

Briefing Note: Nova Scotia Affordable Housing Commission Final Report
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Issue:

Affordable housing, often defined as adequate and suitable housing which costs less than 30% of household's pre-tax income, is in a state of crisis in Nova Scotia. There is a rapidly widening gap between demand for, and supply of affordable housing driven by provincial trends of low incomes, rising land and construction costs, high energy costs, growing population and changing demographics. The onset of the COVID-19 pandemic pushed the system past the breaking point. In recognition of this, the Province of Nova Scotia established an Affordable Housing Commission with a mandate to examine the current state of affordable housing in the province and recommend meaningful change. The Commission's final report was released in May of 2021. This briefing note will summarize the Report's findings, and highlight recommendations which have the most direct impact on municipalities.

Background:

The Commission worked with actors in the public, private, non-profit and academic sectors, and conducted stakeholder engagement. They had 2000 Nova Scotians respond to engagement, and 11,000 web portal visits. They found that the current crisis is the consequence of systemic challenges building for years, including chronic underinvestment, inadequate maintenance and systemic inequities. This crisis is affecting not only low-income households, but also moderate households trying to rent or buy in their budget, especially in rural Nova Scotia. The report indicates that there is limited Nova Scotia data on housing, particularly outside of urban areas. From this process of research and engagement, the Commission made 17 recommendations for short, medium and long-term actions which the Government of Nova Scotia should take to increase the supply of, and access to, affordable housing.

Current Status:

The Commission indicates that Nova Scotia has one of the highest poverty rates in the country, and the significant shortage of affordable housing in the province is disproportionately affecting individuals on low-incomes, especially vulnerable, marginalized and racialized communities. Rapidly climbing real estate prices are squeezing out first-time buyers, tempting landlords to sell and causing upward pressure on rental rates. The population of Nova Scotia is also getting older, and many seniors in rural municipalities have limited housing options. Low to moderate-income households in rural Nova Scotia may not have access to affordable rentals in their local area, but data on this topic is limited.

The constitutional authority for housing rests with provincial governments, who can then delegate to municipal governments. In Nova Scotia, the government agency responsible for funding and overseeing public housing is Housing Nova Scotia. The Commission found that it is currently too expensive for developers to build and operate affordable housing as many of the associated costs are on the rise. There is a need for the provincial Government to incentivize private and non-profit developers to offset affordable housing development costs. Municipalities could provide further cost-reducing incentives for construction and building operations, but would require amendments of existing provincial legislation to do so. Municipalities are best positioned to both understand local housing needs and influence affordable housing availability. The Commission reiterates that the Province should recognize this and work closely with local

governments, but that Municipal stakeholders have cautioned that they do not currently have the capacity to take on housing as a core purpose without additional resources.

Key Considerations for Municipalities:

The main output of the final report is in the submission of 17 recommendations to the Government of Nova Scotia. Among these are several foundational actions which must be done to enable the rest. Four of the actions also include Quick Start investments, which the Commission has proposed the government commit to funding at \$25 million within 100 days of the report's publication to immediately increase supply and access to affordable housing. The bulk of this funding (\$20 million) is to support the creation of more affordable housing, prioritizing a mixed-income, multi-partner approach. This recommendation has limited direct impact on municipalities, but may result in partnership work. The Commission recommends the Province spend \$2.5 million to create a Community Housing Growth Fund with sector organizations, and \$2 million to modernize the provincially-owned stock.

Of the 17 recommendations, seven have the most direct impact on municipalities (table 1). These seven recommendations cover a number of critical success factors and actions the Government of Nova Scotia is encouraged to take which directly involve or impact municipalities (table 2). The main impact of these recommendations for municipalities are suggested legislative changes to the Municipal Government Act. The Commission recommends creating a new legislative framework, increasing Municipal authority to allocate funds for private sector development, create or protect affordable homes, eliminate or minimize municipal taxes or fees for affordable housing developments, use inclusionary zoning, in lieu of bonus zoning charges, allow municipalities to waive, and reduce or defer payment of certain fees for non-market rentals. Two of the recommendations also suggest the Province adopt measures requiring secondary suites, shared housing, rooming houses, tiny homes, backyard suites, laneway houses, and other low-cost housing models to be permitted in residential zones across the province. The majority of these actions are recommended to be undertaken in the short-term. The Report also recommends the Province support municipalities to complete a housing needs assessment and initiate a review of existing municipal development processes and regulations this fiscal year. Recommendation 5, *Empower municipalities to become key partners in affordable housing* includes a Quick-Start action which calls on the Nova Scotia Government to invest \$500,000 to support municipalities to complete these housing needs assessments and establish a housing baseline to plan from. Beyond that there is no recommendation for specific financial support to Municipalities associated with recommendations, but the report states that determining exact investment figures was not possible at this time given the lack of local level data. Instead, the report calls on the Government to partner and work with municipalities, support municipalities and provide financial incentives for municipalities to develop regional housing strategies and improve or expand local infrastructure required to attract housing investment.

Conclusion:

The impact which this report has on Municipalities will depend on the extent to which the Province decides to implement the recommendations of the Commission. If all recommendations are put into place, it could significantly increase the authority of Municipalities to enact provisions which encourage the development of affordable housing within their communities. Overall, the report paints a stark picture of an affordable housing system in Nova Scotia which has been chronically underfunded and relies on outdated funding models which hinders private affordable housing development and municipal capacities. The Commission calls for a broad scale overhaul of affordable housing in this province, and municipalities will be implicated in many of the proposed changes.

Table 1: NS Affordable Housing Commission Recommendations with those relevant to municipalities highlighted

Recommendation	Timeline
1. Establish an arm’s length independent provincial housing entity	Short term action - 2021/22: Laying the Foundation (Must-do to enable the rest)
2. Recognize housing as a key strategic sector for economic growth, health, and social equity	Short term action - 2021/22: Laying the Foundation (Must-do to enable the rest)
3. Modernize provincial legislation and regulations	Short term action - 2021/22: Laying the Foundation (Must-do to enable the rest)
4. Develop a long-term provincial housing strategy	Mid-term action (2022/23 – 2023/24): Laying the Foundation (Must-do to enable the rest)
5. Empower Municipalities to become key partners in affordable housing	Short term action - 2021/22
6. Support the creation of more affordable housing, prioritizing a mixed-income, multi-partner approach	Short term action - 2021/22
7. Reduce costs for new affordable housing	Mid-term action (2022/23 – 2023/24)
8. Reduce regulatory and non-cost barriers of new development	Mid-term action (2022/23 – 2023/24)
9. Prevent the loss of affordable homes	Mid-term action (2022/23 – 2023/24)
10. Build community housing capacity	Mid-term action (2022/23 – 2023/24)
11. Transform our public housing model	Mid-term action (2022/23 – 2023/24)
12. Expand housing options that meet the needs of seniors + vulnerable Nova Scotians	Mid-term action (2022/23 – 2023/24)
13. Provide targeted resources and supports for vulnerable and underrepresented communities	Mid-term action (2022/23 – 2023/24)
14. Enhance renter protections, equitable access, and better functioning conditions for rental housing	Mid-term action (2022/23 – 2023/24)
15. Address the specific needs of rural and non-urban communities	Long-term action – 2024/25 – 2025/26
16. Improve access to rental housing data	Mid-term action (2022/23 – 2023/24)
16. Support innovation and promote cross-sectoral partnerships	Long-term action – 2024/25 – 2025/26

Table 2: NS Affordable Housing Commission municipally- relevant recommendations with associated actions and critical success factors

Recommendation	Timeline	Actions and Critical Success Factors
3. Modernize provincial legislation and regulations	Short term action - 2021/22 (Must-do to enable the rest)	<ul style="list-style-type: none"> · Review and amend the pertinent provincial legislation and regulations necessary to implement the Commission’s recommendations. Entails changes to Municipal Gov’t Act, HRM Charter, Residential Tenancies Act · Create new legislative framework to allow Municipalities to allocate funds for private sector development, generate new revenues, create or protect affordable homes, provide incentives and adopt inclusionary zoning
5. Empower Municipalities to become key partners in affordable housing	Short term action - 2021/22	<ul style="list-style-type: none"> · Recognize municipalities as a key partner in affordable housing · Amend Municipal Gov’t Act and HRM Charter to grant local govs authority to eliminate or minimize municipal taxes, fees or charges for affordable housing developments, including partnering with private sector · Authorize municipalities to use inclusionary zoning in private development in lieu of bonus zoning charges · Ensure municipalities have adequate support and resources to complete a housing needs assessment <p>QUICK-START ACTION</p> <ul style="list-style-type: none"> · Recommend NS Gov’t invest \$500,000 for supporting municipalities to complete housing needs assessment and establish a baseline from which to plan
7. Reduce costs for new affordable housing	Mid-term action (2022/23 – 2023/24)	<ul style="list-style-type: none"> · This fiscal year, authorize municipalities to waive, reduce, or defer the payment of certain construction-related fees on new construction or preservation of market and non-market rental housing · Create a program to use vacant or under-utilized public land (including municipal) for affordable housing and incentivize their development. · Allocate additional density in urban areas with high growth and high demand by providing incentives for creation of affordable housing over and above the allocated density · Explore the benefits of transferring public lands to support the creation of Community Land Trusts.
8. Reduce regulatory and non-cost barriers of new development	Mid-term action (2022/23 – 2023/24)	<ul style="list-style-type: none"> · This fiscal year, initiate a review of municipal development processes and the impact of existing regulations · Adopt measures to require that secondary suites and shared housing be permitted in all residential zones across the province. · Provide guidance and resources to municipal units on how to modernize existing development regulations
9. Prevent the loss of affordable homes	Mid-term action (2022/23 – 2023/24)	<ul style="list-style-type: none"> · Work with municipalities to create incentives for developers to retrofit existing units and make them affordable. Could include a property tax reduction to create/ preserve affordable units. · In collaboration with municipalities, create an initiative to ensure that the number of units at or below average market

		<p>rents in a building being redeveloped are preserved in the new development along with the approved new density</p> <ul style="list-style-type: none"> · Enable municipal engagement and authority to enact changes related to property tax reductions for private sector developers.
12. Expand housing options that meet the needs of seniors + vulnerable Nova Scotians	Mid-term action (2022/23 – 2023/24)	<ul style="list-style-type: none"> · Amend the necessary legislation to require that secondary suites and shared housing be permitted in all residential zones in Nova Scotia. · Ensure that no law, bylaw, covenant, or agreement prevents or prohibits the development of rooming houses, tiny homes, secondary suites, backyard suites, laneway houses, and other low-cost housing models
15. Address the specific needs of rural and non-urban communities	Long-term action – 2024/25 – 2025/26	<ul style="list-style-type: none"> · Provide financial incentives to non-urban and rural municipalities to develop regional housing strategies and create Regional Housing Networks to lead and implement housing plans. · Encourage municipalities to promote more flexible local planning and building types for rental housing, prioritizing areas where local infrastructure already supports residential development · Create incentives for non-urban and rural municipalities to improve and expand local infrastructure and services required to attract investment in housing development · In collaboration with municipalities, explore more opportunities for local residents to provide feedback and be involved in the planning of affordable housing projects.