stock - all units available for rent  
Common Stock - units available to rent in the current year and the previous year (excludes new units in the current year)

### Factors Impacting the Rental Market

#### 1. Fewer Rental Apartments are being Completed

- There are currently over 4,000 rental units under construction in Halifax, which is the highest level at any point in time. New apartment supply is not coming onto the rental market fast enough to offset increased demand.
- The proportion of newer rental units is very high in Halifax compared to other cities. This has increased the quality of rental stock, incentivized older buildings to upgrade in order to compete, and affected affordability.

#### 2. Low Vacancy Rates

- Due to tightening rental market conditions, the average two-bedroom rent was \$1,202 in 2019, a cost that is up by 3.7% versus 1.8% in 2018.
- Rents increased the most in Mainland South, Bedford and Sackville where the same sample two-bedroom average rent increased by 3.8%, 5.2% and 6.0% respectively.

#### 3. Household Rent Expenses

- 20% of [households](#) now spend more than 50% of their income on rent and utilities, an unsustainable amount.
- The waitlist for public housing is beyond capacity.

- Those who qualify for a [rent supplement](#) struggle to find housing because there are simply not enough options.

#### *4. Rise in Employment*

- A rise in [employment](#) in 2018 has been a key driver for rental demand in the province.
- Seasonally adjusted employment levels increased by 2.1% year-over-year, with the majority of growth being concentrated in full-time positions.
- Job growth and a declining unemployment rate diminish interprovincial outflows and retain international migrants in the province.

#### *5. International and Interprovincial Migration*

- In 2018, Nova Scotia's population increased by 1%, bolstered by 5,137 [immigrants](#).
- This year also represented the third consecutive year of net interprovincial migration growth into the province, a shift after recording a net interprovincial loss from 2011-2015.

#### *6. Aging Population*

- The [aging population](#) is downsizing and moving from homes to apartments or condominiums.
- The number of renters aged 55 and over in Nova Scotia increased by 16% between the 2011 and 2016 census.
- As resale market conditions throughout the majority of the province remain favorable, it is likely that demand from this downsizing market will remain strong. As homes continue to sell more quickly, individuals will move into rental accommodations.

#### *7. Renovictions and Short Term Rentals*

- Renovations mean that affordable housing stock is transformed into market-rate apartments.
- Rent control may deter landlords from investing in costly renovations.
- Improvements to Halifax Transit over recent years have given students more access to housing across the municipality.
- Renovations, new condos, and AirBnB rentals have caused increased rent and a demographic shift away from students towards new professionals.

## APPENDIX C: RENT CONTROL IN A POST-COVID-19 MARKET

A number of factors contribute to low vacancy rates in Canada, including high immigration, large student populations, employment opportunity, and the conversion of long-term rentals to short-term rentals like AirBnBs. Indeed, many of these elements have been affected by COVID-19. This, in turn, could create a different landscape in the post-COVID-19 rental market.

**Immigration.** With the closure of borders, immigration has slowed. This has undoubtedly affected the rental industry in urban centers like Toronto, Vancouver and Montreal. However, the [Canadian Government is forecasting](#) a major spike in permanent and temporary residents once restrictions have been lifted. Therefore, while the current demand may be temporarily reduced, many expect an increase in demand in rental units in the post-COVID-19 landscape.

**Student Housing.** Many universities closed this spring due to COVID-19 restrictions and students left their rentals to return to family homes. Several universities have decided to take their classes online for the fall semester, thus enabling students to take classes from their home provinces and cities. Students may no longer have the need to rent housing in their university cities and this could result in a decline in the demand for student rentals.

**Employment.** Many businesses have permanently closed and individuals remain out of work. It is unclear how a second wave of COVID-19 may affect the economy and if/when individuals will be laid off again. Although it is difficult to predict how COVID-19 and recurring waves will affect the economy, basic economic principles demonstrate that employment opportunity drives migration. Therefore, if employment is sparse, there may be reduced demand for rental units. On the other hand, if the economy recovers, there could be an increase in demand.

**Border Closures.** The closure of borders to tourists has already begun to impact the tourism industry across the country. As the demand for AirBnBs declines, many landlords may decide to convert their short-term rentals to long-term rentals in order to receive their return on investment. With more long-term rentals entering the marketplace, there could be an increase in supply for rental units.

Taken together, an increase in supply and reduction in demand could result in higher vacancy rates across the country. This could ease some of the housing pressures in cities like Halifax. However, it is difficult to determine how COVID-19 will affect the rental market and vacancy rates. It will be important to watch how a different rental landscape will influence new provincial policies, especially regarding rent regulation.

## APPENDIX D: STAKEHOLDERS' PERSPECTIVES ON RENT CONTROL

### **Advocates for Rent Control**

Proponents in favour of rent control are quite clear in their objective. The purpose of rent control is to provide tenants with greater security of tenure by protecting them from an unwarranted increase in monthly rent. Of course, there are more radical advocates that do not consider a landlord's return on investment. However, by and large, those in favour of rent regulations believe that these rent programs should not interfere with the landlord's claim to an adequate rate of return on investment, nor remove market incentives that ensure an adequate supply of rental accommodation.

Advocates in favour of rent control argue that lack of regulation puts significant pressure on the rental market and creates a more vulnerable low-income population. [In a 2008 document](#), the Canadian Centre for Policy Alternatives argued that while the Ontario government eliminated rent controls in 1998, they found that rental rates increased and options for low-income tenants were greatly reduced. As a result, the Ontario government reintroduced rent regulations in 2007.

Similarly, an examination of rent regulations in Canada, commissioned by the CMHC in 1993, concluded that "there appears to be no convincing evidence that rent regulations, as they existed in various provinces in Canada from the early 1970 through to the early 1990s, had significant effects on rents, on the construction of rental units, or on vacancy rates" (Grant, p. 10). Those in favour of rent control argue that there is no evidence to suggest that rent regulation causes lower quality housing stock or affects vacancy rates.

In Nova Scotia, there are a few organizations such as ACORN and the New Democratic Party that have called on the government to introduce rent control. [In the report](#) "State of Renters During COVID-19", ACORN asks the government to "mandate full rent control, including vacancy control, immediately and to continue after COVID-19." In 2018, the NDP also introduced legislation entitled "[Rental Fairness and Affordability Act](#)" which aimed to restrict rent increases to 0.8% in the first year. [The legislation](#) would have allowed for landlords to apply for increases over the guideline if there were extraordinary increases in municipal taxes, cost of utilities or investments made to the property.

### **Advocates against Rent Control**

Property owners and economists have been vocal about the disadvantages of rent regulation. These individuals argue that rent regulation creates poor quality housing, leads to a shortage of housing, and does not reduce poverty as intended.

The argument that rent controls create poor quality housing is supported by the idea that below-inflation rent controls make it difficult for landlords to make necessary investments in repairs and maintenance. In [Hugh Grant's analysis paper](#), he writes that the argument against stringent rent control is based on the idea that "the rent ceiling lowers the rate of return on rental units" and, as a result, "the quality of the existing rental stock deteriorates because of reduced maintenance and repair expenditures" (Grant, p. 4). In other words, landlords do not have incentive to repair or renovate a building if they do not receive their return on investment through a sufficient rental increase.

In a [similar line of argument](#), limits on allowable rent increases create a disincentive to produce new rental housing stock by creating large opportunity costs for builders and developers. Long-term profitability and returns on investment are key factors on whether a developer decides to build new units or not. [Grant writes](#), "Units are moved from the market through abandonment or conversion to owner-occupied condominiums, and new construction is discouraged. The upshot is that 'rent controls' designed to protect tenants, actually harms many, if not most, by creating a shortage of accommodation" (Grant, p.

4). [Therefore](#), in a rent regulated landscape, developers have much greater opportunity to maximize returns on their investment in properties that generate revenue based on market pricing (e.g. sales of single-family homes and condominiums).

Lastly, opponents of rent regulation may argue that while it is branded as a poverty reduction tool, it fails to address the needs of low-income tenants. In this argument, the biggest beneficiaries are more affluent households who hoard rent-controlled units and prevent lower-income and more vulnerable tenants from accessing lower-rent housing. [According to the Manhattan Institute](#), “Tenants in controlled units often see lower rents, but those who are not in controlled units experience higher costs as the available housing supply shrinks.” In other words, there are those who are protected under rent regulation and those who are not. [A study of Los Angeles](#) indicates that “after the adoption of rent control, noncontrolled rents were rising at three times the rate of controlled units – because of limits in housing supply and rent control’s basic market distortions. Even for rent-controlled units, landlords could set initial rents for vacant apartments higher than market rates to compensate for lower future earnings.” Some of the most vulnerable may, therefore, experience higher than normal rents as a result of rent control.

In the provincial context, there have been few vocal opponents against rent control. This may, in large part, be due to lack of rent regulation in Nova Scotia. However, renewed discussions on rent control would undoubtedly create concerns for local landlord and property owner associations.

## APPENDIX E: JURISDICTIONAL SCAN, RENT CONTROL ACROSS CANADA

Province/Territory	Rent Control	Details
BC	Yes	<ul style="list-style-type: none"> <li>Maximum increase: 12-month average % change in CPI for British Columbia</li> <li>Rent increases occur one in a 12-month period</li> <li>Tenant receives 3 months' notice of the rent increase</li> <li>Tenant does not have to pay an increase that is higher than the amount allowed by law</li> <li>Rent increase rests with the tenant</li> </ul>
AB	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases occur once in a 12-month period</li> <li>Tenant receives 3 months' notice of the rent increase</li> <li>Tenant does not have to pay the increase if proper notification was not provided</li> </ul>
SK	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases occur once every 12 months if landlord is not a member of SKLA and once every 6 months if landlord is a member of SKLA</li> <li>Tenant receives 2 months' notice of the rent increase</li> <li>Increase does not take effect until the tenant has received proper notice</li> </ul>
MB	Yes	<ul style="list-style-type: none"> <li>Maximum increase: Based on % change in the CPI for Manitoba</li> <li>Exemptions: If rent is over \$1,545, the unit/property is exempt from rent control policies</li> <li>Properties with 3 units and less are exempt from rent control policies</li> <li>Landlord can apply for guideline increase</li> <li>Rent increase rests with the tenant</li> </ul>
ON	Yes	<ul style="list-style-type: none"> <li>Maximum increase: Based on % change in the CPI for Ontario</li> <li>Exemptions: New residences built after November 2018 are exempt</li> <li>Rent increase rests with tenant</li> <li>Rent increases occur once in a 12-month period</li> <li>Tenants receive 3 months' notice of rent increase</li> <li>Landlords can apply for guideline increase</li> </ul>
QE	No	<ul style="list-style-type: none"> <li>No limit on the rent increase landlords may request</li> <li>The government provides a calculation tool that the landlord may use to enter data pertaining to the building and submits results to the tenant</li> <li>The landlord and tenant agree on the rent increase amount</li> <li>If tenant and landlord cannot agree on a rent increase, the Tenancy Board will set rent</li> </ul>
NB	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Landlords may increase rent at any time during the tenancy with proper notice (2 months for week to week/month to month tenancy; 3 months for year to year/fixed term tenancy)</li> </ul>
NS	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases occur one in a 12-month period</li> <li>Tenants receive 4 months' notice of rent increase (yearly lease); Notice of rent increase is set in the lease agreement (fixed term lease)</li> </ul>
NF	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases occur one in a 12-month period</li> <li>Tenants receive 2 months' notice for week to week tenancies and 6 months' notice for month to month or fixed term tenancies</li> </ul>
PE	Yes	<ul style="list-style-type: none"> <li>CPI is a strong factor in allowable increase, but other factors considered</li> <li>Allowable rent increases are set by the Island Regulatory and Appeals Commission</li> <li>Rent increases occur once in a 12-month period</li> <li>Tenants receive 3 months' notice of rent increase</li> <li>Landlords can apply for guideline increase</li> <li>Rental rate rests with unit, does not reset with new tenant</li> </ul>
NU	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases occur one in a 12-month period</li> <li>Tenant receives 3 months' notice of the rent increase</li> </ul>
NW	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases occur one in a 12-month period</li> <li>Tenant receives 3 months' notice of the rent increase</li> </ul>
YU	No	<ul style="list-style-type: none"> <li>Rent increases are not regulated</li> <li>Rent increases are not permitted during the first year of tenancy</li> <li>Tenant receives 3 months' notice of the rent increase</li> </ul>

## 1. British Columbia

### *Current Requirement*

Landlords can only increase the rent once in a 12 month period by an amount permitted by law or an additional amount approved in advance by an arbitrator – they need to use the right form and give the tenant three full months' notice of the rent increase.

A rent increase for a tenant with a fixed-term lease, who is remaining in a rental unit, is limited to the maximum annual allowable amount and can only be increased once every 12 months. Rent can no longer be increased above that amount between tenancy agreements with the same tenant.

Landlords are no longer able to apply for an additional rent increase on the basis that the rent is significantly lower than other similar rental units in the same geographic area.

The landlord may only increase the rent 12 months after the date that the existing rent was established with the existing tenants or 12 months after the date of the last legal rent increase, even if there is a new landlord or a new tenant by way of an assignment.

### Maximum Allowable Rent Increase

The maximum allowable rent increase is defined as the 12-month average percent change in the all-items Consumer Price Index for BC ending in the July that is most recently available for the calendar year for which a rent increase takes effect.

2.6% is the 2020 Allowable Rent Increase.

Landlords may not retroactively apply a rent increase. If a landlord did not issue a rent increase in the previous year or issued a rent increase that was less than the amount allowed by law, they cannot later apply a rent increase to catch up.

When a unit turns over to a new tenant, the landlord is free to set a new rent amount at the market level.

### Unlawful Rent Increase

A tenant does not have to pay an increase that is higher than the amount allowed by law. Instead, the tenant can give the landlord documents showing the allowable amount or apply for a dispute resolution asking for an order that the landlord comply with the law, as long as the increase wasn't granted through dispute resolution.

The tenant may deduct from future rent any overpayment – only if the tenant has already paid an increase higher than the legal amount. The tenant should attach a note to the rent to explain the reason for not paying the amount that the landlord had asked for.

Law: [Residential Tenancy Regulation](#) under the Residential Tenancy Act

Source: [Rent Increases, BC](#)

The British Columbia Government made changes to the Residential Tenancies Act to provide stronger protections for tenants facing renovations. [These protections](#) include:

- Providing tenants with more time to find alternate housing if their landlord ends a tenancy to demolish or renovate a unit and requires the unit to be vacant. (Was 2 months, now 4 months.)
- Providing tenants with more time to dispute a notice to end a tenancy for demolition, conversion or renovation. (Was 15 days, now 30 days.)

- Increasing the amount of compensation, a landlord must pay to a former tenant if they end a tenancy for renovation/demolition and then do not follow through on their plans. (Was 2 months' rent, now 12 month's rent.)
- Including a first right-of-refusal for tenants in multi-unit buildings who are evicted because of renovation or repair. The requirement to offer units to the original tenant will also help address improper uses of this provision by allowing the tenant to confirm that the renovations did occur.

### ***Background on Rent Control in BC***

Rent control policy in BC has become increasingly restrictive with successive governments. In the 1980's, the government allowed unlimited rent increases, with tenants only able to challenge rent increases above 15%. In the 1990's, the government continued to allow unlimited rent increase, but required the landlord to justify increases in response to all tenant challenges. In 2002, BC introduced the most stringent rent controls establishing limited on rent increases. Up until the most recent government, BC's maximum allowable rent increase was CPI + 2%. ([Source.](#))

[In 2018](#), the current BC government created a Rental Housing Task Force to “advise on how to improve security and fairness for renters and rental housing providers throughout the province.” The task force identified 23 recommendations for potential new or amended legislation or regulation, and for actions that could modernize and improve the rental housing system for renters and landlords. One recommendation that the BC Government adopted was to change the maximum allowable rent increase from CPI + 2% to CPI only. [Under the old regulations](#) (CPI + 2%), the maximum allowable rent increase for 2020 would have been 4.6 percent. With this change, the maximum allowable rent increase for 2020 is 2.6%.

The BC government also accepted the recommendation that allows landlords to apply for additional rent increases to cover maintenance and repair costs. The previous process for seeking additional rent increases only gave landlords the opportunity to recover investments for unforeseen repairs or maintenance. The Province has worked with landlord groups on a new way to help ensure important capital investments are made. Landlords will be able to apply to recover costs incurred in the previous 18 months for major capital improvements. The new system is expected to be ready for summer 2020. ([Source.](#))

A full list of the recommendations can be found in the [Rental Housing Review: Recommendations and Findings](#).

### ***Assessing the impact of Vancouver's rent regulation on the rental housing market*** ***CMHC Annual Market Report: Vancouver***

The latest [CMHC Rental Market Report for Vancouver](#) provides some insight into the current rental market situation.

The report indicates that despite record construction of new units, strong demand kept the vacancy rate at 1.1% for primary rental apartments. Despite increased purpose-built rental construction, sustained international migration to the region and high employment has led to increased rental demand.

The average apartment rent increased 4.7% over the past year, which was more than the provincially-allowable increase of 2.5%. This increase suggests that landlords, through turnover of long-term tenants, can increase rents to market levels that are higher. As a result, prospective tenants face higher rents than long-term tenants, with the average asking rent for vacant units (\$1,771) being 20.8% higher than the average rent paid for occupied units (\$1,466) in October 2019.

The number of condominium apartments in long-term rental increased by 18.9% as investor-owners increased their involvement in the long-term rental market. This result also coincides with the implementation of policies from various governments designed to encourage properties to be rented long-term as opposed to being held vacant or rented short-term. Taken together, the strong rental market and policy environment have impacted the behaviour of investors who may previously have used their units for different purposes.

### ***Analysis***

It is clear from the CMHC data that the rental market in British Columbia, and Vancouver specifically, continues to tighten. Since Vancouver is a centre for migration and employment, the increasing demand for housing has outpaced supply. Although some stakeholders argue that rent regulation has exacerbated the supply problem, it is unclear to what extent.

Landlord associations have been vocal about anti-vacancy control and have argued that further restrictions would compromise new developments. Some have advocated for new developments to be exempted from the maximum allowable increase.

BC's rent regulation largely protects long-term residents. Prospective tenants, however, face similar challenges to finding safe, affordable housing to those residents in provinces without rent control.

### ***Other Residential Tenancies Initiatives***

The BC government has taken [a number of steps](#) to support renters and landlords including:

- Enhancing the existing provincial Shelter Aid for Elderly Renters (SAFER) program and Rental Assistance Program (RAP), providing greater benefits to low-income seniors and family households renting in the private market;
- Closing the fixed-term lease loophole and eliminating the geographic rent increase clause;
- Strengthening protections for manufactured home park tenants;
- [Introducing stronger protections for tenants from renovations or demolitions](#);
- Increasing strata fines to discourage unwanted short-term rental activity;
- Providing \$6.8 million over three years to the Residential Tenancy Branch to improve services;
- Introducing rental zoning legislation to give local governments the ability to preserve and increase the overall rental supply.

**[Rental Assistance Program \(RAP\)](#)** is geared towards working families with children who pay more than 30% of gross monthly income towards market rental housing and who have a household income of \$40,000 or less.

**[Rental Housing Construction Tax Credit](#)**: is a financial incentive offered to private and non-profit housing developers (including non-profit co-operatives) to address the persistent shortage of rental housing in Manitoba communities. Landlords who construct new rental housing are eligible and can offset a proportion of their capital investment through a tax credit equal to eight percent (8%) of the capital cost of new rental housing construction. To receive the tax credit, a minimum of ten percent (10%) of units constructed must have affordable rents.

\*While rent control can discourage development, this program is designed to encourage it. These initiatives are in addition to many provincially subsidized housing programs and rent supplement programs.

[Shelter Aid for Elderly Renters \(SAFER\)](#) program assists renters aged 60 years or older who have a low to moderate income and pay more than 30% of gross monthly income towards market rental housing. The program is available to seniors with an income of less than \$30,600 in Metro Vancouver, and \$29,352 in the rest of the province.

The [Homelessness Prevention Program \(HPP\)](#) provides individuals in identified at-risk groups facing homelessness with portable rent supplements and support services to help them access rental housing in the private (non-subsidized) housing market and community-based services. Funding is distributed by BC Housing to a total of 86 Client Service Providers throughout the province that prioritize services for youth transitioning out of foster care, women who have experienced violence or are at risk of violence, individuals leaving the correctional or hospital systems, and individuals of Aboriginal descent.

The [BC Temporary Rental Supplement Program](#) gives tenants and landlords temporary support towards rent payments for renters impacted by COVID-19. It covers part of rent for low- and moderate-income renters who have lost income as a result of COVID-19. Payments are made directly to the landlords of eligible households. The program has been available since April and has been extended for July and August 2020. The program provides \$300 per month for eligible households with no dependents, and \$500 per month for eligible households with dependents.

#### **Housing Needs Reports:**

- Local governments (municipalities and regional districts) in B.C. are *required* to complete housing needs reports by April 2022 (and every five years thereafter).
- The legislative requirements of the housing needs report require local governments to collect data, analyze trends and publicly present reports that describe current and anticipated housing needs in B.C. communities.
- The requirements are supported by a \$5M funding program and provision of housing-related datasets to local governments.
- Some local governments have already completed their first reports under the requirements (and many others are underway), and the findings are informing discussions about next steps.
- For more information, check out the [Housing Needs Report webpage](#).

#### **Rental Zoning**

- In 2018, local governments in BC were provided with a new *authority* to zone for residential rental tenure (i.e. rental housing), and enact zoning bylaws that:
  - require that new housing in residential areas be developed as rental units; and
  - ensure that existing areas of rental housing are preserved as such.
- Several local governments have already used this new authority, and others are looking at it.
- For more information, please see the [Residential Rental Tenure Zoning Bulletin](#).

#### **Rental Housing - Good Practice Guide:**

- The Ministry of Municipal Affairs and Housing is currently developing a ‘good practice guide’ for local governments which outlines ways to encourage and support new rental housing in B.C. communities.
- More specifically, the guide is intended to help local governments make the best use of their available resources in supporting new rental projects.
- The guide is tentatively structured into five modules:
  1. The Importance and Health of the Rental Housing Sector
  2. Tools Available to Local Governments
  3. Factors that Affect the Viability and Affordability of New Rental Housing
  4. Making an Affordable Rental Housing Plan
  5. Examples of Affordable Rental Projects and Strategies

- We would be happy to share the guide once it is published (anticipated August 2020).
- In the meantime, our website provides an overview of the [housing-related tools](#) available to local governments: including waivers for different kinds of housing.

### **HousingHub**

- A new division of BC Housing, HousingHub was established in 2018 to seek innovative partnerships with local housing organizations, community land trusts, Indigenous groups, faith-based groups, charities, the development community, financial institutions and others to create affordable rental housing and homeownership options for middle-income British Columbians.
- As a centre for housing expertise and collaboration, the HousingHub develops affordable housing through new construction, or through the redevelopment of existing sites.
- Through HousingHub BC Housing provides interim construction financing for all projects and/or arranges long-term financing through private lenders for eligible self-sustaining affordable housing developments. To be considered self-sustaining, affordable housing models must not require any grants or ongoing operating subsidies from BC Housing.
- HousingHub webpage: <https://www.bchousing.org/housinghub/about>

## **2. Alberta**

### ***Current Requirement***

Rent increases are not regulated by the government.

### ***Programs that Support Tenants and Landlords***

- **Community Housing:** Provides subsidized rental housing to low-income families, seniors and individuals who cannot afford other housing options.

A tenant's rent, which includes heat, water and sewer expenses, is based on 30% of a household's total annual income (non-senior household). Rent does not include electricity, phone, TV and any additional services such as parking.

Management and tenant selection responsibilities belong to local housing providers.

- **Seniors Apartments:** Please see above for program details.

## **3. Saskatchewan**

### ***Current Requirement***

Rent increases are not regulated by the government.

### ***Programs that Support Tenants and Landlords***

- **Rental Development Program:** Capital funding to create new affordable rental units.

**Note:** Programs related to rent control or alternatives to rent control are administered by the Saskatchewan Housing Corporation and the Ministry of Social Services. They do not administered by Residential Tenancies staff.

## 4. Manitoba

### ***Current Requirement***

Landlords must give tenants proper written notice at least three months before a rent increase takes effect. A notice of increase rent must meet the requirements of the Residential Tenancies Act. Usually, rents can be increased only once a year.

The rent increase guideline is determined based on the percentage change in the average annual All-Items Consumer Price Index for Manitoba. The 2020 rent increase guideline is 2.4%, effective January 1, 2020.

The guideline applies to most rented residential apartments, single rooms, houses and duplexes. Some units are exempt from Part 9 of the Residential Tenancies Act, and do not have to follow the annual rent increase guideline. These are:

- Units renting for \$1,545 or more per month as of December 31, 2019
- Personal care homes
- Approved rehabilitated rental units
- New buildings less than 15 years old, exempt from the guideline for a period of 20 years. After 20 years, they will be bound by the guidelines in place at the time.

Landlords can apply for a larger increase if they can show that the guideline amount will not cover their cost increases. This is determined by adding the following:

- A change in operating expenses;
- Capital expenses;
- The dollar value of any change in services and facilities and other amenities;
- The greater of
  - One-third of the amount by which the total of operating expenses and mortgage interest expenses exceeds revenue
  - The annual economic adjustment factor multiplied by the revenue\*

\*The economic adjustment factor for 2020 is 1.5%. The economic adjustment factor helps to offset the cost of inflation.

Law: [Residential Rent Regulation](#) under the [Residential Tenancies Act](#)

Source: [Rent Increase Guideline Set for 2020](#)

### ***Background on Rent Control in MB***

Manitoba's rent regulations were proclaimed in 1992. Since then, it has maintained a hybrid model by legislating a rent increase guideline but allowing significant exemptions to landlords.

### ***Assessing the impact of Manitoba's rent regulation on the rental housing market***

#### ***CMHC Annual Market Report: Winnipeg***

The latest [CMHC Rental Market Report for Winnipeg](#) provides some insight into the current rental market situation.

The report indicates that Winnipeg's vacancy rate was stable at 3.1% as both demand and supply increased. The growing demand for rental units was to some extent a result of the affordability challenges due to rising mortgage rates, stricter mortgage qualification rules as well as other carrying costs associated with the homeownership market. The increase in young adults and seniors (prime renting cohorts) and positive levels of international migration generated further demand in the rental market. On

the other hand, elevated construction levels resulted in more apartment units completed and led to an increase in the rental supply.

The growth in same-sample rents slowed compared to the previous two years. In other words, the percentage of rental increase decreased compared to previous years. For example, the rate at which the same-sample average apartment rent was increasing slowed to 3.5% in October 2019 compared to 4.0% in October 2018.

The rental universe increased in both the purpose built and the condominium apartment markets. The supply of rental condominium apartments increased by 2% from 2018 to 2019. However, the supply of purpose-built units increased as well.

### *Analysis*

According to the CMHC data above, Manitoba has a stable vacancy rate. Since there are many factors that determine a vacancy rate, it is difficult to determine if rent regulation has contributed to this outcome.

There is also a stable supply of purpose-built units in Manitoba. This may largely be due to the exemption of new builds from the rent regulation. Developers, therefore, still have an interest to create supply and receive their return on investment.

Hugh Grant, a professor of economics at the University of Winnipeg, echoes this argument in his [analysis paper](#) on Manitoba's rent regulation and its impact on the rental housing market. In his paper, he argues that there is no evidence to suggest that rent regulation has had a negative effect on the supply of rental accommodation or the deterioration in the quality of rental housing stock. He writes, "To the contrary, the treatment of capital expenditures in cost pass-through calculations offers an incentive for landlords to undertake expenditures on maintenance, repair and capital improvements" (p. ii). This is in large part due to Manitoba's hybrid model which allows landlords to exempt their properties from rent regulation by way of new developments or renovations.

On the other hand, since Manitoba exempts renovations from its rent regulation, renovictions have become an issue. Many landlords have made improvements to their aging private rental stock, and as a result, there have been high increases in rental rates and the displacement of many low-income households. This is an issue that many provinces without rent control are facing.

In conclusion, Grant writes, "The primary role [of rent regulation] is to increase the security of tenure while maintaining market incentives governing supply. Manitoba's rent regulation program is well designed to accomplish this goal" (p. 36). Overall, it appears that Manitoba's hybrid model is able to strike the right balance between the interests of landlords and tenants.

### *Other Residential Tenancies Initiatives*

**Rental Housing Construction Tax Credit:** The Rental Housing Construction (RHC) Tax Credit is a financial incentive offered to private and non-profit housing developers (including non-profit co-operatives) to address the persistent shortage of rental housing in Manitoba communities. Landlords who construct new rental housing are eligible and can offset a proportion of their capital investment through a tax credit equal to eight percent (8%) of the capital cost of new rental housing construction. To receive the tax credit, a minimum of ten percent (10%) of units constructed must have affordable rents.

## **Social Housing Programs:**

**Social Housing Rental Programs** - Provides subsidized rental housing for individuals, seniors, and families. These properties are owned and operated by Manitoba Housing.

**Social Housing Assisted Living (SHAL)** - Social Housing Assisted Living (SHAL) is a Manitoba Housing initiative to provide affordable assisted living services for seniors aged 60+. Services include meals, housekeeping and on-site activities.

## **Social Housing with Private and Non-Profit Housing Partners:**

**Cooperative Housing** - Manitoba Housing partnership agreements with numerous Non-Profit Housing Cooperatives offer a variety of housing options in the private market to co-operative members. Cooperative share fees may apply and only a limited number of affordable housing charges are committed within each co-op.

**Private Non-Profit Housing** - Manitoba Housing partnership agreements with numerous Private Non-Profit Organizations offer a variety of housing options in the private market to seniors, persons with disabilities and families. A limited number of affordable rental rates are committed in each housing complex.

**Rent Supplement** - Manitoba Housing provides rental assistance to families, elderly and person's with special needs by entering into agreements with private and non-profit landlords.

**Sponsor Managed Social Housing** - Manitoba Housing partnership agreements with Property Management Agencies / Non Profit Organizations offer a variety of housing options that are owned by Manitoba Housing but managed by a Property Management Agency / Non-Profit Organization. Subsidized housing is provided to seniors, persons with disabilities and families with low to moderate incomes.

**Urban Native Non-Profit Housing** - Manitoba Housing partnership agreements with numerous Urban Native Non-Profit Organizations offer a variety of housing options in the private market (urban communities) to Aboriginal seniors, persons with disabilities and families with low to moderate incomes.

**Affordable Housing Rental Program**

**Affordable Housing Rental Program** - This program is for lower-moderate income households whose total household income is below the posted Program Income Limit. The household will pay an affordable rent based on median rents in the private market. Affordable Rents are established annually by Manitoba Housing and are effective January 1 of each year.

## **5. Ontario**

### **Rent Control Legislation and Policy in Ontario**

The Residential Tenancies Act is the piece of legislation in Ontario that governs residential rental accommodations. Legislation addresses rent control policies, but they have been applied in different ways under Conservative and Liberal governments.

Under the Ford government, rent control was brought to an end in 2018. The decision was made to support an "[Open for Business](#)" mentality that favors a free market. The idea is that supply and demand should dictate the cost of rent. Since rent control limits long-term revenue potential for landlords and property managers, it restricts the market's potential to deliver greater supply (homes). If the cost of rent

does not rise to meet existing demand, developers may not be incentivized to build rental properties. This results in low housing supply, which ultimately drives prices up.

Prior to 2018, the Liberal government launched the [Fair Housing Plan](#) and stated that private rental units would fall under rent control legislation and increases for existing tenants would not exceed the rate of inflation. Across the province, rent was capped at 2.5%. The policy was meant to correct the “1991 loophole” that only applied rent control provisions to units that were built or occupied before November 1, 1991.

### ***Current Rent Increase Policies***

The current [rent increase guideline](#) is 2.2% for increases between January 1, 2020 and December 31, 2020. It is calculated using the Ontario Consumer Price Index, a Statistics Canada tool that measures inflation and economic conditions over a year. Data from June to May is used to determine the guideline for the following year.

The guideline [applies](#) to most private and residential units covered by the *Residential Tenancies Act*. Exempt properties include vacant residential units, social housing units, nursing homes, commercial properties, and new residential units/buildings that were occupied for the first time after November 15, 2018.

The rent for a unit, regardless of whether it is subject to rent increase guidelines, can be [increased](#) 12 months after the last rent increase or when a new tenant moves in. The landlord must give written notice of a rent increase at least 90 days before it takes effect.

Landlords may apply to the [Landlord and Tenant Board](#) for approval of rent increases that are above the guideline. For example, the Board may approve higher rent increases if significant repairs were made to a rental property and the landlord must recover costs.

### ***Unlawful Rent Increase***

If a landlord [increases rent illegally](#), a number of options are available to tenants including the following:

- Apply to the Landlord and Tenant Board for an order to receive a refund from the landlord for any amount that was illegally charged.
- Apply to the Landlord and Tenant Board for a rent correction. This must be done within one year of the date the landlord first charged the illegal rent.
- Contact the provincial government’s Rental Housing Enforcement Unit and request a review.

### **Profile: Rental Market:**

- The supply of rental housing decreased significantly and the cost of rent subsequently increased.
- Since 1990, Ontario has built 1,075,799 units for homeownership; 410,562 condo units; 143,091 purpose-built rental units.
- In Toronto, the average rent for a 1-bedroom condo in 2017 was \$1,803 while the average rent for a 1-bedroom purpose-built rental was \$1,194.
- Purpose built rentals are a key source of affordable rental housing. Condos are not a replacement for purpose-build rentals.

### **Profile: Demographics of Renters:**

- [Renters in Ontario](#) constitute over 30% of the total population.

- In Toronto, renters account for 50% of all households.
- The [Advisory Center for Tenants Ontario](#) reported that 71% of households with income below \$20,000 are renters, compared to only 10% of households with income over \$100,000.
- Half of all renters in the province fall between the ages of 25 and 34.
- Many renters are boxed out of homeownership due to the rising costs of property, the lack of well-paid and secure jobs, and the increasing numbers of single-person households.
- Renters are being displaced from their communities and are commuting longer hours between home and work.
- The risk of homelessness is a reality for lower-income renters, particularly if they become unemployed or face health challenges.

### ***Other Residential Tenancies Initiatives***

- **The Canada-Ontario Community Housing Initiative:** Represents a reinvestment of federal funding that has been declining under the Canada-Ontario Social Housing Agreement. It provides opportunities for service managers and housing providers to address the challenges associated with projects reaching the end of their operating agreements and/or mortgage maturity.
- **Ontario Priorities Housing Initiative:** Modelled on similar, previous affordable housing programs, with the most recent being the Investment in Affordable Housing Programs Extension. This initiative provides flexible funding to address local priorities in the areas of housing supply and affordability, including new affordable rental construction, community housing repair, rental assistance, tenant supports and affordable homeownership.
- **Portable Housing Benefits under the Canada-Ontario Housing Benefit**
  - The Canada-Ontario Housing Benefit (COHB), launched in April 2020 and will provide approximately \$40.0 million to eligible households in 2020-21.
  - Eligible households can apply to receive an income-tested, monthly financial assistance payment to help with the cost of safe and affordable housing in the location of their choice and may also receive funds for first and last month's rent.
  - The COHB gives priority to households that include survivors of domestic violence and human trafficking, persons experiencing or at-risk of homelessness, Indigenous persons, seniors and people with disabilities.
  - The COHB is a federal-provincial housing allowance program that is jointly funded through the CMHC-Ontario Bilateral Agreement under the 2017 National Housing Strategy and is provincially delivered.
- **Home for Good**
  - Provides housing assistance and support services to people experiencing homelessness or who are at imminent risk of homelessness in 21 service manager areas, who are within the following homelessness areas: chronic homelessness, youth homelessness, Indigenous homelessness and homelessness following transitions from provincially funded institutions.

## 6. Quebec

### *Current Requirement*

Rent increases are not regulated by the government.

### *Programs that Support Tenants and Landlords*

- **AccesLogis Quebec:** Pools public, community and private resources to create social and community housing for low- and moderate-income households and for people with special housing needs.
- **Rent Supplement:** Helps low-income households to live in private-sector rental dwellings or dwellings belonging to housing cooperatives or non-profit organizations, and to pay a rent similar to that for low-rental housing, i.e. rent equal to 25% of their income.
- **Renovation Quebec:** a financial assistance framework program for municipalities that wish to develop housing improvement programs in rundown residential areas.

**Note:** Programs related to rent control or alternatives to rent control are administered by the Société d'habitation du Québec (SHQ). On top of administrating these programs, the SHQ, through the Housing offices, is also in charge of developing and offering affordable social housing. Programs are not administered by the Régie du logement (the rental board).

## 7. New Brunswick

### *Current Requirement*

Rent increases are not regulated by the government.

### *Programs that Support Tenants and Landlords*

- **Affordable Housing Program:** Forgivable loans and, in some cases rent supplements for the acquisition, rehabilitation, conversion and operation of rental housing projects.
- **Rental Conversion Program:** Financial assistance to owners/landlords to convert non-residential properties into affordable self-contained rental housing units and/or bed-units.
- **Rent Supplement Program:** Rent supplements to landlords to reduce rents to affordable levels.
- **Rental Residential Rehabilitation Assistance Program (RRAP — Rental):** Financial assistance to landlords for mandatory repairs to self-contained affordable units.
- **Rooming House Rehabilitation Assistance Program:** Financial assistance to landlords for mandatory repairs to affordable rooming houses.
- **Federal/Provincial Repair Program:** Forgivable loans to homeowners occupying substandard housing to undertake repairs, and to homeowners and landlords to undertake accessibility modifications to units occupied by seniors or persons with disabilities.

**Note:** Programs related to rent control or alternatives to rent control are administered by Social Development. They do not administered by Residential Tenancies staff.

## 8. Prince Edward Island

### Rent Control Legislation and Policy in Prince Edward Island

The *Rental of Residential Property Act* is the piece of legislation in PE that governs residential rental accommodations. Rent control policies do not allow for increases beyond set percentages each year.

Allowable rent increases are determined each year by the Island Regulatory and Appeals Commission (IRAC). They are based on factors including vacancy rates, the economic outlook for the province, and changes to the [Consumer Price Index](#). Also, the Office of Residential Rental Property solicits feedback from tenants, landlords, and the public before setting the rent increase percentage each year.

### Current Rent Increase Policies

Rent increases are tied to the rental unit, not the tenant. The rent increase percentage is set by the IRAC and may differ based on the following three classes of rental units: heated premises, unheated premises, and mobile home sites located in a mobile home park. In 2020, the maximum allowable rent increase for all three classes was 1.3%.

Landlords may apply for permission from the IRAC for larger rent increase percentages but must prove that the increase is justified.

The maximum allowable rent increase for 2020 was calculated by averaging the percentage increase in the Prince Edward Island All-Items Consumer Price Index (CPI) for the 12-month period of August 2018 to July 2019.

In addition to the CPI, other costs factored into the rent increase percentage equation included the average price of furnace oil, electric rates, interest rates, and general costs linked to the property (e.g., water, sewer, insurance, property tax, maintenance, and waste collection).

Landlords are only permitted to raise the rent once every 12 months. They are required to provide tenants with written notice 90 days before the rent increase is applied to the property.

### Unlawful Rent Increases

Landlords may not [increase rent](#) beyond the allowable amount without applying to the Rental's Office for the increase. The rent cannot be increased when a new tenant moves in, unless an application has been accepted by the Rental's Office.

### Profile: Rental Market

- PEI is experiencing the lowest vacancy rate in Canada. It is sitting at 0.2% as opposed to 1% in Toronto and Vancouver.
- The population has been steadily increasing since 2009, but a dip in the construction industry has prevented the province from keeping up with housing demands. The category that has been hit the hardest is the multi-dwelling category.
- There is not enough land zoned for high-density development and many regions have hit capacity on well systems.
- There is a growth of short-term rentals on the market. Rooms or apartments that were previously rented to long-term tenants are now listed on short-term rental services such as Airbnb.
- Low supply of rental housing has resulted in rent increases.

### Profile: Demographics of Renters

- The population grew by 5.8% between 2011-2016.

- The population has increased due to internal and inter-provincial immigration and a higher number of post-secondary enrolments in the province.
- Newer rental accommodations are popular with seniors looking to downsize.
- Existing home and new home construction markets are tight, adding pressure to the rental market.

#### *Other Residential Tenancies Initiatives*

- **Affordable Housing Development Program:** Supports private sector affordable housing units. The program will provide forgivable loans of \$45,000 per unit to increase the number of affordable housing options in the province. It is open to non-profit corporations, private entrepreneurs, development corporations, housing cooperatives, or municipalities.
- **Family Housing Rent Supplement Program:** Rent supplements to landlords who provide affordable rental housing.

## **9. Newfoundland**

### *Current Requirement*

Rent increases are not regulated by the government.

### *Programs that Support Tenants and Landlords*

- **Affordable Rental Housing Program:** Forgivable loans to create new affordable rental units.

## **10. Nunavut**

### *Current Requirement*

Rent increases are not regulated by the government.

### *Programs that Support Tenants and Landlords*

- **The Public Housing Program:** An income tested rental program which provides subsidized housing to tenants based on their income and ability to pay rent. As an income tested program, eligibility for Public Housing is based on the verification of income to meet the community Core Need Income Threshold.

## **11. Northwest Territories**

### *Current Requirement*

Rent increases are not regulated by the government.

### *Programs that Support Tenants and Landlords*

- **Home Entry Level Program (HELP):** Subsidized rent to assist prospective homebuyers who want to experience homeownership commitments before purchasing a home.

## 12. Yukon

### *Current Requirement*

Rent increases are not regulated by the government.

### *Programs that Support Tenants and Landlords*

- The [Rent Assist Program](#) is a grant to landlords on behalf of tenants in the private rental market who have lost 30% or more of their income due to COVID-19. Applications are accepted through late July.
- **Social Housing:** Assists Yukoners in need of affordable, suitable and accessible housing. Social housing rent is geared to income. This means rent is calculated to be 25% of your total gross monthly household (combined) income.

**Note:** Programs related to rent control or alternatives to rent control are administered by the Yukon Housing Corp. They are not administered by Residential Tenancies staff.

## APPENDIX F: JURISDICTIONAL SCAN, OREGON

- Oregon became the first state to impose a statewide rent control policy in February 2019.
- The new law caps rent hikes at 7% plus inflation during any given 12-month period.
  - The measure of inflation is the Consumer Price Index for Western states.
- Each year in September, state economists calculate the rent increase cap for the next calendar year.
  - Rent increases are capped at 9.9% through 2020.
- Rent caps do not apply to buildings that are less than 15 years old or to government-subsidized rents.
- Landlord who illegally increases rent are liable to tenants for three months' rent plus damages.
- The law requires landlords to cite a cause, such as failure to pay rent, when evicting renters after the first year of tenancy.
- Some 'landlord-based' for-cause evictions are allowed, including the landlord moving in or a major renovation. In those cases, landlords are required to provide 90 days' notice and pay one month's rent to the tenant, though landlords with four or fewer units would be exempt from the payment.
- Rent costs across Oregon are rising at a far slower rate than what's allowed under the cap.
- Lawmakers who supported the rent control policy said it would avert the largest rent hikes that functioned as de facto evictions (i.e. renovictions).

### *Additional Sources:*

- [Most Oregon rent increases capped at 9.9% in 2020](#)
- [No relief for most Oregon tenants under rent control law, Portland State economist says](#)