

# Housing Affordability



Official NSU  
Policy and Platform

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## INTRODUCTION:

Nova Scotia is in a housing crisis with a significant shortage of affordable housing. Currently, the average home in Nova Scotia costs roughly eight times the average annual gross income of a Nova Scotian household. The unaffordability crisis is mainly a result of scarcity of affordable housing, due to municipal governments' policy of prioritizing luxury housing and limiting the amount of unit's constructors are allowed to build on any piece of land. Our policy is aimed at making the cost of housing, which is the largest expense of most households, affordable.

## FACTS:

- Municipal governments dictate the land use of every piece of land under their control and do so according to their interests, which are in many cases contradictory to the interests of the people who seek housing that match their budgets
- Municipal governments seek to maximize their revenue from property taxes; therefore, they often prioritize luxury housing over more modest housing.
- If municipal governments no longer dictate constructors on what number of units and/or what types of units they're allowed to build on any piece of land. The constructors will build according to what they believe they can sell. This also means the supply will meet the demand and stop housing price inflation.
- Rent control disincentivizes landlords to improve the living conditions of their tenants, because they can't raise rent on an improved property, therefore, rent controlled units are generally poorly maintained and offer compromised living conditions.
  - Rent control doesn't allow landlords to raise rent based on inflation and increased mortgage rates, but only to a fraction of the inflation, not more than once every two years.
  - Rent control is not applied to subletters, but only to the primary renters, therefore:

- Rent control incentivizes subletting, that by itself causes rent to become more expensive for the very same people it's aimed to help.
- Rent control causes market failure by driving potential renters out of non-rent-controlled areas, in which homes stay vacant, rather than fulfill the housing needs of potential occupants.
- The number of potential tenants competing on rent controlled units is always significantly higher than the amount of available rent-controlled units, which also incentivize subletting, and by that undermines the very idea behind rent control - helping low-income households find affordable housing.
- Construction companies seek to maximize profit.
- Since COVID-19 started in Canada, many Canadians from other provinces, where real estate prices were higher, moved to Nova Scotia seeking cheaper housing, thus contributing to a demand higher than ever before, contributing to rapidly rising cost of homes.
  - Also, since covid started shortages in supply chains have contributed to inflated prices of building materials.
- If housing prices become more affordable, households would spend more of their income in local businesses, driving up the economy, creating more revenue for local businesses and incentivizing entrepreneurs to establish new businesses, also generating more revenue, that in itself would increase the revenue the municipal governments would generate from property taxes, eliminating the need of municipal governments to raise property taxes on homeowners.
- There are currently too many zoning types - 35 [1].
- Various investment management firms are using Pension funds to buy and hold homes, often converting middle class homes to luxury homes, lowering the supply of affordable homes in the market.
  - In order to keep rent prices high, these investment firms often raise the rent and keep units empty when renters willing to pay their asked prices are not found. They also coordinate rent prices among themselves to cause a market failure.

## **OBJECTIVES:**

1. Let market conditions, rather than the municipal government, dictate what types of homes are built on any land.
2. Write legislation limiting the ability for municipal governments to dictate what is built on any given piece of land as long as it doesn't infringe on protective environmental restrictions.
3. Lift rent control.
4. All properties under the same municipal government will pay the same percentage of the assessed property value in property tax.
5. Equalization of the property tax rates among homes and businesses and among different zones, communities, and neighborhoods in the same municipality.

6. The annual property tax of a property will not increase by more than the Provincial Consumer Price Index (CPI) of the previous year, excluding the first year of ownership of a property.
  - a. In case the CPI of the previous year was negative, property tax (of each property) would go down according to CPI, excluding the first year of ownership of a property.
7. Simplify the zoning system and codes.
8. Remove some zoning restrictions and allow more flexibility in zoning.
9. Relax rules and requirements regarding construction and renovation permits.
10. Raise property taxes on out of province property owners, not applicable to Canadian Real Estate Income Trusts (REITs) and Canadian property management companies.
11. Encourage the construction of affordable housing by:
  - a. Forming a committee to define, determine, and adjust the price range and rental prices of what is considered an affordable home.
  - b. Offer 0% interest loans to developers willing to build, sell, or rent affordable homes.
  - c. Offering tax reliefs to constructors building affordable homes.
  - d. Remove or lower the provincial capital gains tax on affordable home sales.
  - e. Remove or lower capital gains tax from owners renting affordable homes.

### **Closing Statement:**

Nova Scotians United (NSU) expects to make affordable housing available by creating policies that encourage developers to construct more modest housing and remove barriers to sellers. NSU housing policy will remove unnecessary restrictions on developers that currently limit them. It also will let demand, rather than short-term interests of municipal governments, dictate supply

NSU recognizes that this province is in a housing crisis, and we're continuing to implement strategies to help find options for housing that are both affordable and realistic. These policies are far from being completed. NSU will adapt and revise these policies until we are able to find optimal solutions for all Nova Scotians.

- **References**

[1] chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/[https://cdn.halifax.ca/sites/default/files/documents/about-the-city/regional-community-planning/Halifax\\_LUB\\_Mainland\\_ZM1\\_ZoningNorth\\_12February2022.pdf](https://cdn.halifax.ca/sites/default/files/documents/about-the-city/regional-community-planning/Halifax_LUB_Mainland_ZM1_ZoningNorth_12February2022.pdf)