

Nova Scotia's Provincial Housing Needs Assessment Report

Key Findings

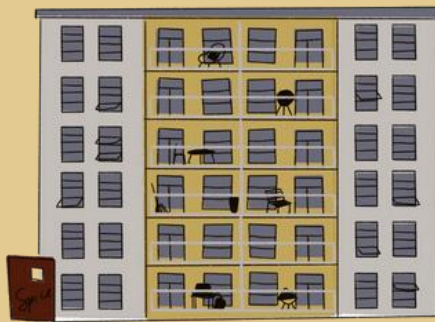


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1 Introduction

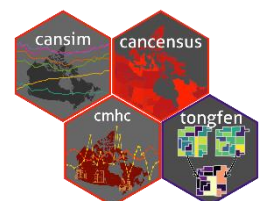
Through its quantitative and qualitative findings, this housing needs assessment lays the groundwork for the provincial government's long term strategy in addressing the ongoing affordability crisis in Nova Scotia housing. Through the collection and collation of data, this report's purpose is to disseminate high-quality, high-level information to the province and its 49 municipalities.

This Key Findings report summarizes the overall housing needs assessment work performed. It complements the full Nova Scotia Housing Needs Assessment Report, which provides several other pieces of information, analysis, insights, and general context surrounding housing in the province. For greater detail, readers should review the full assessment report.

The assessment work pursued the project through three distinct products to understand the current and anticipated housing needs of Nova Scotians:

- resident and stakeholder engagement;
- simple and complex descriptive data analysis; and
- forecasts of housing demand.

We want to thank every person and the organizations that contributed their time, experience, and expertise to this project. Your candor and openness were, and remain, deeply appreciated.



2 Key Themes

There is a housing supply shortage across the housing spectrum.

There is a significant unmet need for housing across the province. As of the end of 2022 there was a gap between demand for housing and the available housing supply of about 27,300 units, including both market and non-market housing.

The current pace of construction cannot fill the gap.

While new housing developments are expected to continue over the next decade, if the current pace of construction continues, the number of new units being built will not meet anticipated needs.

Forecasts suggest that to keep pace with population growth, the province will need 71,600 new units by 2027 (including the existing shortage of 27,300) and 104,800 by 2032. Assuming that future housing development matches recent trends, 6,080 units could be built annually. This means that the current supply shortage will grow to 41,200 units by 2027 and 44,000 by 2032 - despite ongoing development at the current pace of construction.

We need a balance of housing types and sizes moving forward.

To align with existing patterns and projected household composition, of the 71,600 units required to meet demand by 2027, about 21,550 (30%) would need to be studio/1-bedroom dwellings, 28,930 (40%) 2-bedroom dwellings, and 21,120 (29%) 3+ bedroom dwellings (percentages are rounded).

There is a lack of affordable options.

In addition to the overall housing shortage, many communities are experiencing a lack of affordable options. Simply put, it costs more to own a home, the share of people reasonably able to afford a home is lower, and the proportion of median income required to purchase a home, in most instances, is significantly higher than households can afford.

Surges in demand, and a lagging supply, have made buying and renting a home increasingly expensive. Nova Scotia's median home sale price increased 63% from 2019 to 2022. For rental housing, the provincial vacancy rate hit a low of 1% in 2022. CMHC reported median rents had increased 24% since 2019, almost double the increase since 2016. Furthermore, the average unit turned over to a new tenant between 2021 and 2022 had a 28% increase in its rent.

A rapidly growing population is exacerbating the housing situation.

A considerable contributor to the housing shortage is Nova Scotia's rapid population growth, at 2.9% between 2021 and 2022 - the highest across Canada's provinces. Much of the growth centres are around HRM. While this population growth provides exciting opportunities, it also creates significant housing challenges in the short term. Based on demographic modelling, the HRM may need to build about 6,200 units annually - well above historical completion rates.

Population demographics are changing and so are housing needs.

Like many Canadian provinces, Nova Scotia is seeing an increase in the number of seniors and the share of the population they represent. For those who cannot age in place, this means a greater need for purpose-built seniors housing, including accessible housing options.

Post-secondary student needs are also changing. Communities with post-secondary institutions are seeing an increase in students who do not want to live on campus. CBRM, in particular, has seen significant in-migration of international students (a 52% increase in international student enrolment at Cape Breton University between 2017/18 and 2021/22), which has increased strain on rental housing.

In the HRM, increased interprovincial and international in-migration has led to a rise in households with children or of age to have children. This means we must ensure we balance housing sizes to accommodate individuals or couples without children and families.

Labour shortages are impacting housing construction

Several trades are projected to be at risk by 2030 in Nova Scotia, like carpenters, roofers, and crane operators, due to low anticipated levels of qualified tradespeople entering the workforce over the decade. A deficit of construction labour poses a considerable challenge for builders to complete projects.

Lack of housing options also impacts the workforce

Several sectors, and particularly the health care sector, shared that finding housing for employees is increasingly complex and prevents qualified professionals from taking a job that is sorely needed to meet increasing workloads.

3 Engagement

Building a provincial assessment of housing needs is a complex task, and it requires the participation of many to develop a tool that can respond to the needs of all 49 municipalities. Between June 2022 and January 2023, we heard the experiences of residents, government, academic institutions, non-profit organizations, the private sector, and more. In total, we held 99 engagement sessions, and engaged with over 20,000 Nova Scotian households.

20,173

PUBLIC SURVEY RESPONSES

115

EMPLOYER SURVEY RESPONSES

50

MUNICIPAL ENGAGEMENT SESSIONS

36

STAKEHOLDER ENGAGEMENT SESSIONS

100+ ORGANIZATIONS REPRESENTED

6

FIRST VOICE ENGAGEMENT SESSIONS

4

**POST-SECONDARY INSTITUTIONS
ENGAGEMENT SESSIONS**

3

**POST-SECONDARY STUDENT LEADERS
ENGAGEMENT SESSIONS**

The input from the engagement sessions and surveys is grouped into five main topics, each of which is described in the following sections.

3.1 Availability & Affordability

Availability and affordability are intrinsically linked, much like supply and demand. A housing crisis is impacting people across the province and across the spectrum, from temporary housing to affordable options, to student accommodations, to market housing. Over 93% of public survey respondents felt they could not find a suitable alternative if their housing situation changed unexpectedly. The lack of affordable options for individuals and families, seniors, students, those with disabilities, and seasonal workers is creating an increasing number of complex challenges.

Finding housing that was affordable was the number one challenge facing Nova Scotians when it came to housing.

54% of survey respondents said they spend more than 30% of their before-tax income on their housing.

Average rent/mortgage per month from respondents: \$1,388

48% of survey respondents saw their rent or mortgage increase in 2021. Average increase: \$159/month

93% of survey respondents said they do not feel confident that they could find a suitable alternative on short notice.

How is housing availability affecting you now?

46%

I can't find a place to rent that is available in my price range.

36%

I can't find a place to buy that is available in my price range

15%

I can afford a different option, but suitable housing alternatives aren't available.

13%

I can't find suitable housing close to school/work.

5%

I can't find suitable housing that meets my accessible needs.

4%

I've been "renovicted" and am having a hard time finding a new place.

Home buying vs renting

With slow growth in the housing stock relative to increased demand, the cost of renting or buying a home has become out of reach for many in Nova Scotia. We heard that there is a large segment of the population that is trying to move out of the rental market into home ownership, but the high property values followed by rapid and notable interest rate hikes have made that prohibitive.

Short-term rentals

In the years leading up to the pandemic, Nova Scotia saw its highest tourism revenues ever. This led to the transition of long-term rental properties to short-term rentals and vacation homes. We heard mixed perspectives across the province on this topic. Short-term rentals were only seen as a serious issue in terms of limiting long-term rental availability in areas where tourism was a main economic driver.

Accessible housing

We heard from public survey respondents with physical disabilities that over 37% were in housing that did not meet their accessibility needs, and even more found the area surrounding their home inaccessible. This was also a significant issue for those with developmental (25%) and mental health disabilities (22%).

Urban and rural homelessness

Homelessness in HRM is increasing. Many rural areas cannot accurately assess rates of homelessness, mainly due to an inability to undertake counts through service providers coupled with the fact that homelessness 'looks different' or is less visible in rural areas.

What are the top 3 challenges* to finding affordable housing for your household?

- 58%** finding housing at a price I can afford
- 25%** finding housing that is in good condition and not requiring repairs
- 20%** finding housing that allows my pet(s)
- 19%** I am not experiencing any challenges with finding affordable housing
- 16%** I am already living in affordable housing
- 14%** finding housing that is close to my place of work
- 12%** finding housing that is close to essential services
- 11%** finding housing that is suitable for my family situation
- 8%** finding housing that is close to public transportation
- 6%** finding housing that is close to my or my family's educational institution
- 5%** lack of personal credit history
- 5%** finding housing that meets my accessibility needs
- 3%** challenges with tenant screening
- 2%** experiencing discrimination
- 1.5%** finding housing that is close to childcare
- 0.3%** finding housing that allows my service animal(s)

** respondents were able to select all options that apply to them, resulting in percentage totals exceeding 100.*

3.2 Social & Economic Impacts

We heard repeatedly that the current lack of housing enables and exacerbates systemic inequities, pressures, and forms of discrimination, resulting in vulnerable and marginalized communities being affected most significantly. Additionally, we heard stories of individuals and families living in substandard, unsafe, and/or unhealthy conditions.

One example came up repeatedly: Nova Scotians feel they are being forced to choose between paying rent and heating their home, filling their gas tank, paying for their medications, or putting food on the table.

Furthermore, respondents shared that the lack of affordable housing is impacting the attraction of new employees, retaining existing employees, and maintaining adequate staffing levels. Bringing people to their communities to work and study is a growing challenge that is impacting businesses, healthcare services, and universities.

Investment in African Nova Scotian community-led initiatives and programs

We heard specific frustrations voiced around lack of access to safe, affordable housing within historically African Nova Scotian (ANS) communities and neighborhoods. We heard directly from ANS community members that they want to see specific government programs and policies that help to address systemic inequities in their communities.

Experience with Discrimination

We heard from first voice participants that the process for filing a complaint with the Human Rights Commission can be onerous. They noted it can take years for a case to be reviewed and there may be limited intervention that can be undertaken.

Public Survey Snapshot

What discrimination have you faced when looking for housing?

- 45%** having pets
- 29%** age
- 22%** having children
- 16%** prefer not to say
- 13%** sex or gender identity
- 12%** race / ethnicity
- 10%** sexual orientation

** respondents were able to select all options that apply to them, resulting in percentage totals exceeding 100.*

More support for off-reserve Indigenous people and the organizations that support them

Addressing the spectrum of housing needs for Indigenous people in Nova Scotia was a common theme among Indigenous stakeholders and recognizing that the community cannot be looked at with a sweeping “one size fits all” approach. The development of new programs needs to be done with contributions from a wide array of Indigenous leaders. Some examples of specific housing types that were seen as lacking include housing for families and seniors, and emergency housing for men, as well as girls and young women who are commonly victims of trafficking and violence (Missing & Murdered Indigenous Girls & Women).

Impacts on youth and youth at risk

People working directly with youth at risk described the present situation as ‘the worst circumstances in decades for trying to house youth’. Support workers are struggling to find suitable housing or temporary shelter for youth at risk.

Confusion & stigma of subsidies

We heard confusion about the eligibility requirements for subsidies for renters and homeowners, especially for those who receive other forms of assistance. Fear of judgment and the stigma of subsidies was commonly cited by many people from vulnerable populations as a barrier preventing them from trying to access support services.

Impact on attracting new employees and maintaining adequate staffing levels

“We are in a dire situation. Without attracting employees, we cannot maintain the business. We are struggling significantly because staffing - housing (...) is very expensive and in very poor conditions for what they can afford. I need help urgently.”

- Business owner

“We need a repository of tools for employers to help them figure out how to recruit and settle new employees. We need to know the tools that are available to help employees find housing.”

- Healthcare recruiter

“We plan to construct affordable housing units and provide housing as part of our employment contract. High interest rates and supply chain issues have unfortunately pushed this project further away.”

- Business owner

Housing challenges observed by employers:*

89%

Shortage of affordable rental units

79%

Shortage of overall housing stock

38%

Available housing units far from business location

27%

Available housing units in disrepair or in unsafe condition

** respondents were able to select all options that apply to them, resulting in percentage totals exceeding 100.*

3.3 Suitable Supply

In many sessions, we heard that individuals with complex needs, such as those facing homelessness, addiction, domestic abuse, mental health issues, or physical disabilities, face a shortage of shelters and transitional housing in Nova Scotia. We heard directly from the non-profit organizations providing support services that these services are critical to keeping people housed.

We also heard from seniors, municipal leaders, and service providers that seniors face a shortage of suitable and available housing, as much housing stock is not physically suitable for seniors, and purpose-built seniors' facilities are lacking. Financial challenges, such as the inability to afford upkeep or being priced out of rental properties, further reduce seniors' housing availability, forcing many to leave their community to find adequate housing.

Municipal employees and public housing residents who participated in the engagement sessions shared their frustrations with the administration of social housing. Tenant participants shared that they feel they face poor living conditions and a lack of diversity and integration of social housing within communities.

Public Survey Snapshot

"Families are being discriminated against, especially with young children. People cannot get into homes that meet the needs of their family."

- Stakeholder

13%
do not have enough bedrooms for the number of people in their household

11%
are in housing that does not meet their household's accessibility needs

26%
said their home was in need of major repairs

How would you rate your housing situation?

29% very stable

35% somewhat stable

14% neutral (neither stable nor unstable)

14% somewhat unstable

8% very unstable

3.4 Transportation

Engagement participants in urban centres and rural areas alike shared the understanding that the lack of public transit in many communities is a significant concern related to affordable housing. We heard that the issue disproportionately affects people with physical disabilities, who often have less access to services and a greater financial burden of owning a vehicle and paying for gas. Post-secondary administrators and students shared that access to transportation is a crucial consideration, and often a necessity, for students looking for affordable housing.

Respondents from across the province shared that a well-serviced public transit system is crucial for enabling access to affordable housing and employment at greater distances, particularly in areas where housing closer to campus is becoming more expensive. Lack of access to affordable and efficient public transit is also seen as a major barrier to development in some regions, which requires collaboration across municipalities.

Public Survey Snapshot

"We can't really talk about affordable housing without considering public transit."
- University administrator

Are you able to access public transportation near your current housing?

67% yes
33% no

How easy is it to access necessary amenities from your current housing?

27% very easy
38% easy
23% neither easy nor difficult
10% difficult
2% very difficult

3.5 Barriers for Development

Stakeholders identified many barriers to development, including increasing fuel and material costs, which can lead to projects being slowed down or canceled altogether. We heard that this also impacts housing conditions and rental rates. Municipal leaders shared that development challenges are exacerbated by the labour shortage, making it difficult to find skilled workers for construction projects. We heard that municipalities feel developers are primarily interested in the HRM and nearby communities, making it challenging to incentivize affordable housing elsewhere.

Municipal representatives, developers and non-profit housing representatives told us that they perceive that insufficient non-market housing directly impacts market prices. Evidence suggests that this is true for all forms of housing, both non-market and market stock. Increasing all types of housing is the most critical long-term housing affordability strategies. These same respondents shared that

non-profit housing providers need investment to meet demand, and there is currently a lack of support for non-profit and co-operative housing organizations.

We heard from many municipalities that they are battling against aging and often insufficient infrastructure for development, a general lack of housing expertise and capacity in most municipal governments. Gaps and exclusions in rent supplement programs, restrictive qualifications for subsidies, the calculations used by CMHC for average market rent were also identified by participants as issues. Despite the fact that affordable housing programs are offered to interested developers across the province, rural and small municipalities shared that they find it challenging to meet program criteria for some programs due to the scale of needed development and lack of available data. Additionally, some municipalities expressed a view that there is a lack of enforcement of the Residential Tenancies Act, leading to numerous challenges for both tenants and landlords.

"Incentives aren't good enough for developers to create affordable housing here. If it made sense financially, they would do it."

- Stakeholder

Social benefits of non-market housing

Through our first voice engagement sessions with tenants living in public housing we heard about the relief of receiving their units. Many participants had found themselves in challenging situations: a debilitating injury, an unexpected pregnancy, the loss of a loved one, and the loss of a career, to name a few. Access to non-market housing was life-changing and allowed families to stay together, and seniors to access safe and suitable housing and the peace of mind that comes with stability. Not all stories were positive, but many residents we spoke with were at least satisfied with their units and felt that their lives had improved since moving in.

Skilled labour shortage

A shortage of skilled labourers and tradespeople was a very commonly voiced frustration. Most people cited contractors as having 2-3-year waitlists for any renovations, new builds or major repairs. Communities outside HRM were frustrated that many contractors were leaving their communities to 'go work in the city where wages were higher'.

Costs are impacting housing conditions

According to survey respondents who own their homes, 74% of those who required repairs to their home cited a lack of funds as the primary barrier. For renters, 65% said the primary barrier to repairs was inaction by their landlord.

The desire for non-market housing was notable in the public survey - **12%** of survey respondents (totaling nearly 2,000 people) said that government-owned public housing was in their top 3 preferred housing options. Another **13%** cited community / non-profit housing.

3.6 Perspective: Non-profit Housing

Challenges with housing programs

Housing organizations that rely on government funding shared a concern that funding opportunities are too time-intensive and require too much expertise. Beyond that, there is a sense that many programs are geared towards non-profits acquiring and operating properties, but there simply are not attainable properties available, nor do organizations have the appropriate funding to operate new properties from a staffing perspective. Organizations were also frustrated that projects required too many different streams of funding with too many different criteria, definitions and data sets.

Federal funding

There were two central issues raised specifically with federal funding as it relates to provincial and municipal dynamics. Firstly, because of the aforementioned lack of capacity in non-profit organizations in the province, the perspective is that Canada Mortgage & Housing Corporation (CMHC) funding is often awarded to organizations in other parts of the country who have more robust provincial and municipal support. Secondly, stakeholders from the non-profit sector voiced that many CMHC programs require municipal buy-in, which they find very difficult to secure in Nova Scotia. Other common concerns about funding structures included the short-term, intermittent nature of some funding sources that resulted in a sense of precarity and would often stall projects, leaving them to drag on for years, unfinished.

Relatively few non-profit and co-operative housing organizations

It should be noted that a majority of regions in Nova Scotia seem to lack non-profit housing. In most areas outside of the HRM, when we asked about existing non-profits, municipal staff and councillors cited that no such thing existed, or that organizations were very small and/or just emerging, and mostly volunteer run.

Lack of trust between government and non-profit organizations / community groups

Many non-profit organizations across Nova Scotia expressed feelings of distrust when it came to their relationship with the provincial government. Many voiced disappointment at the government's handling of housing in the province over the last number of years. These feelings were exacerbated by the pressures of the pandemic and the recent population growth, but we were reminded these problems have been ongoing for decades.

3.7 Perspective: Municipalities

Aging infrastructure

Perspectives on infrastructure varied significantly from municipality to municipality. Generally, there was a call for provincial and federal governments to increase funding for infrastructure (mainly water and sewer services and, to a lesser degree, roads). Most commonly, this came from situations wherein a municipality was experiencing population growth or interest from developers and the aging state of their infrastructure, or lack thereof, was limiting the potential for development. For prospective development projects, creating new or updating old infrastructure was seen as a major financial barrier or disincentive for developers.

Responsibility for Housing

Many municipal staff and councillors expressed a feeling that municipalities do not have the resources or knowledge to tackle the issue of housing themselves. Further, participants indicated varied understanding of what municipalities can and cannot do in the housing context. Some municipalities noted that they feel responsibility to deliver new housing is being 'downloaded' onto municipalities and statements were made about housing being a provincial responsibility. Despite the increased provincial investments over the last two years, some municipal staff said they feel the provincial government is not genuinely engaged in housing, and they believe that is creating systemic issues with responsibility for housing being passed on to them.

Municipalities' perception that they are the "face" of government, particularly when it comes to publicly owned housing, regardless of jurisdiction

In most cases, municipalities expressed a feeling of frustration that while housing is a provincial responsibility, they feel that it is often the municipal government that acts as the 'face' or 'front line' of the problems, bearing the brunt of the public's anger, suffering and frustration. There was also a shared sentiment that if municipalities were to take on a more prominent role in housing, that responsibility would need to come hand-in-hand with a proportional increase in financial resources.

We also heard from some municipal staff and councillors about a lack of understanding of provincial programs and the varying eligibility requirements of said programs, leaving them feeling ill-equipped to provide information and resources to their residents.

3.8 Perspective: University Administration & Students

"We get trapped between a rock and a hard place when it comes to helping students find housing. I feel like a hypocrite when I tell them about the safety issues around finding a place to live, but if they follow all the rules, they won't find a place to live."

- University administrator

Housing affecting enrolment

Institutions were targeting an increase in enrolment, while presently they are experiencing many instances of students missing classes, or dropping out completely, due to complications around housing.

Shift in demand for on-campus housing

Post-secondary institutions also saw the need to be able to adapt the current on-campus housing stock to serve the current needs and values of students. Campus housing providers have seen a shift in the demand for certain housing types, like single accommodations or apartment-style units. The vast majority of students no longer want to share a dorm room, especially since COVID, and post-secondary institutions are trying to adapt their existing housing stock to meet the needs of students and incorporate values, like sustainability, into their new housing designs.

Unsafe living conditions

Both administrators and students shared serious concerns around treatment and awareness of housing rights for students. We heard a concern that some landlords may take advantage of students, either due to a lack of rigor when it comes to tenants' rights in the province, or a lack of awareness of said rights within the student population.

International students

For international students, issues associated with landlords seem all the more complex, especially considering many of these students have no family or strong connections here to support them; instances of racism and discrimination against immigrants by landlords was also a common experience for international students who participated in the engagement sessions.

Public Survey Snapshot

36%

of student respondents experienced discrimination related to housing

24%

of students do not have access to public transit

~9%

of students identified as "unhoused"

62%

of student dwellings needed repairs

95%

of students do not feel they could find a suitable housing alternative on short notice

48%

of students have gone without groceries to pay for their housing

4 Housing Market Influences

Nova Scotia has experienced significant population growth over the last 5 to 7 years, translating to increased levels of housing demand. This strained the existing supply, and pushed prices to levels higher than would be expected.

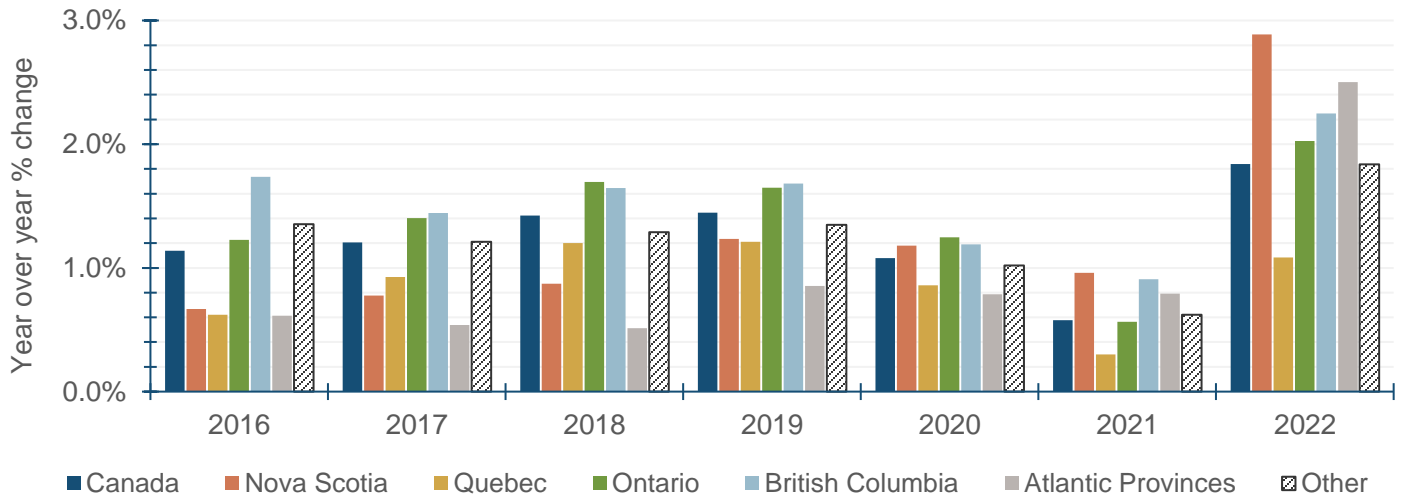
The Provincial Housing Needs Assessment details the various factors of supply and demand that affect housing markets. In this document, we highlight two high-level factors well known to Nova Scotians, as they hear or are impacted by them regularly: rapid demographic change and the rising cost of living. The factors discussed in the full report are:

Demand factors	Supply factors
Employment and income	Inflation
Commute patterns	Interest rates
Migration and overall population change	Cost of, pace of, and investment in construction
Household formation patterns	Labour force capacity

4.1 Demographic Influences

Nova Scotia's average population growth rate between 2016 and 2021 was 1.1% with no single year above 2.5%. Between 2021 and 2022, the population grew by 2.9% - largely attributed to interprovincial and international migrants.

Figure 4.1 - Annual Percent Change in Population by Province



Source: Statistics Canada

When compared to other provinces, Nova Scotia's percent increase in population stands out. Figure 4.1 shows this comparative population increase by geography. Since 2016, Nova Scotia has seen population increases larger than the cumulative increases of the remaining Atlantic provinces. Since 2020, statistics show increases that rival or even surpass other major in-migration centers in Canada.

The Nova Scotia Department of Finance & Treasury Board's (FTB's) base provincial population projections anticipate that Nova Scotia may grow 14% from 2022 to 2032, on top of the 3% from 2021-2022. Growth may be highest in the earlier parts of the next decade, with gradual dampening.

Since 2015/2016, Nova Scotia has shown a significant increase in migrants aged 15-44, so much so that their respective cohorts (15-24 and 25-44) represent well over 50% of total newcomers. The growth of these age cohorts is important to note as they are the ones most likely to have children now or in the future. New housing that can meet the requirements of Nova Scotia's existing and future families is imperative.

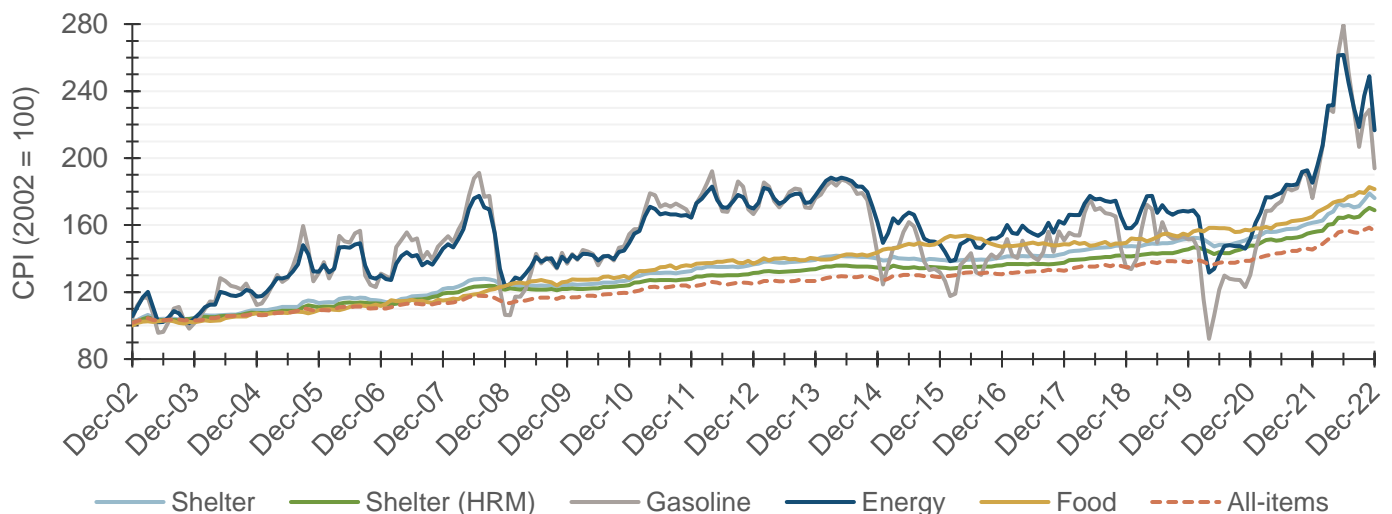
As per the 2021 Census, 28% of Nova Scotians commuted to another county. For areas like the HRM, several communities within 30 to 60 minutes can house commuters seeking housing elsewhere for various reasons, including price. The spillover of incoming residents seeking housing outside the HRM introduces more demand to those areas, increasing housing costs.

4.2 Cost of Living Influences

Statistics Canada reported 37% of Nova Scotian households received some form of recovery benefit and that 35% - or 148,450 - of households received at least one CERB payment during its availability period. This represents a considerable share of the population with an influx of cash that could be used to improve the affordability of their rent or mortgage temporarily. The benefits of CERB are applied in a broad stroke - there are many situations where CERB could not adequately substitute for incomes lost. Furthermore, payments were for a short period of time and is no longer a source of aid while Nova Scotians continue to face economic challenges.

For instance, between December 2021 and December 2022, the consumer price index (CPI) increased 7.6% in Nova Scotia. The average hourly wage of all industries in Canada increased by 5.3%, meaning that every dollar earned in 2022 has 2.3% less buying power than in 2021. The gap between wages and commodity prices widens significantly when compounded over the years.

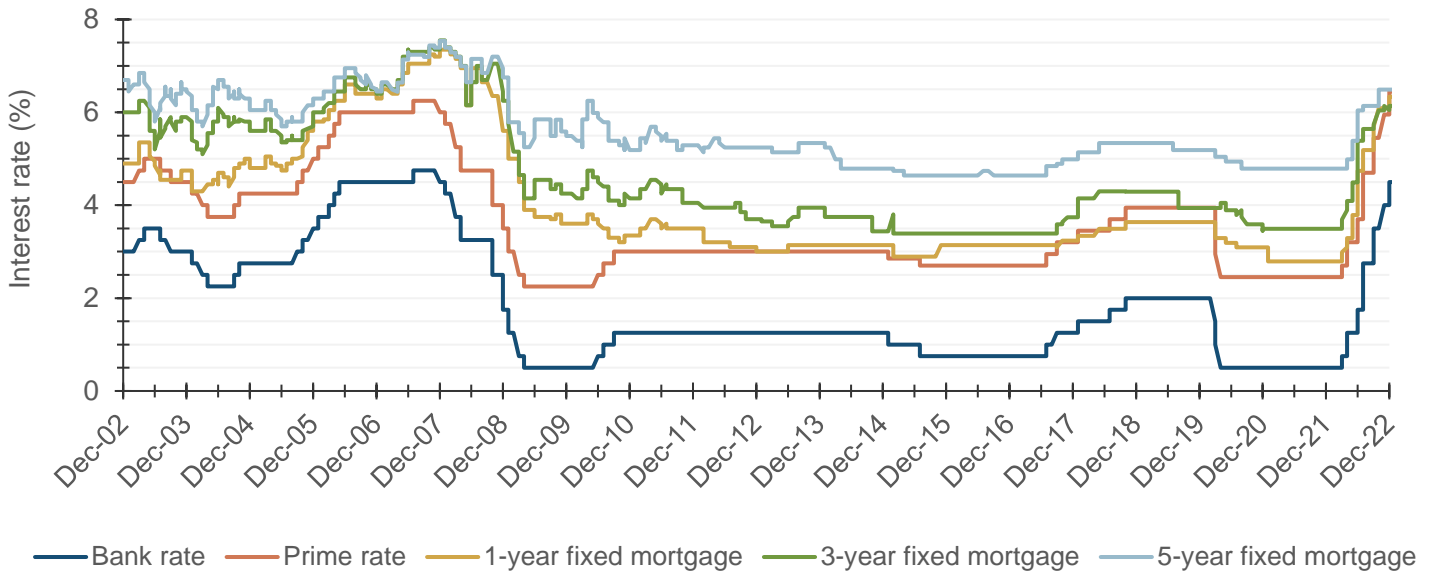
Figure 4.2 - Historical Consumer Price Index (CPI) by Item, Monthly, Nova Scotia



Source: Statistics Canada

The Bank of Canada increased interest rates to discourage borrowing and spending in response to rising inflation. Where a developer is required to service the total interest on a loan for a 2-to-3-year construction period, a $\pm 6\%$ increase in guaranteed expenditure will slow the rate at which developers choose to take on large housing projects. Developers are not uniquely feeling the impact of climbing interest rates. Households seeking to purchase are faced with higher debt costs and those with variable mortgage rates are contributing less to their home equity, resulting in accumulated debt payments down the line.

Figure 4.3 - Historical Interest Rates, Weekly, Canada



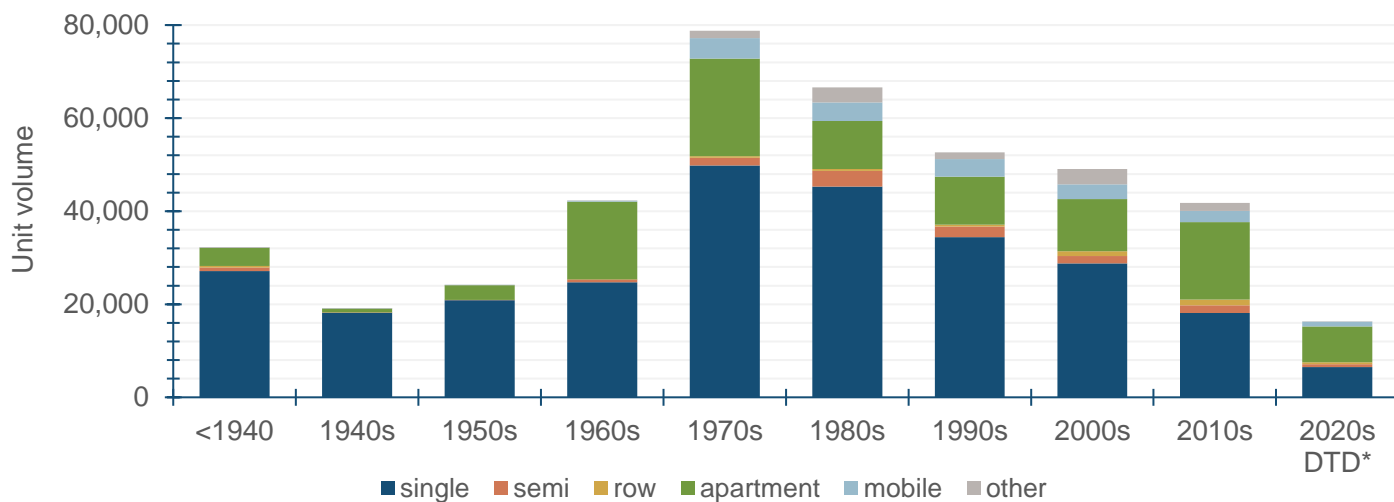
Source: Statistics Canada

5 Housing Supply

5.1 Market Housing

As of the 2021 Census, there were 476,007 private dwellings across Nova Scotia, of which 428,228 were occupied by usual residents (those who live in Nova Scotia permanently).

Figure 5.1 - Estimated Dwelling Build Out by Type and Decade, Nova Scotia



DTD = Decade to Date
Source: Derived from PVSC

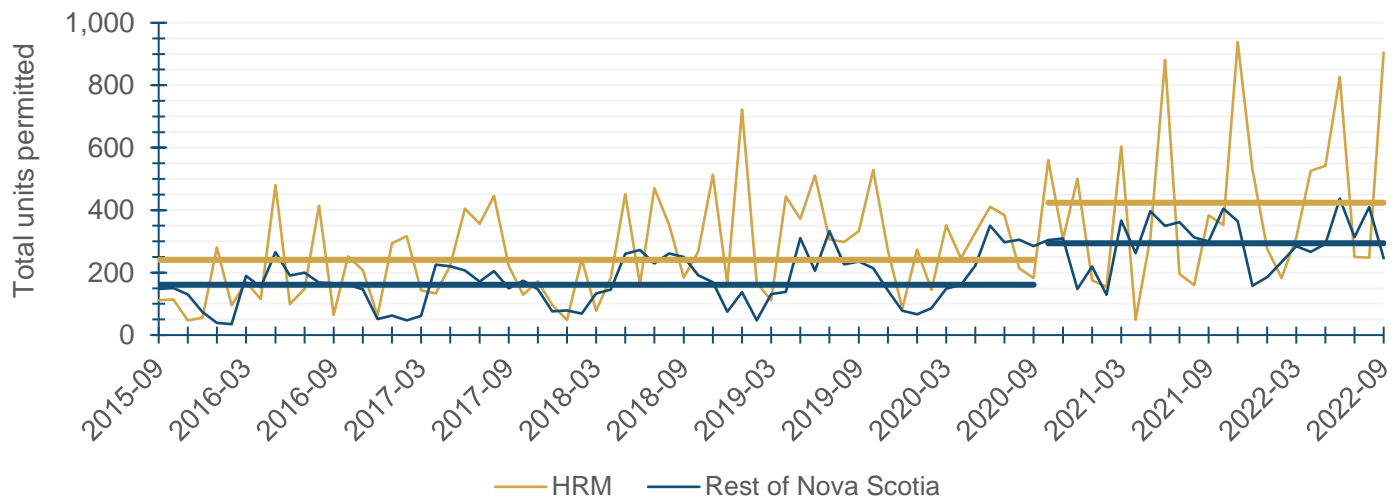
As seen in Figure 5.1, the 2010s (2010-2019) was the first decade since the 1960s where apartment construction rivaled or exceeded the construction of single-detached dwellings in Nova Scotia. This points to the observed trend of population increase and densification, as apartment buildings house more people on a smaller footprint than single-detached homes. This trend, observed through the 2010s, is carrying through the 2020s, per the most current data available.

The foundation of addressing a housing crisis is increasing the supply of housing. Increasing the available supply to meet demand reduces the pressure on prices for both rental and ownership markets. However, when a labour shortage exists, developments take longer or do not happen at all. Anecdotal engagement evidence suggests contractors have 2- to 3-year waitlists for renovations, new builds, or major repairs. Apprenticeship trends and projections from the Canadian System for Tracking Apprenticeship Qualifications (CANTRAQ) offer an assessment of demand and supply for trade certification in Nova Scotia over the coming decade (2021 to 2030) with predicted labour shortages for carpentry, bricklaying, ironwork, mobile crane operators, and powerline technicians.

Figure 5.2 presents the increase in units permitted for the HRM and the rest of Nova Scotia. For the HRM, the average number of units permitted per month between 2010 and 2019 was 241, and this has increased to 423/month since September 2019, a nearly 76% increase. Similarly, the rest of Nova Scotia, between 2010 and 2019, averaged 161 units permitted per month and has increased to 293 per month, a nearly 82% increase.

This increase is important as it will boost the number of units available in the provincial housing market. Such permit increases the signal supply of housing, potentially contributing to pushing prices down.

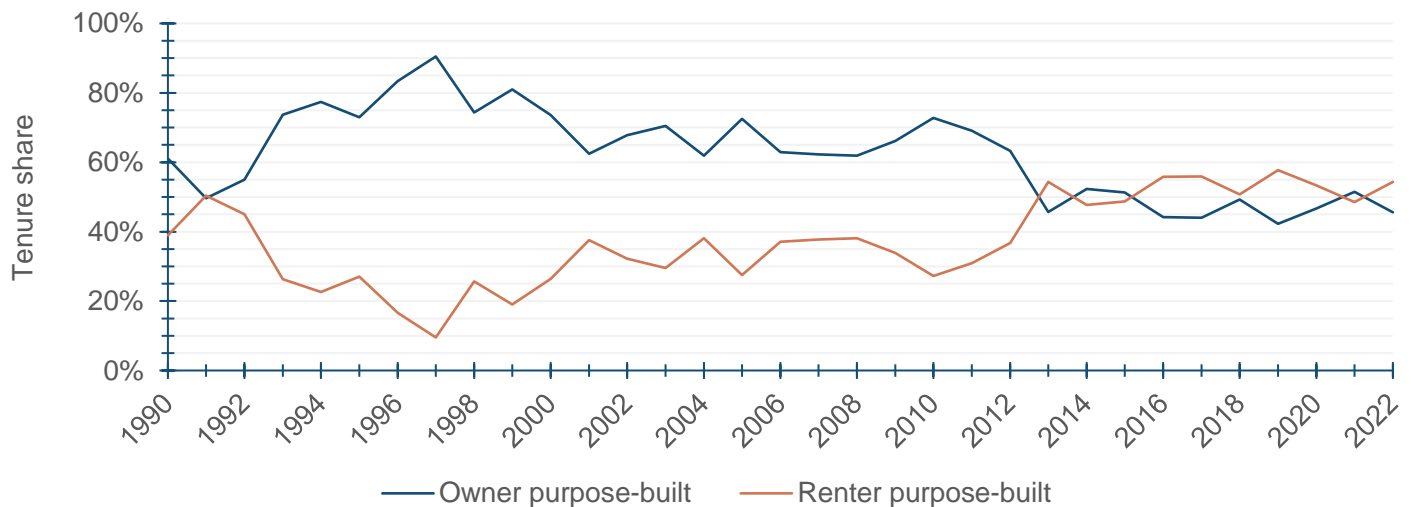
Figure 5.2 - Total Units Permitted, Monthly



Source: Statistics Canada Tables 34-10-0001, 34-10-0066

Rental construction is underway at a pace not seen since the early 1990s, with a fluctuating-near-50% share with ownership-tenure construction since 2013, as seen in Figure 5.3. Developers have generally prioritized rental apartment construction over the last decade. The rise in total apartment units within the primary rental market has predominantly come from 2-bedroom units. Between 2010 and 2022, total purpose-built apartments grew from 48,268 to 65,056 (a 35% increase). Two-bedroom units represented 73% of this growth.

Figure 5.3 - Share of Completions* by Purpose-Built Tenure, Annual, Nova Scotia



* Completion shares reflect only the areas of Nova Scotia studied by CMHC's Starts and Completions Survey
Source: CMHC Starts and Completions Survey

Every addition to the housing supply - whether rented or owned - helps. However, some additions do not directly translate to a long-term tenancy, or some existing units might be converted away from permanent housing. The proliferation of short-term rentals (STRs) is one cause of this.

Table 5-1 summarizes the recent historical changes in STR units that were active over the course of a calendar year, including estimates of the maximum units potentially removed from the market.

Table 5-1 - Short-Term Rental Activity and Inventory, Nova Scotia

	Data by year				Percent change		
	2018	2020	2021	2022	'18-'20	'20-'22**	18-'22**
Total unique STRs	7,744	11,154	11,069	11,090	+44%	-1%	+43%
Entire home/apt	5,725	8,464	8,656	8,744	+48%	+3%	+53%
Hotel room	80	215	192	181	+169%	-16%	+126%
Private room	1,895	2,405	2,159	2,103	+27%	-13%	+11%
Shared room	44	70	62	62	+59%	-11%	+41%
Avg annual revenue	\$7,214	\$5,184	\$6,433	\$10,066	-28%	+94%	+40%
Total market ('000s)	\$55,864	\$57,821	\$71,205	\$111,630	+4%	+93%	+100%
Commercial STRs*	3,930	4,248	4,238	4,692	+8%	+10%	+19%

* A commercial STR is one that has been listed as available and/or has been reserved more than 50% of the days in a calendar year.

** 2022 data reflects as of September 2022. Commercial STRs use 9 months for their calculations versus a full year.

Source: derived from AirDNA data

Between 2018-2022, there was an increase of 3,346 unique short-term rental listings (or 43%). About 79% of units in 2022 were entire homes or apartments. Upwards of about 4,690 could potentially be “commercial” units - meaning they were available or reserved more than 50% of the year. For 2022, this reflects data up to the end of September 2022. If we compare the total estimated 2022 commercial units to the adjusted housing stock (2021 Census plus completions), we conclude that upwards of 1% of Nova Scotia’s inventory may be used as a commercial short-term rental.

5.2 Non-Market Housing

Public Housing

Public housing is a form of provincially-owned subsidized rental housing that provides units that are rent-geared-to-income. Nova Scotia, through the Nova Scotia Provincial Housing Authority (NSPHA), has a public housing inventory of about 11,200 units. Around 3,750 are found in the HRM and 7,450 across the rest of the province. These units are split between family units and seniors' units.

Table 5-2 - Summary of Public Housing Inventory, January 31 2023

		Total	Family	Senior
	Total unit inventory	11,200	3,550	7,650
Unit size	Studio	45	25	20
	1-bedroom	7,620	125	7,495
	2-bedroom	595	480	115
	3+ bedroom	2,915	2,915	0
	Not reported	25	5	20
Dwelling type	Single family	780	780	0
	Row	1,705	1,165	540
	Apartment	8,475	1,405	7,070
	Not reported	240	200	40
Tenure length	Less than 1 year	9%	6%	11%
	1 to 5 years	34%	30%	36%
	5 to 10 years	26%	26%	26%
	10+ years	30%	38%	26%

Source: Nova Scotia Provincial Housing Agency

What We Heard:

We heard a range of feedback from the public housing tenants who participated in focus groups. Some, particularly those in seniors housing, expressed their satisfaction with their units and their gratitude for access to stable housing.

Some participants in the focus groups indicated concerns about unit condition and the time it can take for repairs. Examples noted by these participants were drafty windows, flooded basements and moldy carpets. These issues were most commonly experienced by focus group participants in family style units.

We heard from some tenants that they feel that more focus is placed on external repairs (such as roofs and siding) than internal repairs, leading them to feel that the attention is on the way that the units “look” (and are therefore perceived by the public) and not what it is like to live in them.

The desire for non-market housing was notable in the public survey - **12%** of respondents (about 2,000 people) said that government-owned public housing was in their top 3 preferring housing options.

Rent Supplements

As of March 2023, about 6,555 Nova Scotian households were receiving a rent supplement. This translates to almost 11,920 people served by rent supplements, province-wide. Of those households, 38% were seniors, 31% were families, and 31% were categorized as non-elderly.

A person or household with a person at risk of homelessness made up 17% of recipients, 15% lived with mental health or addiction-related issues, 18% had a disability, and 7% were young adults (most of which were families).

About 92% of supplements were directed to households living in market rentals, most of which were either 1- or 2-bedrooms large. Of the about 6,555 supplements, 72% were assigned to the recipient themselves - they were portable with the client if they decided to move. About 25% were non-portable supplements that were unit specific - they do not move with the client.

6 Housing Shortage

6.1 Econometric Model

An econometric model developed for the Provincial Housing Needs Assessment relates five principal variables to housing prices: dwelling stock, total households, real incomes (adjusted for inflation), user costs, and past (lagged) dwelling prices. The full report offers a full explanation of the model and the results. In brief, the model results suggest that:

- For every 1% increase in total dwellings will come a price decrease of 4.66%;
- For every 1% increase in total households, prices increase by 4.92%;
- For every 1% increase in real income, prices increase by 1.33%;
- For every 1 percentage point increase in user costs, prices decrease by 2.47%; and
- For every 1% increase over a previous years' prices leads to a current-year price increase of 0.75%.

6.2 Demographic Model

To understand housing demand in areas where the econometric model cannot be applied, we used a demographic approach that focuses on two measures used in the econometric model: the **number of dwelling units** over time and the **household demand** over time.

6.3 Forecasted Shortage

Figure 6.1 offers a high-level summary of the trajectory of housing shortage over the next decade under a base growth scenario. In five years, the anticipated need for housing (existing shortfall plus anticipated demand) will be about 71,600 units. At an estimated annual volume of 6,080 completed units, the province would still need to produce a further 41,200 by 2027 - or about 135% more than status quo completions. In ten years, the total demand may reach 104,800. At the same annual pace of construction, a further 44,000 units would be needed to address the gap.

Figure 6.1 - Anticipated Unit Gap based on Total Units Required and Estimated Completions, Demographic Model (Base Scenario) Results

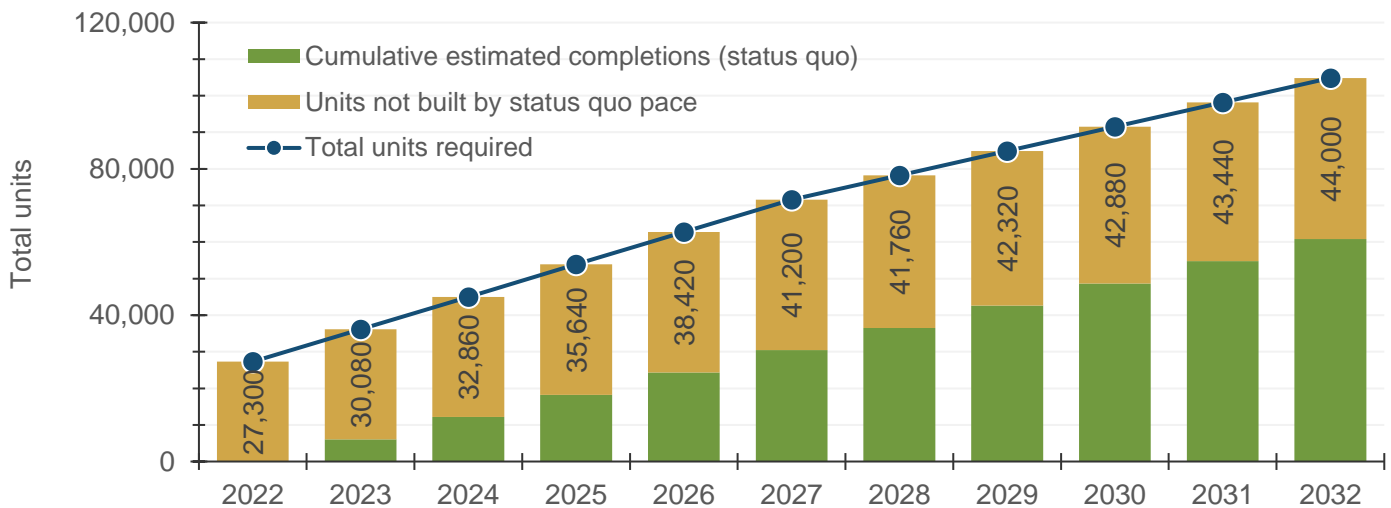


Figure 6.2 further illustrates the possible required units and related gaps, broken down by the low, base, and high population growth scenarios for Nova Scotia as developed by the Department of Finance & Treasury Board. Nova Scotia will not meet the anticipated demand under any of the scenarios under the status quo scenario of new stock.

Figure 6.2 - Anticipated Units Required and Gap by Population Growth Scenario, Demographic Model Results

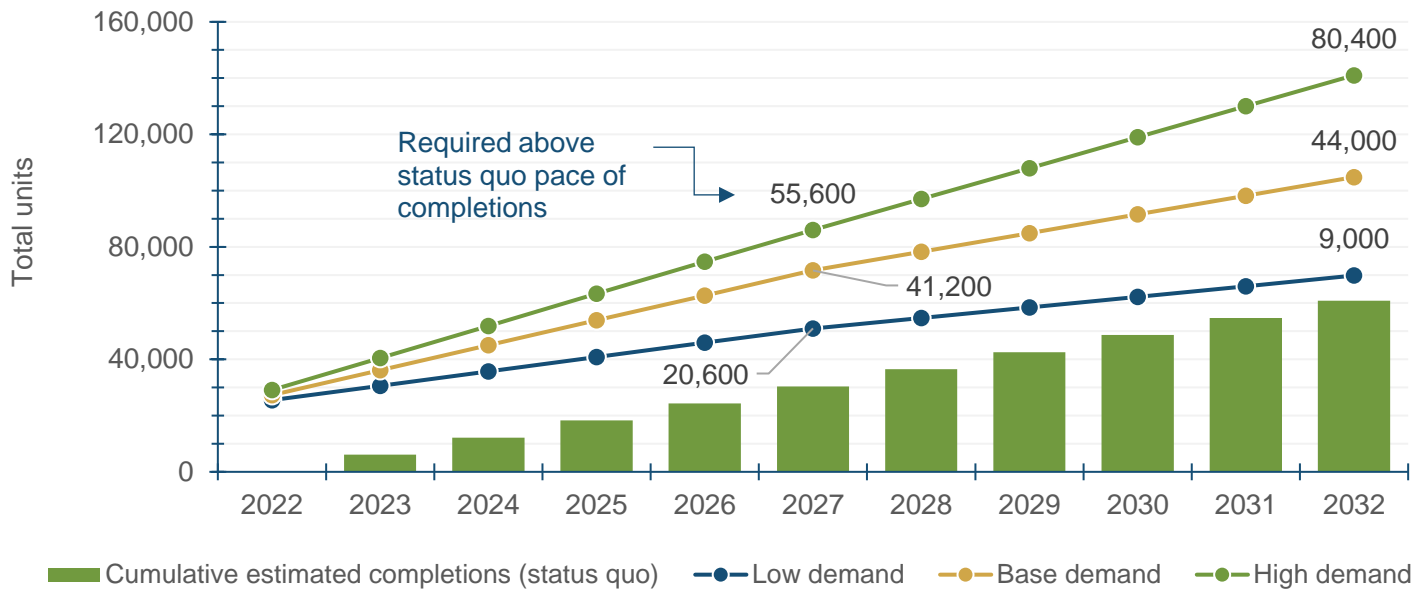


Table 6-1 summarises the estimated current and forecasted shortages for Nova Scotia and its five Economic Regions by 2027 (assuming the base population growth scenario). It also provides the anticipated additional units required above estimated production (based on historical trends).

Table 6-1 - Current & Anticipated Unit Shortfall by 2027 and Additional Units Required Above Status Quo Unit Production, Demographic Model Results

	Nova Scotia	Annapolis Valley	Cape Breton	Halifax	North Shore	South Shore
A: Current shortfall (end of 2022)	27,300	1,650	2,550	17,500	2,550	3,050
B: Total units required by 2027 (incl. current shortfall)	71,600	6,300	2,950	52,050	5,175	5,125
C: Estimated annual pace of construction (status quo)	6,080	600	150	4,210	635	485
D: Estimated total units to be built by 2027 at status quo pace (C x 5 years)	30,400	3,000	750	21,050	3,175	2,425
E: Remaining units not built based on status quo pace (B - D)	41,200	3,300	2,200	31,000	2,000	2,700
F: Estimated annual units needed to meet 2027 shortage (E / 5 years)	8,240	660	440	6,200	400	540

Given the recent surge in units permitted and the influence permits have on the estimated completions calculated, the above numbers may represent an optimistic scenario. Even so, a significant housing shortage exists in the short- and medium-term that requires intervention.

It is important to note that the shortage represents the totality of units required, whether they are market or non-market, rented or owned, single-detached or apartments. Supply by type and tenure is largely based on individual household preferences. An estimate of preference has been developed by applying assumptions related to household formation (see the full report for more detail). Table 6-2 summarizes targets for unit sizes built over the next five years. By 2027, Nova Scotia may need to build 71,600 units to meet demand, of which 30% could be studio/1-bedroom dwellings (21,550 units), 40% 2-bedroom dwellings (28,930), and 29% 3+ bedroom dwellings (21,120 units).

Table 6-2 - Estimated Current & Anticipated Unit Shortfall by Unit Size, 2022 to 2027, Nova Scotia

	Total	Studio + 1-bedroom	2-bedroom	3+ bedroom
A: Current shortfall (end of 2022)	27,300	8,220	11,030	8,050
B: Anticipated demand by 2027	44,300	13,330	17,900	13,070
C: Total units required by 2027 (A + B)	71,600	21,550	28,930	21,120
D: Anticipated supply (status quo pace)	30,400	9,150	12,280	8,970
E: Total shortfall (C - D)	41,200	12,400	16,650	12,150
F: Total extra units needed annually (E / 5 years)	8,240	2,480	3,330	2,430

For market housing, developers and home builders know best about what style and tenure generate the most value based on their market analyses. In changing markets, these players must often pivot to adjust to evolving demand preferences.

For non-market housing, ideal new unit types closely relate to the demographic characteristics of lower-income individuals/households, like young adults, seniors, and other vulnerable populations.

7 Affordability

Affordable housing is an important part of every community across Canada, but affordability means different things to different people. Finding a suitable home for a reasonable price can be a challenge for anyone, but it is often more difficult for single-income households, seniors, young adults, and other vulnerable populations.

"Affordable housing" is often misconstrued as referring only to the government subsidizing rental housing, or 'public housing' - the Province does not need to own and operate housing for it to be considered "affordable." Affordable housing can be across different tenures: rental, ownership, and co-operative ownership, as well as temporary and permanent housing.

Housing affordability is often based on a combination of factors, and every situation is different. Examples include: the **type, age, and condition of a dwelling**; the **location of a dwelling**; and a **person's financial status and stage of life**.

What We Heard:

- **54%** of respondents said they spend more than 30% of their before-tax income on their housing, with **66%** of renter households not meeting the definition of affordability.
- **48%** of respondents saw their rent or mortgage increase over the last year.
- **46% / 36%** of respondents said they could not find a place to rent / buy in their price range.
- **78% / 24%** experienced challenges finding housing at a price they can afford to rent / own.
- **15%** can afford a different option, but suitable alternatives are unavailable.
- **13%** cannot find suitable housing close to school / work.

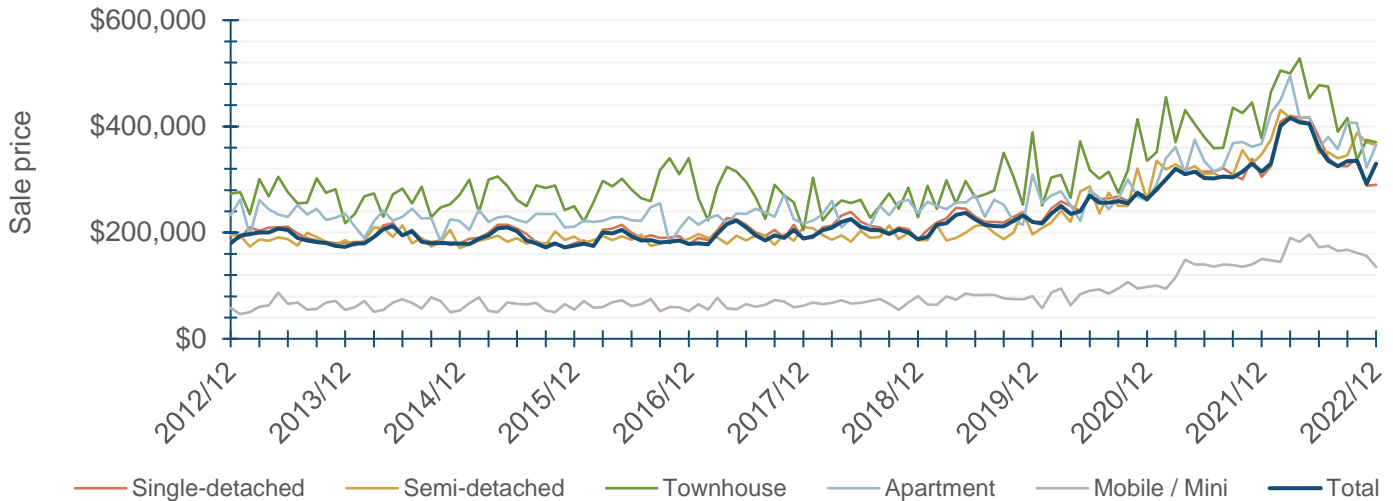
"One thing we hear from regional council a lot is a push back from constituents who don't want major development, but also complain about the lack of affordable housing."

- Municipal official

7.1 Homeownership

Figure 7.1 shows the change in median sale prices for dwellings by type. A steep incline in the overall median begins in late-2020/early-2021, with a highpoint at the end of 2021 - a highpoint that is just over double the overall median of 2012.

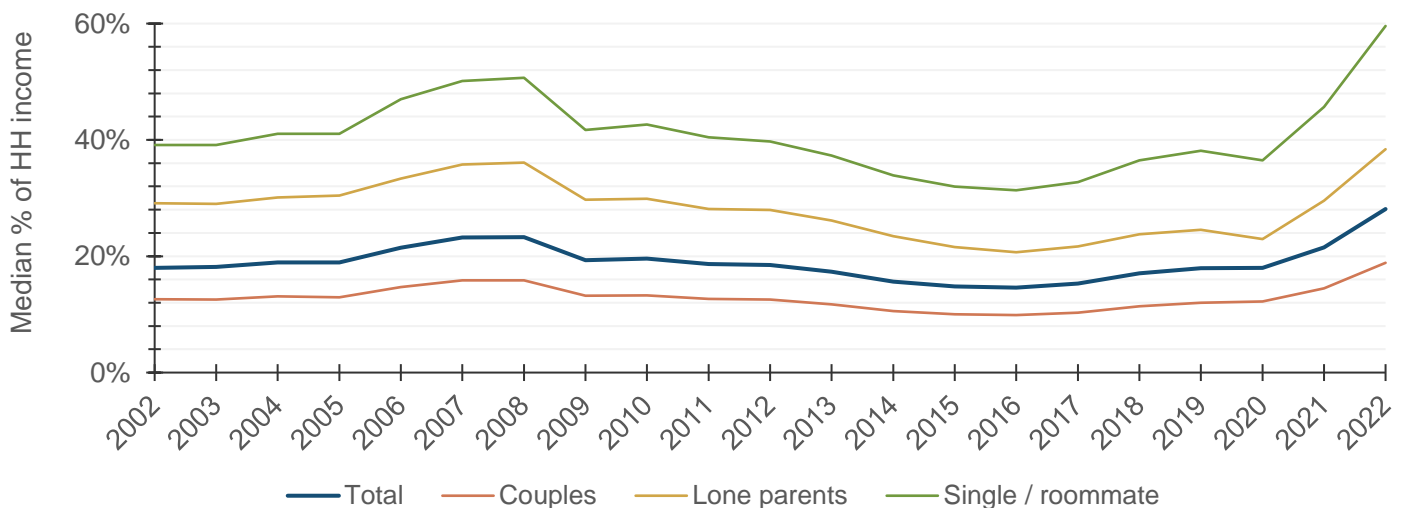
Figure 7.1 - Median Sale Price by Dwelling Type, Monthly, Nova Scotia



Source: NSAR MLS®

Figure 7.2 illustrates the change in median percentage of household income required to purchase a home over the last two decades. The median percentage of income is disaggregated by household type.

Figure 7.2 - Estimated Median Percent of Household Income Required to Purchase a Home by Household Family Type, Nova Scotia



Source: derived from Statistics Canada and NSAR MLS®

All household family types had an increase in the percentage of income required to purchase a home between 2020 and 2022. This increase more seriously affects the single/roommate and lone-

parent categories, attributable to their single-income status. Couples saw their required percentage of income increase from 14% in 2021 to 19% in 2022, lone parents saw that percentage increase from 30% to 38%, and finally single persons and those living with roommates saw an increase from 46% to 60%.

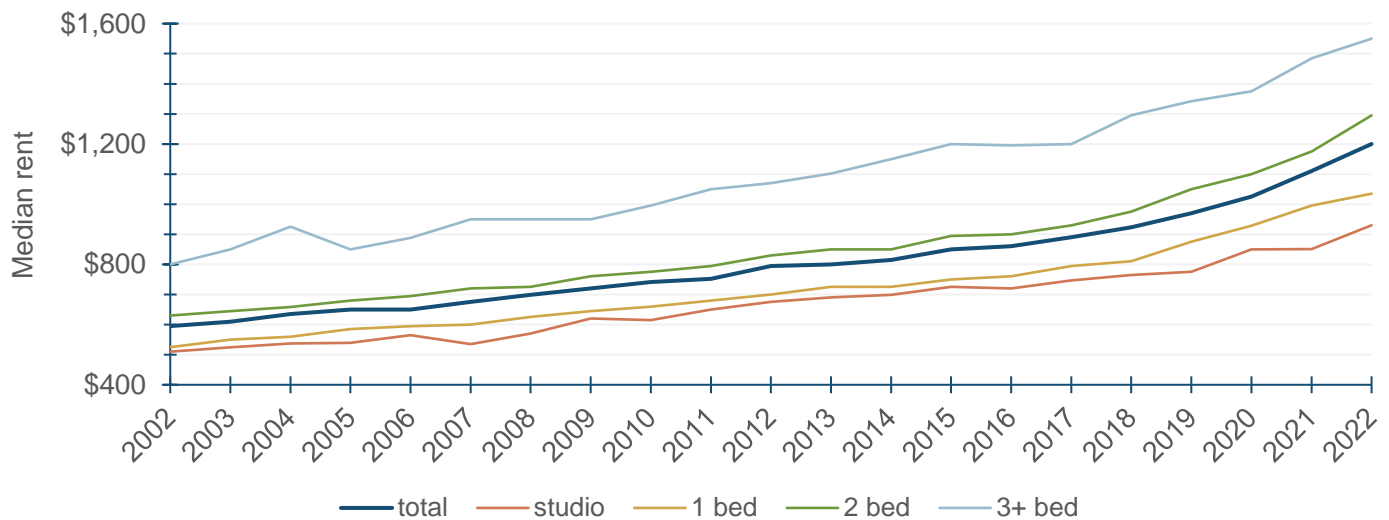
What We Heard:

There is a large segment of the population that is trying to move out of the rental market into home ownership, but the increased property values followed by rapid and notable interest rate hikes have made that prohibitive.

7.2 Rental Market

Nova Scotia's primary rental market, whether in the HRM or outside, has seen significant increases beginning in 2017/2018. As shown in Figure 7.3, the median rent across all unit sizes has increased from \$890/month in 2017 to \$1,200/month in 2022. This translates to a 35% increase over 5 years, or an average increase of almost 7% per year. This incline was most dramatic between 2020 and 2022, which on its own, saw a rise of 17% in overall median rents.

Figure 7.3 - Median Rent by Unit Size, Primary Rental Market, Nova Scotia



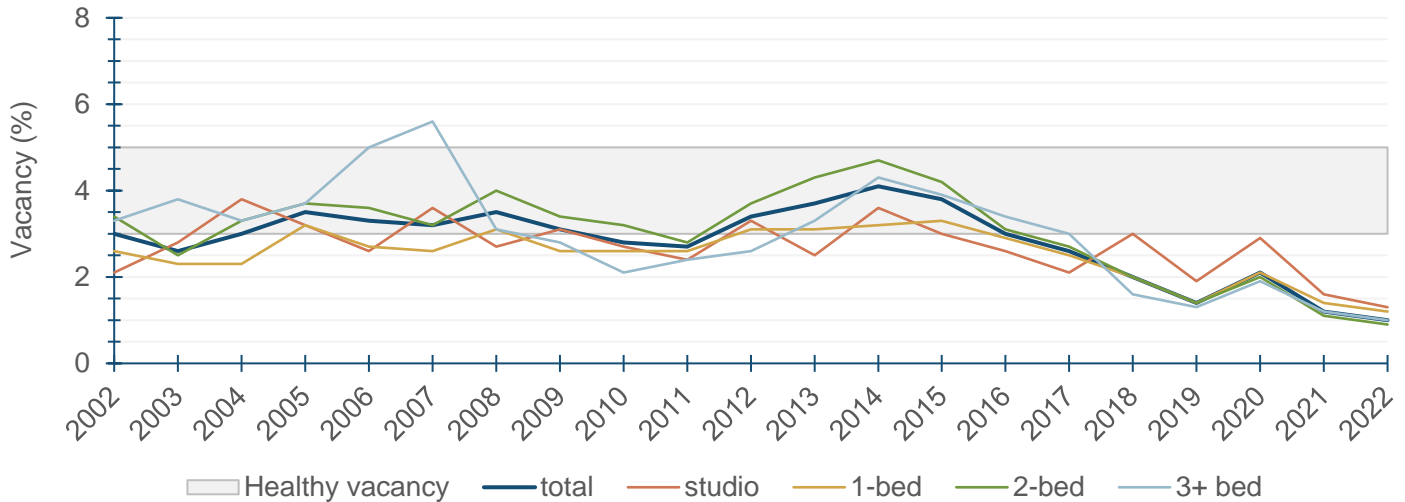
Source: CMHC Rental Market Survey

This considerable increase can be linked to an equally diminished vacancy among rental units. While a downward-trending vacancy began in 2015/2016 - most recently reaching 1% overall for Nova Scotia (see Figure 7.4) - a comparatively recent up-trending population has strained existing supply, driving the median rent increases.

What We Heard:

Broadly speaking, the high demand for housing, coupled with the low rate of vacancy in the market, has exacerbated issues that are seen as being rooted in systemic power imbalances between landlords and tenants.

Figure 7.4 - Vacancy Rate by Unit Size, Primary Rental Market, Nova Scotia



Source: CMHC Rental Market Survey

To combat a more severe increase in rent as housing supply tries to meet demand, the Nova Scotia government introduced a 2%-per-year rent cap in November 2020, which was renewed to December 31, 2023 and more recently amended to extend to December 31, 2025, but at a 5% cap on rental increases.

CMHC's 2022 Rental Market Survey data for Nova Scotia indicates that the average rent increase for a 2-bedroom unit that turned over was well-above the increase for units that did not change tenants (28% compared to 4%). The average turned-over unit was \$1,648 provincially, versus \$1,291 for a non-turned over unit. The rate of turnovers decreased from about 16% to 11% from 2021 to 2022.

7.3 Core Housing Need & Deep Unaffordability

Deep unaffordability (sometimes referred to as Severe Core Housing Need) describes households spending 50% or more of their before-tax income on housing. Table 7-1, Table 7-2, and Table 7-3 show the proportion of those households in Core Housing Need and deep unaffordability by characteristic.

Table 7-1 - Core Housing Need / Deep Unaffordability by Tenure & Indigenous Identity, Nova Scotia

		Total	Owner	Renter	Indigenous
Total households		413,315	280,055	133,260	26,220
Households living in Core Housing Need	Households	41,470	13,885	27,585	2,580
	<i>Change since 2016</i>	-16%	-18%	-15%	-24%
	Share of households	10%	5%	21%	10%
Households living in deep unaffordability	Households	19,195	6,035	13,160	1,090
	<i>Change since 2016</i>	-22%	-25%	-20%	-34%
	Share of households	5%	2%	10%	4%

Source: Custom Census 2016 & 2021 Tables

While the province has seen net-percentage decreases across all tenures, renters are still affected by all criteria at higher rates than owners. In 2021, 21% of renter households were in Core Housing Need and 10% were in deep unaffordability.

Table 7-2 - Core Housing Need / Deep Unaffordability by Household Family Type, Nova Scotia

		Couple w/o child(ren)	Couple w/ child(ren)	Lone parent	Single / roommates
Total households		123,675	86,845	36,575	145,780
Households living in Core Housing Need	Households	3,685	2,655	6,595	27,730
	<i>Change since 2016</i>	-23%	-31%	-33%	-6%
	Share of households	3%	3%	18%	19%
Households living in deep unaffordability	Households	1,890	1,235	1,750	14,080
	<i>Change since 2016</i>	-36%	-28%	-51%	-12%
	Share of households	2%	1%	5%	10%

Source: Custom Census 2016 & 2021 Tables

By household type, single/roommate households, followed by lone-parent households were most affected by the listed criteria. In 2021, 19% were in Core Housing Need and 10% in deeply unaffordable dwellings. By comparison, 18% of lone-parent households were in Core Housing Need, and 5% were in deep unaffordability.

"We have to invest in the people of NS, we have to invest in their wellbeing - housing needs to be the highest priority - that will allow us to shift and free up resources for health and finances, and increase mental health and wellness."

- Stakeholder

Single/roommate households being affected is significant not only in the percentage rate affected, but as well by sheer number. About 27,730 lived in Core Housing Need and 14,080 in deeply unaffordable dwellings, making up the most of those affected by any given criterion across the province.

Table 7-3 - Core Housing Need / Deep Unaffordability by Primary Household Maintainer Age, Nova Scotia

		15 to 24	25 to 44	45 to 64	65+
Total households		12,845	113,700	153,785	132,980
Households living in Core Housing Need	Households	1,705	11,170	14,125	14,460
	<i>Change since 2016</i>	-31%	-19%	-22%	-4%
	Share of households	13%	10%	9%	11%
Households living in deep unaffordability	Households	1,740	5,035	7,165	5,260
	<i>Change since 2016</i>	-26%	-28%	-27%	-3%
	Share of households	14%	4%	5%	4%

Source: Custom Census 2016 & 2021 Tables

Maintainers aged 15-24 were affected by the given criteria at higher rates than others. In 2021, 13% in Core Housing Need and 14% in deeply unaffordable dwellings.

Important: Each of the above tables expresses an “improvement” in the total number of households experiencing Core Housing Need or deep unaffordability since 2016. Incomes used to calculate 2021 unaffordable come from 2020, which includes transfers received from Canada’s Economic Recovery Benefit (CERB). The relationship between shelter and financial need is likely understated.

8 Conclusion

The province of Nova Scotia has seen significant growth in its population in the last few years, with an unprecedented increase of 2.9% between 2021 and 2022 - an increase from an estimated 991,115 to 1,019,725 people. This population growth has impacted the need for housing in a market already experiencing its lowest vacancy rate - currently 1% province-wide - in the past several years. The prevalence of remote work and low interest rates, brought on by the COVID-19 pandemic, created the conditions for a surge of interprovincial in-migration to Nova Scotia, further straining an already burdened housing market.

Over a three-year period (2019 to 2022), overall home prices increased by 63% and median rents by 24%. Where incomes in Nova Scotia have not kept pace with cost increases, a significant portion of the population has been priced out of affordable dwellings. This is felt evermore strongly amongst vulnerable populations who may face, in addition to the economic challenges, discrimination based on their race, gender, accessibility needs, family size, and myriad others. For those communities with post-secondary institutions, their student body is feeling these pressures, with a limited supply of on-campus housing and a student population that either does not want to or cannot live on-campus.

The housing shortage across the province has been estimated to be about 27,300 units as of the end of 2022. Including the current shortfall, by 2027, it is estimated that there will be a need for 71,600 new units. While housing developments will continue to come to the market, based on the current pace of new construction, new supply will not be enough to meet the growing demand. We expect about 6,080 new units to be built per year based on the current pace of construction, equating to 30,400 new units by 2027 - leaving a shortfall of 41,200.

All levels of government, housing stakeholders, the construction and development sectors, employers, and the public at large agree that there is an immediate need for a bolstered housing supply. There are many options available to address this crisis, but what is certain is that it will require the cooperation of those groups mentioned above to address it with the immediacy required.

