

# **HOMES FOR NEW BRUNSWICKERS**

**A BOLD PLAN TO INCREASE HOUSING SUPPLY**

**NBREA**  
NEW BRUNSWICK  
REAL ESTATE ASSOCIATION



**AAINB**  
L'ASSOCIATION DES AGENTS  
IMMOBILIERS DU NOUVEAU-BRUNSWICK

## **Homes for New Brunswickers:** A bold plan to increase housing supply

### *Contact Information*

*New Brunswick Real Estate Association ("NBREA")  
22 Durelle Street, Unit 1  
Fredericton, NB E3C 0G2*

[communications@nbrea.ca](mailto:communications@nbrea.ca)  
506-459-8055

# TABLE OF CONTENTS

<b>LETTER FROM NBREA PRESIDENT</b>	<b>4</b>
<b>SUMMARY OF RECOMMENDATIONS</b>	<b>5</b>
<b>NEW BRUNSWICK'S HOUSING MARKET</b>	<b>6</b>
<b>NB LAND USE PLANNING &amp; DEVELOPMENT</b>	<b>9</b>
<b>NB HOUSING FOR ALL STRATEGY</b>	<b>11</b>
<b>NBREA RECOMMENDATIONS</b>	<b>12</b>
<b>MAKE IT EASIER TO BUILD HOMES</b>	<b>12</b>
PERMIT MORE SECONDARY SUITES	12
END EXCLUSIONARY ZONING	14
ENCOURAGE MORE HOMES NEAR HIGH TRAFFIC AREAS	15
COMPETE HARDER FOR SKILLED TRADES	16
<b>KEEPING EXISTING HOMES AFFORDABLE</b>	<b>17</b>
EXPAND RENTAL SUPPORT TO LOW-INCOME NEW BRUNSWICKERS	18
COMMIT TO PROPERTY TAX REFORM	20
NEW GST REBATE FOR PURPOSE-BUILT RENTAL PROPERTY	20
<b>HELP FOR FIRST-TIME HOME BUYERS</b>	<b>21</b>
LOWER TAXES FOR FIRST-TIME HOME BUYERS	22
NO HST ON NEW HOMES FOR YOUNG FAMILIES	23
<b>MORE PROVINCIAL LEADERSHIP ON HOUSING</b>	<b>24</b>
CREATE A DEDICATED MINISTRY OF HOUSING & LOCAL GOVERNMENT	25
USE STATEMENTS OF PROVINCIAL INTEREST TO CUT RED-TAPE	25
HOUSING TARGETS FOR PROVINCE & MUNICIPALITIES	26
<b>CONTACT US</b>	<b>28</b>

## LETTER FROM NBREA PRESIDENT

---

Dear New Brunswickers:

Bold and urgent action is required to keep the dream of home ownership alive for our growing population.

On behalf of our province's 1400 REALTORS®, I am proud to present *Homes for New Brunswickers*, a comprehensive report offering several concrete and immediate actions designed to address the housing affordability crisis in New Brunswick. Many of these recommendations are already successfully in place in other provinces across Canada.

NBREA particularly urges New Brunswick politicians to consider these recommendations in the development of policy designed to address the increased demand for affordable housing brought by the rapid growth in our population.

We hope this report will inform political discourse and make the dream of home ownership more affordable in our province.

Thank you for the opportunity to share these ideas; we look forward to opportunities to discuss them in further detail in the days ahead.

Sincerely,



Vicki Carr  
2023/24 NBREA President

# SUMMARY OF RECOMMENDATIONS

New Brunswick needs action to protect the dream of home ownership and REALTORS® have a plan to boost housing supply and make homes more affordable.

Our plan will build thousands of affordable homes right across NB, reduce costs for first-time home buyers, and ensure our province one of the most affordable housing markets in Canada.

NBREA's *More Homes for New Brunswickers* plan proposes to:

### ***Make it Easier to Build New Homes***

1. Permit Secondary Suites & Basement Dwellings
2. End Exclusionary Zoning
3. Encourage More Homes Near High Traffic Areas
4. Compete Harder for Skilled Trades

### ***Keep Existing Homes Affordable***

5. Rental Support to Low-Income New Brunswickers
6. Commit to Property Tax Reform

### ***Help for First-Time Home Buyers***

7. Lower Taxes for First-Time Home Buyers
8. No HST on New Homes for Young Families

### ***Provide More Provincial Leadership on Housing***

9. Create a Dedicated Ministry of Local Government & Housing
10. Use Statements of Provincial Interest to Cut Red-Tape
11. Set a Housing Target for Province & Municipalities

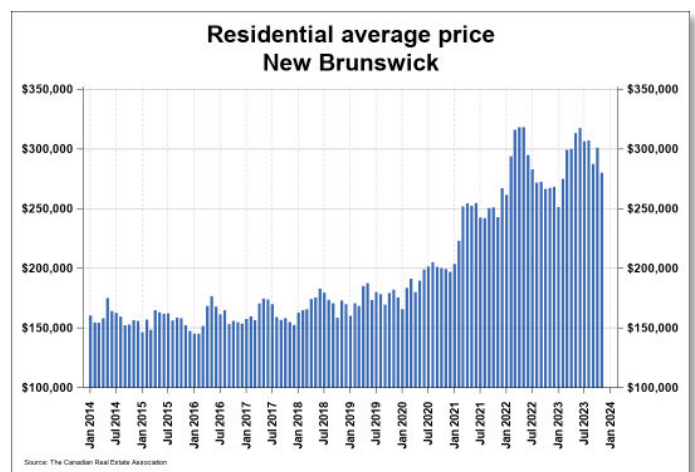
# NEW BRUNSWICK'S HOUSING MARKET

For the first time in decades, New Brunswick's housing market is booming. Driven by record levels of immigration and internal migration from other provinces, **New Brunswick homes are in high demand, and we've seen record increases in home prices as a result.** Unfortunately, household incomes are not keeping pace and that is making it harder and harder to afford the Canadian dream of home ownership.

## HIGHER HOME PRICES

New Brunswick has historically been one of the most affordable real estate markets in Canada with relatively stable home prices for the better part of the last decade. Between 2010 to 2019, the average price of a residential home in New Brunswick increased just 6% or 0.7% annually (\$152,200 to \$162,200).<sup>1</sup>

That changed in early 2020. From January 2020 to Nov 2023, **the average residential home price increased 65% (from \$169,900 to \$280,108) - the sharpest increase of home prices in modern provincial history.**



Source: CREA 2022

## MEDIAN INCOMES NOT KEEPING PACE

While home prices have increased over 65% since 2020, household incomes have not kept pace. According to Statistics Canada, the median income in New Brunswick in 2020 was \$37,600 and is projected to have increased to \$43,350 by 2023.<sup>2</sup>

For a young first-time buyer, average priced homes in New Brunswick are no longer affordable. **A median-income earner must dedicate 56.5% of their pre-tax income to cover the costs of owning an average priced home – well above the 30-32% recommended by the Canada Mortgage and Housing Corporation ("CMHC").**

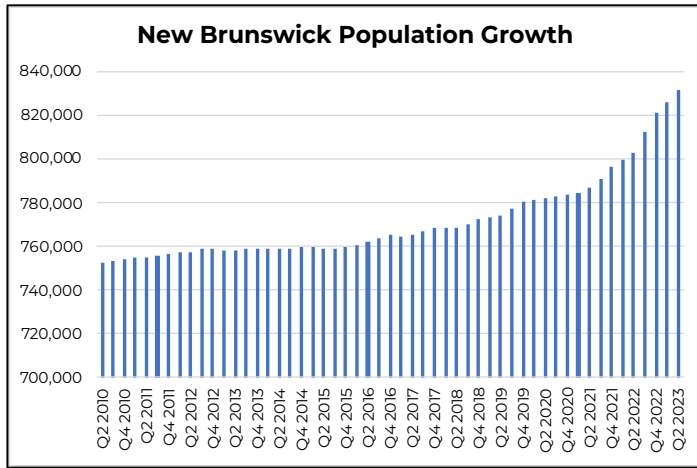
NB Housing Carry Costs (Single Median Income)	
Mortgage Principal	\$ 260,000.00
5-year Fixed Rate	4.99%
Property Tax	\$ 6,200.00
Heating/\$Month	\$ 50.00
Monthly Costs	\$ 2,040.00
Median Income/Month	\$ 3,612.50
% of Income/Housing	56.47%

Source: NBREA, City of Saint John, CMHC

<sup>1</sup> Source: Canadian Real Estate Association ("CREA")

<sup>2</sup> Source: 2021 Census; NB Finance & Treasury

## NEW BRUNSWICK'S BOOMING POPULATION



Source: Statistics Canada 2022

By historical standards, New Brunswick's population is booming. Between 2010 to 2019, New Brunswick's population grew from 752,000 to 781,000 – an increase of 3.8%.

***From 2020 to present, New Brunswick's population has increased to 832,000, nearly doubling our rate of growth over the past decade in less than three years. New Brunswick's population is projected to exceed 900,000 by 2033 and over a million by 2040.***

This strong growth in population will continue to put pressure on housing supply and affordability in the years ahead unless we are prepared for it.

## LOW REAL ESTATE INVENTORY

New Brunswick is experiencing historically low levels of market inventory and low number of new listings coming onto the market, further exacerbating our affordability challenges.

The number of homes or listings going on the market is a key measure of the health of a real estate market. A balanced real estate market will have a good supply or inventory of listings for home buyers to choose from.

***In November 2023, new listings coming to the market were 2.6% below the ten-year average for the province and the number of active residential listings on the market (2,481) were 18.9% below the 5-year average and 48% below the 10-year average for the month of November.*** The number of months of inventory is the number of months it would take to sell current inventories at the current rate of sales activity. Months of inventory for New Brunswick numbered 3.3 at the end of Nov 2023, down from the 4.1 months recorded at the end of Nov 2022 and well below the long-run average of 8.2 months for this time of year.

## SLOWING HOME CONSTRUCTION

A bright spot for New Brunswick's housing market over the last two years has been the strength of new home construction. Housing starts increased by 22.2% in 2022 to 4,680 units, the highest level since 1983, driven by gains in multiple-unit construction and in single-detached units. In addition, housing units under construction totalled 5,196 in Q4 2022, a new record in the comparable data.<sup>3</sup>

Year	Housing Starts	Projected % Change*
2022	4680	-
2023	4717	0.8%
2024	4618	-2.1%
2025	4641	0.5%
2026	4665	0.5%
2027	4688	0.5%

Source: NB Finance & Treasury

While there has been strong growth over the last two years in housing starts, they are expected to fall in the years ahead.

According to the New Brunswick Finance & Treasury Board, housing starts are projected to increase just 0.8% in 2023 before falling by 2.1% in 2024. Growth in housing starts is projected to be just 0.5% annually from 2025 to 2027. **At that rate, the province will not meet its target of 6,000 housing starts annually until 2077.**

---

<sup>3</sup> NB Finance & Treasury; Budget 2023-24



# NB LAND USE PLANNING & DEVELOPMENT

Land use planning in New Brunswick is governed by a mix of provincial, regional, and municipal regulation, creating a patchwork of planning documents and rules for municipal, rural, and regional governments.

Generally speaking, land use planning is left to local governments with the province providing oversight through review and approval of municipal & rural plans.

While this approach has served New Brunswick well during times of slow economic and population growth, ***the province should look to create a foundation for future growth by providing more provincial land use planning.***

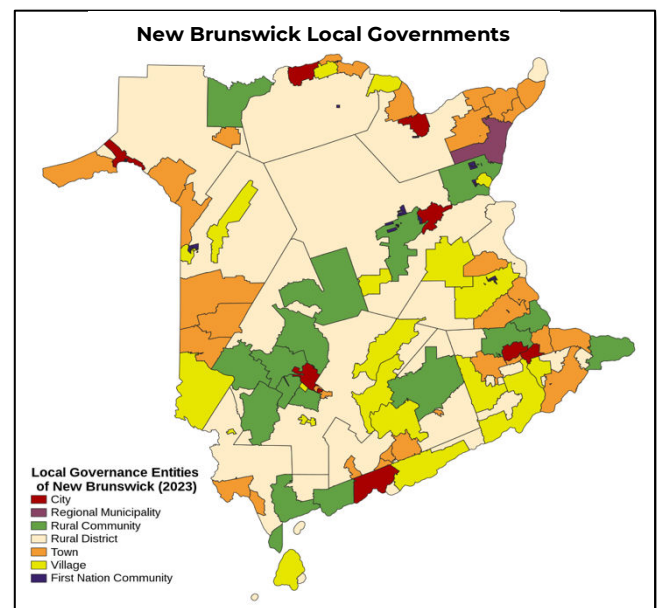
## COMMUNITY PLANNING ACT

In New Brunswick, land use planning and housing development is governed predominately under the Community Planning Act (“the Act”). The Act enables the province, local governments, and regional commissions to create planning documents and tools to support local development.

Under the Act, municipalities (i.e., Moncton, Fredericton, and Saint John) are required to pass a by-law adopting a municipal plan governing development and land use inside the municipality. Municipal plans must be reviewed every ten years under the Act.

***Only Fredericton has a municipal plan that is less than 10 years old.*** Moncton and Saint

John’s plans were created in 2011. Underpinning municipal plans are growth strategies and projections that inform local land use policies and processes. The fact that two out of the three largest municipalities in New Brunswick have not done a full review of their municipal plans in over a decade is very concerning given New Brunswick’s expected future growth.



## STATEMENTS OF PROVINCIAL INTEREST

The Act gives the province the authority to develop “Statements of Provincial Interest”, which are regulations adopted by the Lieutenant-Governor in Council. These statements

identify the province's interests and priorities concerning land use planning and development, such as establishing minimum standards for development throughout the province. All regional plans, municipal plans, and rural plans must be consistent with the statements.

In other provinces, provincial policy statements are used to identify fast growing municipalities with specific directions to plan for growth, establish minimum density targets, and encourage a mix of housing options. ***New Brunswick is currently considering such statements of provincial interest, with public consultation underway. We urge municipalities to ensure these statements strongly encourage housing development.***

## PLANNING APPROVALS & COSTS

By Canadian standards, New Brunswick home builders & developers do not encounter significant delays when applying for building permits or municipal plan/by-law amendments.

While builders in Toronto and Vancouver can wait years to get the right approvals from local & provincial governments, most New Brunswick builders wait just 4-6 months.

Similarly, New Brunswick development and permit fees are also low by Canadian standards in comparison to other provinces, ranging from \$5 to \$8 per \$1,000 worth of construction. In a municipality like Fredericton, these fees would account for just over \$2,000 or 1% of the final cost of an average priced unit. By comparison, in Ontario, many municipalities levy development charges exceeding \$100,000 per low-rise unit.

# NB HOUSING FOR ALL STRATEGY

NBREA was proud to play a supporting role in the creation of NB's 2023 Housing Strategy: Housing for All ("the strategy"). We partnered with the province to host two housing summits in February and May 2022 designed to gather input from across the housing spectrum. These summits played an important role in informing the final strategy.

While the strategy is an excellent first step towards addressing New Brunswick's housing affordability crisis, NBREA appreciates the government's acknowledgement that there is more work to do to. In particular, the goal of 6,000 housing starts annually can only be met by increasing the supply of market rate housing.

## THE STRATEGY'S STRENGTHS

NB's Housing Strategy included several strong recommendations that will help the province boost housing supply.

Notably, NBREA supports several of the strategy's key provisions, including:

- **A Housing Target:** Setting a measurable target of (6,000) new housing starts annually for the province;
- **Selling Surplus Land:** Making government surplus property available for affordable housing development. This includes coordination with the federal government for the disposal of all surplus Crown lands; and,
- **Municipal Approvals:** Committing to reduce or remove bottlenecks in provincial and municipal approval procedures for new housing.

## OPPORTUNITIES TO DO MORE

When it comes to market housing, NBREA has identified opportunities in the strategy to take further action in addressing the housing affordability crisis. Notably, there are several gaps in the plan that could be addressed through legislation.

At a high-level, the strategy needs a commitment to harness the power of New Brunswick's development community to build the housing supply that will keep housing and home ownership in our province affordable for future generations.

The strategy also misses an opportunity to assert greater provincial leadership on housing and reduce costs for first-time home buyers. These are key areas that NBREA sought to address in the following section of our report.

# NBREA RECOMMENDATIONS

In developing *More Homes for New Brunswickers*, we undertook an environmental scan of policy work completed in other Canadian provinces focused on improving housing supply & affordability.

Because the housing crisis arrived earlier and has been even more severe in provinces like British Columbia, Ontario, and other parts of Canada, the work being done in these provinces can be informative for our province, providing valuable insights.

Our environmental scan studied twenty areas of housing policy. Using the environmental review as background and considering the unique nature of New Brunswick's housing market, we assembled several recommendations that we urge the province to consider in the continued development of housing policy.

Our recommendations are organized under four pillars of housing supply/affordability:

1. *Make it Easier to Build Homes*
2. *Keeping Homes Affordable for New Brunswickers*
3. *Help First-Time Home Buyers*
4. *Provide More Provincial Leadership on Housing*

## MAKE IT EASIER TO BUILD HOMES

New Brunswickers are struggling to find homes they can afford to buy or rent. The province can boost the number of affordable homes on the market by cutting red tape to make it easier for home builders and homeowners to add gentle density and “missing middle” housing to New Brunswick communities.

Specifically, NBREA is recommending that the province should make it easier to build more homes by taking the following actions:

### PERMIT MORE SECONDARY SUITES

#### ISSUE

Additional dwelling units (ADUs) or secondary suites are self-contained residential units with a private kitchen, bathroom facilities, and sleeping areas within homes or accessory structures. They are also known as secondary suites, in-law suites, in-house apartments, and basement apartments.

ADUs are an important source of housing for seniors, renters, and young home buyers. For example, the freedom to add an ADU to a backyard can allow seniors to live adjacent a family member and receive support while maintaining their independence. For young home buyers, having the ability to add an ADU can generate rent revenue to help subsize the costs of home ownership.

## ADU POLICY IN NEW BRUNSWICK

Aside from the provincial building code, there is no dedicated provincial policy regulating secondary suites in New Brunswick. Instead, municipalities are free to set their own local policies. The result is a patchwork of local government rules which usually cater to the interests of existing homeowners and restrict secondary suites in neighbourhoods zoned for single unit or single-family homes.

For example, Moncton and Fredericton restrict secondary suites in parts of the city zoned R-1 for “single unit” or single-family homes. These areas of the city often have single-family homes on large lots with more than enough space to accommodate a basement apartment or secondary suite.

BY-LAW # 2-222 CITY OF MONCTON ZONING BY-LAW /  
ARRÊTÉ N° 2-222 ARRÊTÉ DE ZONAGE DE LA VILLE DE MONCTON

142 In accordance with section 7, Table 12.2 identifies the secondary land uses permitted within each residential zone. 142 En conformité avec l'article 7, le tableau 12.2 indique les usages résidentiels secondaires qui sont permis dans chaque zone résidentielle.

TABLE 12.2 RESIDENTIAL ZONES SECONDARY USE TABLE TABLEAU 12.2 TABLEAU DES USAGES SECONDAIRES - ZONES RÉSIDENIELLES						
P = Permitted / Usage permis C = Conditional Use Subject to Terms and Conditions / Usage conditionnel assujéti à des conditions - = Use Not Permitted / Usage interdit						
ONE OF THE FOLLOWING SECONDARY USES/USAGES SECONDAIRES PERMIS	R-1A	R-1B	R2	R2U	RM	R3
Accessory dwelling, subject to section 95 / Logement accessoire, sous réserve de l'article 95	-	P	P	P	P	P
Bed and breakfast, subject to section 98 / Gîte touristique, sous réserve de l'article 98	-	-	P	P	P	P
Convenience store (max 120 m²) or personal service shop within a multiple unit dwelling containing more than 24 units / Dépanneur (surface maximale de 120 m²) ou boutique de prestation de services personnels dans une habitation multifamiliale comportant plus de 24 logements	-	-	-	-	-	P
Daycare centre / Garderie	-	-	-	-	-	P
Garden suite, subject to section 97 / Pavillon-jardin, sous réserve de l'article 97	-	P	P	P	P	-
Home daycare, subject to section 94 / Foyer-garderie, sous réserve de l'article 94	-	-	P	P	P	P
Home occupation, subject to section 96 / Activité professionnelle à domicile, sous réserve de l'article 96	-	P	P	P	P	P
Urban agriculture, subject to section 100 / Agriculture urbaine, sous réserve de l'article 100	-	-	P	P	P	P

City of Moncton Zoning By-law

Municipalities put other restrictions, such as parking requirements, on secondary suites. For example, Moncton mandates that a secondary suite must have, “independently accessible parking for at least two cars (required in most zones).”<sup>4</sup>

**RECOMMENDATION:** New Brunswick should require municipalities to permit secondary suites “as-of-right” in all residential neighbourhoods with very few exceptions.

Other provinces have taken this important step. For example, in 2018, [Ontario mandated](#) municipalities to update their official plans to legalize secondary suites up to two units in a detached, semi-detached, or townhome. This policy was expanded in 2023 to permit up to three units inside a detached, semi-detached, or townhome or two inside the main building and one located as an accessory dwelling.

Permitting more secondary suites in New Brunswick communities will increase the stock of affordable rental housing, help seniors live close to family support, and assist first-time home buyers and new Canadians with the cost of home ownership.

<sup>4</sup> “Creating a Secondary Suite (small apartment) within a Single-Family Dwelling: General Checklist,” Planning & Development Dept, City of Moncton, April 2022

# END EXCLUSIONARY ZONING

## ISSUE

Most Canadian towns and cities are governed by zoning by-laws which prioritize the development of single-family home communities. This outdated zoning restricts a property owner's ability to build more than one unit of housing per lot. As municipalities grow, this results in cities that lack a good mix of affordable housing. Instead, cities like Toronto, for example, are dominated by expensive single-family homes or large high-rise condominium towers instead of more affordable options.

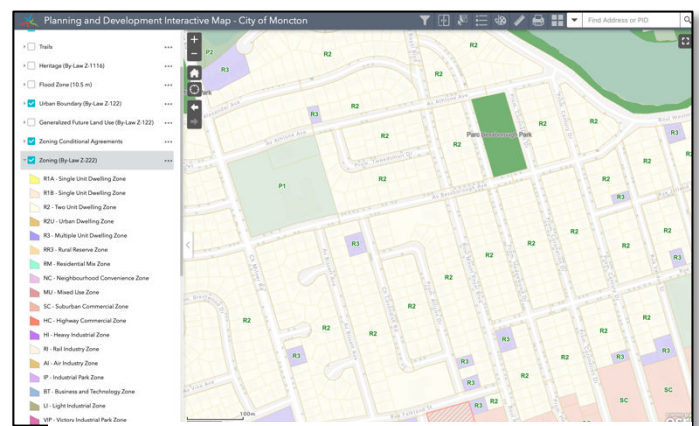
In response to the housing affordability crisis, many Canadian provinces and cities are changing their “exclusionary zoning” rules to permit the development of more gentle density “as-of-right” instead of having a developer submit rezoning applications. Ending exclusionary single-family zoning and legalizing more “missing middle” (i.e., townhomes, semi-detached, duplexes, triplexes etc.) is an efficient way to increase housing supply and provide more affordable housing options.

## EXCLUSIONARY ZONING IN NEW BRUNSWICK

The New Brunswick Community Planning Act enables local governments and regional service commissions to govern land use planning and development through the creation of municipal plans.

The province does not require municipalities to meet density targets (homes/jobs per hectare), nor has it instituted rules mandating minimum zoning requirements in municipalities.

In Fredericton, Saint John, and Moncton, large swaths of residential zoning in each city are either R1 (single detached home) or R2 (single detached home, may contain basement apartment). This type of zoning makes it illegal (without special approval) to build townhomes, semi-detached homes, duplexes, or triplexes. Saint John is somewhat more permissive with its zoning, and it permits semi-detached homes to be built in areas of the city zoned for R2. Townhomes, duplexes, and triplexes however can only be built in areas of the city zoned for low-rise residential (RL).



The result is patchwork of zoning (see “Patchwork of Zoning” Moncton) that discourages gentle infill density and more greenfield city expansion.



**RECOMMENDATION:** New Brunswick should ensure zoning is designed to increase housing supply, and that zoning decisions are not unnecessarily exclusionary or political. This is particularly important in large cities like Fredericton, Moncton, and Saint John.

Permitting townhomes, semi-detached homes, and duplexes (equivalent to R3/RL zoning) on every residential lot as-of-right is a smart way to encourage gentle density in existing communities without changing the character of local neighbourhoods. It would provide more affordable options to New Brunswick families and it's a better form of development for the environment. Infill density does not build on greenfield space, encourages more walkable communities, and leverages existing city services.

Other jurisdictions like British Columbia, Ontario, Toronto, and Edmonton are all moving forward with policy measures designed to enable the creation of more infill density in existing communities by rolling back or ending exclusionary single-family zoning. In Edmonton for example, city council introduced a [new city-wide zoning bylaw](#) in 2023 to allow for more infill development over time. The omnibus zoning bylaw, if passed, would up-zone most lots now restricted to single-family homes and duplexes to allow for infill development. It would boost density and housing types allowed, like small apartments, rowhouses, garden suites, and supportive housing up to 10 metres in height.

## ENCOURAGE MORE HOMES NEAR HIGH TRAFFIC AREAS

### ISSUE

To make cities more walkable —resulting in fewer cars and lower greenhouse gas emissions— many provincial and local governments are encouraging the building of housing close to transit stations or major transportation arteries. This policy puts more people closer to city services like public schools, transit routes, and city amenities while reducing a homeowner or renter's need to own a vehicle.

Usually, provincial, or local government policies that encourage transit-oriented development are permissive (“as of right”) zoning and selling of air-rights above transit stations.

### TRANSIT-ORIENTED DEVELOPMENT IN NEW BRUNSWICK

New Brunswick does not employ transit-oriented development policies at the provincial level. While cities like Moncton and Fredericton have committed to “creating more walkable and transit-oriented development”<sup>5</sup> through their municipal plans, the implementation of these policies through zoning is inconsistent.

Instead, the city is zoned along major bus lines for mixed residential use in some parts, and single-family homes in others.

---

<sup>5</sup> City of Moncton Municipal Plan

**RECOMMENDATION:** New Brunswick should mandate that large municipalities use transit-oriented development. Transit corridors should be up zoned to permit developments of four to six storey dwellings. In addition, the province should consider investing funds in public transit to serve its growing population.

New Brunswick must prepare its cities for the high population growth that has already begun. With so much investment happening in Codiac Transpo and other municipal systems, transit-oriented development generates a better return for municipalities and the province through higher transit ridership and less vehicle traffic.

A healthy public transit system mitigates urban sprawl and the elimination of farmland to make way for housing development. Building more homes closer to transit stations and transit lines is smart public policy that New Brunswick should encourage through provincial policy and investment.

## COMPETE HARDER FOR SKILLED TRADES

### ISSUE

Across Canada, home builders are struggling to find workers in the skilled trades. This trend is being driven by high demand for trades workers, an aging trades workforce, and insufficient enrolment in trades education programs.

In response, many provinces are launching aggressive campaigns to train and attract the next generation of skilled trades so they can help meet the home and infrastructure construction demand for the future. Quebec, for example, is offering government supported salaries for those training in specific construction trades to boost apprentice training.

### NEW HOME CONSTRUCTION TRADES IN NEW BRUNSWICK

New Brunswick is experiencing shortages in skilled trades workers and, according to the province, the problem is even more severe in rural parts of the province.

Over the last decade, New Brunswick has seen employment in the construction sector fall by 9,700 workers. Additionally, one in four construction workers are 55 years or older, which will result in an estimated 3,000 retirements in the next decade.<sup>6</sup>

This problem was identified in the housing strategy. New Brunswick is taking several actions to open doors for more skilled trades; however, the incentives and programs could be stronger, and more in line with actions taken by other provinces.

---

<sup>6</sup> New Brunswick's 2023 Housing Strategy: "Housing for All"



**RECOMMENDATION:** New Brunswick must compete harder with other Canadian provinces to attract skilled trades talent. Part of this renewed strategy must include attracting new Canadians with the talent we need and boosting incentives aimed at encouraging skilled trades people to get licensed and work in New Brunswick.

With respect to new Canadians, New Brunswick should consider Ontario's "[Express Entry Skilled Trades Stream](#)." Launched in 2022, Ontario's Express Entry Skilled Trades Stream is an immigration effort under the Ontario Immigrant Nominee Program (OINP). It gives foreign nationals with Ontario work experience in over 30 eligible skilled trades the opportunity to apply to permanently live and work in Ontario. Candidates apply online to be nominated by the Ontario government for permanent residence once they meet the basic validation criteria.

In 2023, Ontario invested \$25 million over three years in the OINP program, aiming to double the number of skilled immigrants to tackle the labour shortage in the province.

When it comes to incentives to attract students to become apprentices, New Brunswick is one of the few Canadian provinces that does not have a grant or tax credit program in place. There are several examples New Brunswick could follow to be more competitive in attracting the skilled trades talent we need to meet our homebuilding targets for the future:

- **Nova Scotia:** in 2022, Nova Scotia launched its "[More Opportunity for Skilled Trades](#)" (MOST) program. MOST provides trades tradespeople under the age of 30, who are employed and registered as apprentices or journeypersons, a tax refund on their provincial income tax paid on the first \$5,000 of income earned. The average refund to date is \$2,700;
- **Alberta:** in Alberta, the United Conservative Party was recently elected in part on a promise to give \$1,200 bonuses to high-demand skilled trades workers;
- **British Columbia:** in 2023, B.C began offering grants to skilled trades people of up to \$3,500 to help cover the cost of training; and,
- **Ontario:** in Ontario, businesses who employ skilled trades students can receive an "[Apprenticeship Training Tax Credit](#)" of up to \$5,000/year of the apprentice's salary/costs of employment during the first 36 months of their program to a maximum of \$15,000.

## KEEPING EXISTING HOMES AFFORDABLE

The cost of housing in New Brunswick, which was already on the rise in 2019, increased significantly since the COVID-19 pandemic. Increasing home prices and rents in many communities are outpacing incomes and family budgets are stretched thin.

NBREA is recommending that the province take additional actions to keep homes in New Brunswick affordable.

Specifically, the province should:

## EXPAND RENTAL SUPPORT TO LOW-INCOME NEW BRUNSWICKERS

### ISSUE

Since the start of the pandemic, rents in New Brunswick have gone up significantly, outpacing increases in median incomes. According to CMHC, median rents on a one-bedroom unit in the province increased 23 per cent from 2019 to 2022. On a two-bedroom unit, the median rent has increased 27 per cent.<sup>7</sup> Incomes, unfortunately, have only increased 15 per cent in the same period.<sup>8</sup>

### RENTAL SUPPORTS IN NEW BRUNSWICK

To help low-income families in need of rental housing support, the province partnered with the federal government to create the Canada-New Brunswick Housing Benefit (“the benefit”). The benefit was originally available to families earning a combined income between \$14,200 and \$38,000 per year before tax.

In December 2021, it was expanded to include people with children under 19 years of age who rent and make between \$12,500 and \$50,000. New Brunswickers are eligible for the benefit can receive support ranging from \$300 to \$475 per month. As of January 31st, 2023, the benefit has provided support to 1,255 households or about 4,400 individuals.<sup>9</sup>

In addition to the benefit, New Brunswick also offers a “Rent Supplement Program” for private landlords who offer subsidized units and a Portable Rent Supplement program for people who live with disability. Unfortunately, the criteria and application process for the benefit and New Brunswick’s other housing programs are different. For example, the income threshold for the supplement program is \$44,000 compared to \$50,000 for the benefit. People applying for the supplement must also prove that they live in “crowded or inadequate housing” and “pay less than 30% of your household income for rent, but adequate housing in your area would cost 30% or more of your income.”

This kind of red tape and inconsistency in criteria makes the support initiative confusing, and difficult for those in need to access.

**RECOMMENDATION:** New Brunswick should consolidate its rental housing supports into one easy to access “New Brunswick Portable Housing Benefit.”

The new program should be modelled after the Canada-New Brunswick Housing Benefit with an added portability component that would give recipients the ability to use the

---

<sup>7</sup> CMHC 2022

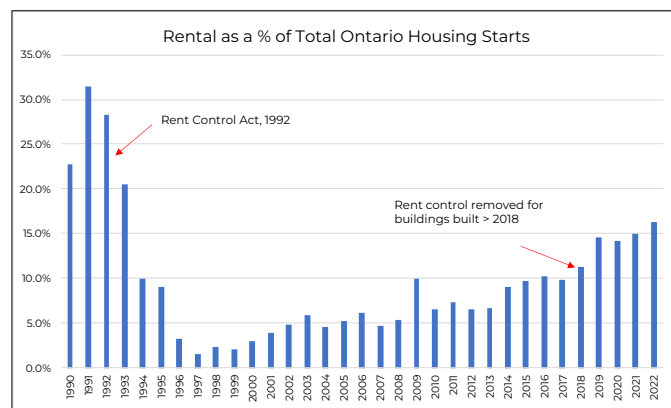
<sup>8</sup> Stats Canada Census 2021

<sup>9</sup> Department of Social Services New Brunswick January 2023

support to pay rent anywhere in New Brunswick. By consolidating New Brunswick's rental housing programs into one expanded benefit, the province will be able to offer more support to those in need.

Portable housing benefits exist in other Canadian jurisdictions. For example, the City of Ottawa offers a Portable Housing Benefit that provides recipients with a monthly payment for rent. Renters must find their own private rental market housing and be on Ottawa's social housing wait lists to qualify.

Expanding New Brunswick's rental housing benefits is a pro-housing-supply way of providing help to those who need it most without the blunt market instrument of rent control. Through rent controls, governments artificially cap the actual economic cost of housing, dampening the appeal of rental housing as a long-term investment for private developers.



Source: CMHC 2022

Rent control was instituted in Ontario in 1992 under an NDP led government. In the years that followed, rental housing construction plummeted from a high of 32% of total housing starts in 1991 to just 1.6% in 1997.

Only after Premier Doug Ford ended rent control for buildings constructed after 2018, has the market witnessed a significant increase in rental housing starts.

## NEW GST REBATE FOR PURPOSE-BUILT RENTAL PROPERTY (BILL C-56)

As an incentive to builders to create more rental housing units, the federal government announced on September 21, 2023, the effective elimination of the goods and services tax (GST) payable on newly constructed rental housing, such as apartment buildings, student housing, and senior residences built specifically for long-term rental accommodation.

In summary, the existing new residential rental property rebate is proposed to be increased to 100% of the GST (from the current rate of no more than 36%) that otherwise would be payable by the builder on the fair market value of the newly-constructed residential units. This applies to buildings with at least four private apartment units (or at least 10 private rooms or suites) with 90% of the units designated for long-term rental.

This measure will apply to projects that begin construction after September 13, 2023, but before 2031 and are substantially completed before 2036. At the writing of this report, the provinces of Ontario, Newfoundland and Labrador, and Nova Scotia were considering granting a “matching” program to make the provincial portion of HST eligible for rebate.

**RECOMMENDATION:** New Brunswick should enhance the federal rebate by granting a matching rebate on the provincial portion of our 15% HST.

# COMMIT TO PROPERTY TAX REFORM

## ISSUE

New Brunswick's Assessment Act is more than 50 years old. While amendments through the years have tried to keep the law and regulations current, it is apparent that it should be reviewed to ensure the province has a fair property tax system that helps – not hinders – economic activity and growth. It must also be revised to help restore property owner confidence in the integrity of the property tax system.

The priority must be development of a property tax system that is - and is perceived to be – fair for all property owners. We define "fairness" as meaning there is a statistical methodology for calculating assessment increases based on real market conditions. This means recognition in the system that prices can go down, or remain unchanged, and increases are not considered a "norm".

One fairness issue in our property tax system is the lack of appeal of the classification of assessable realty. It is classified as either residential or non-residential (i.e. commercial) while mixed-use properties are allotted a proportion of both. Residential classified properties are taxed at a lower rate, so there is an implication on tax burden due to classification. This can be particularly contentious with vacant lands. What happens if a taxpayer disagrees with a property classification? In New Brunswick there is no avenue for appeal. The legislation actually reinforces a lack of recourse.

Equity provisioning is also critical for a property tax system to be perceived as fair, transparent, and equitable. In most jurisdictions lack of equity is grounds for appeal and has been reinforced by the courts. Currently in New Brunswick, there is no mechanism in place for a property owner to appeal their assessments on the basis of the assessment of a similar property. Current legislation does not obligate the assessment authority to assess two like properties in the same neighbourhood in the same way. This results in situations where two very similar properties with two very different assessments, with no mechanism in place to argue or appeal.

Another property tax issue to be addressed is our Land Transfer Tax, or the provincial Real Property Transfer Tax ("RPTT"), which is also unfair. The current legislative requirement is for the government to charge the transfer tax on EITHER the purchase price OR the assessed value – whichever is greater. Government policy should be to apply the tax on the actual purchase price if the real property is being transferred as a result of a registered transaction. In the period between 2017 and 2019, our research using MLS® data showed that buyers of single-family homes paid an average of \$9 million more per year in transfer taxes than they should have because of the "either-or" definition in the legislation. For each of the three years analyzed, an average of 30 per cent of MLS® transactions had an assessed value greater than the actual sale price.

The provincial government has announced a plan to reduce taxation on non-owner occupied properties three times since 2010, and twice those plans have been cancelled. The third attempt, announced in the 2022 - 2023 provincial budget, provided for a phase-

out of provincial property tax rate reductions over three years beginning with the current property taxation year.

Statistics Canada data (1994-2018) shows that investment in apartments is displacing investment in single homes in Canada. In Nova Scotia, in that time period, investment in new single homes declined in value, but the value of investment in apartments, or multi-tenant units increased.

By comparison, in that same time period in New Brunswick, investment in new single-family homes declined, but there was no growth in corresponding new apartment investment, as there was in Nova Scotia. The major difference in property investment factors between the two provinces was the “double tax” in New Brunswick.

An analysis of these statistics by economist Herb Emery, the Vaughan Chair in Regional Economics at the University of New Brunswick shows that the “double tax” on rental units is discouraging investment in this housing type in New Brunswick. Had the province followed the same investment trend as Nova Scotia, New Brunswick would have more than 6,000 additional rental units than it does today.

Finally, it is important to remember that New Brunswick continues to have the highest property tax rates in Canada. With historic increases in property assessment values over the past three years, property taxation is a significant carrying cost for a homeowner or investor that must be reviewed.

**RECOMMENDATION:** New Brunswick’s property tax system must be fair and equitable. The Assessment Act is more than 50 years old. While amendments throughout the years have tried to keep the legislation current, it must be reviewed to ensure it encourages confidence in the integrity of the property tax system, and does not deter economic activity.

# HELP FOR FIRST-TIME HOME BUYERS

First-time home buyers are struggling the most in the current housing market. Many of them are carrying student debt, earning median level wages, and lack the resources to pull together the down-payment and closing costs they need to enter the home ownership market.

To make matters worse, first-time home buyers are being hit with a double whammy of high-interest rates and a lack of affordable housing choices on the market.

NBREA is strongly encouraging the province to help first-time home buyers achieve the Canadian dream by taking the following actions:

## LOWER TAXES FOR FIRST-TIME HOME BUYERS

### ISSUE

Beyond the historically high home prices, young first-time home buyers face significant barriers to entering the market. To qualify for a mortgage in Canada, lenders will consider an applicant's income, expenses, existing debts, credit history, and the amount requested to borrow. Banks also require home buyers to pass a stress test to get a mortgage. This means that buyers need to prove they can afford payments at a qualifying interest rate. The bank must use the higher interest rate of either 5.25% or the interest rate a buyer negotiates with their lender plus 2%.

In addition to mortgage and down payment costs, home buyers must also come up with thousands of dollars in closing costs. These costs include legal fees, home inspection fees, and government taxes.

### LAND TRANSFER TAXES IN NEW BRUNSWICK

Home buyers in New Brunswick must pay the provincial Real Property Transfer Tax ("RPTT"). The RPTT is a 1% tax charged on the greater of the purchase price of a home or the assessed value of the real property.

For an average-priced New Brunswick home selling in June 2023 worth \$286,500 a first-time home buyer would pay \$2,865 in taxes.<sup>10</sup>

Property transfer taxes are paid as part of a home buyer's closing costs, and they cannot be rolled into a mortgage principal.

**RECOMMENDATION:** New Brunswick should give people a break by rebating the RPTT for first-time home buyers.

This tax break will reduce a first-time buyer's closing costs and help them save on average \$2,800 more for their down payment.

---

<sup>10</sup> CREA MLS® Home Price Index June 2023

Both B.C. and Ontario offer land transfer tax breaks to first-time home buyers. [B.C. gives](#) first-time home buyers (of properties worth \$500,000 or less) up to \$8,000 off the provincial land transfer tax. The B.C. program targets home buyers of entry-level homes.

The [Ontario model](#) is a general rebate to any qualifying first-time home buyer for up to \$4,000 of the land transfer tax. All first-time home buyers, no matter the cost of the home, can receive the rebate.

In both programs, home buyers must be Canadian citizens or permanent residents to receive the benefit.

## NO HST ON NEW HOMES FOR YOUNG FAMILIES

### ISSUE

New homes are, on average, more expensive than resale properties in large part because they are subject to federal and provincial sales taxes.

In Canada, GST or HST (5% federally, provincial 0-10%) applies to a newly constructed or substantially renovated residential home where both ownership and possession of the unit are transferred from the builder to the purchaser.

### HST ON NEW HOMES IN NEW BRUNSWICK

New Brunswick has one of the highest sales tax rates on new housing in Canada. The HST adds 15% (5% federal GST, 10% provincial PST) to the purchase price of a new home. For a new home selling for \$300,000, a buyer will pay a punishing \$45,000 in sales taxes.

Unlike other provinces, New Brunswick does not rebate any provincial sales tax on the purchase of a new home. New home buyers in New Brunswick are eligible to receive a federal rebate of 36% of the GST if the sale price is less than \$350,000 up to a maximum of \$6,300. For a new home in New Brunswick selling for \$300,000, a buyer would be rebated \$5,100 of the \$45,000 in HST.

While that amount can be rolled into a buyer's mortgage principle, it adds significantly to the carrying costs of a home, making it more difficult for families to afford the Canadian dream of home ownership in New Brunswick.

**RECOMMENDATION:** [New Brunswick should give buyers of new homes a significant break from the punishing provincial sales tax on new homes.](#)

Several provinces (B.C., Saskatchewan, Ontario, Nova Scotia) have tax rebate programs targeted at new home buyers. Created in 2010, Ontario's "[New Homes HST Rebate](#)" provides refunds of 75% of the provincial portion of the HST, up to a maximum of \$24,000. Ontario's program exempts home buyers from paying any provincial sales tax on properties worth \$400,000 or less.



Nova Scotia targets first-time home buyers with their HST rebate program for new homes. It provides up to \$3,000 back on the provincial portion of the HST on the purchase of a newly built home. The home needs to be a primary residence and the first house a buyer has purchased in Canada in the last 5 years. The rebate amount is 18.75% of the provincial portion of the HST paid for the newly built home, up to a total of \$3,000.

## MORE PROVINCIAL LEADERSHIP ON HOUSING

New Brunswick is in the middle of a housing affordability crisis, and it demands a better coordinated response from the provincial government. Housing is so important to the economic and social well-being of New Brunswickers, that it must be managed in a coordinated way by provincial government departments. While the old system of land use planning worked well under New Brunswick's historic low growth over the last two decades, it is likely to struggle in an era of rapid immigration, migration from other parts of Canada and new growth.

To provide more provincial leadership on housing, NBREA strongly encourages the Government of New Brunswick to:

### MAKE MAXIMUM USE OF FINANCIAL LEVERS

#### ISSUE

The federal government has announced a variety of financial packages as part of the national housing strategy, and it is essential that the province negotiate its fair share of the funding. This includes the Housing Accelerator Fund, used by the federal government to date to provide funding to specific provinces (the agreement with Quebec is for \$900 million) and with individual municipalities. Despite objections from the Premiers, the federal government has reached accelerated housing grants for a number of cities, including Calgary, Hamilton, Halifax, and London, Ontario.

In September, the federal government announced plans to waive the general sales tax on new rental developments, calling on the provinces to match the incentive. British Columbia and Ontario have announced they will do just that. To qualify for the tax cut, new residential units must be in buildings with at least four private apartment units or 10 private rooms or suites, and have at least 90 per cent of its residential units designated for long-term rental. The Ontario legislation specifies that the HST removal applies to new purpose-built rental housings such as apartments, student housing and senior residences built specifically for long-term rental accommodation.

**RECOMMENDATION:** The government of New Brunswick should match the federal initiative and waive the provincial portion of the sales tax on new rental developments. The province must also aggressively negotiate with the federal government for a specific allocation from the national Housing Accelerator Fund, following the Quebec model –



funds go to the province, and the province will determine the distribution to the municipal level based on local commitments to accelerate new residential construction.

## CREATE A DEDICATED MINISTRY OF HOUSING & LOCAL GOVERNMENT

### ISSUE

Until recently, housing policy and programs were managed across a minimum of eight government ministries and departments. In March 2023, the province announced it was reviving the New Brunswick Housing Corporation (“NBHC”) as a separate entity to oversee “provincial housing initiatives, facilities, strategy and residential tenancy.”

While NBHC will oversee New Brunswick’s housing strategy, manage government-owned properties, and the Residential Tenancies Tribunal, it is unclear what role it will have in land-use planning or development policy under the Community Planning Act. As the province continues to grow, the administration of planning policy legislation, which enables the fast and efficient construction of new homes, must be a vital component of New Brunswick’s housing strategy going forward.

**RECOMMENDATION:** To pave the way for the rapid population growth and housing New Brunswick will need build, NBREA urges the provincial government to create a stand-alone Minister of Housing & Local Government.

This new post would bring together the housing, municipal government, and land-use planning portfolios under one roof. It would give the new Minister a line of sight into not only programs owned and operated by the NBHC, but how and where the province is planning to grow in the future, where that growth can take place, and what policies need to be implemented to keep housing affordable.

## USE STATEMENTS OF PROVINCIAL INTEREST TO CUT RED-TAPE

### ISSUE

In Canada, land use planning is governed by provincial legislation and managed directly by municipal governments. Municipal councils adopt land-use plans and enact zoning by-laws to regulate land-use planning and development within their jurisdiction.

Municipalities are responsible for preparing and implementing planning instruments such as official plans, plan amendments, zoning by-laws, subdivision plans and land severances, site plan approvals, and building permits.

Land use planning has a significant impact on the availability, location, and cost of housing. Increasingly, provincial governments are taking an active role in providing guidance and direction to municipalities to tackle important public policy challenges like the housing affordability crisis.

## LAND USE PLANNING IN NEW BRUNSWICK

New Brunswick leaves land use planning largely to municipalities and regional commissions. However, it retains the ability to set provincial policy through section 13-17 of the Community Development Act and “Statements of Provincial Interest” (SPIs).

SPIs are a regulatory power the New Brunswick cabinet maintains to “identify the province’s interests and priorities concerning land use planning and development, such as establishing minimum standards for development throughout the province.” Under the Act, all regional plans, municipal plans, and rural plans must be consistent with the statements. The provincial government is bound by statements of provincial interest.

While the old system of land use planning worked well under New Brunswick’s historic low growth over the last two decades, it will struggle in an era of rapid population growth.

Presently, New Brunswick does not have statements of provincial interest when it comes to land use planning and development.

**RECOMMENDATION:** New Brunswick should introduce its first set of SPIs to reduce red tape on new housing construction.

Namely, NBREA encourages the province to introduce SPIs to mandate municipalities to legalize secondary suites, accommodate more gentle density, and up-zone important transportation or transit routes. This kind of provincial leadership will overcome the expected NIMBYism and local resident opposition to any new housing development that the province desperately needs. NBREA also encourages the province to use its SPI power to mandate that municipal plans must be updated and more frequently reviewed than the current requirement for a review every ten years.

Provincial policy statements are used in other Canadian provinces to plan for future, promote best land use practices, and ensure local governments are meeting the needs of the province when it comes to population growth.

## HOUSING TARGETS FOR PROVINCE & MUNICIPALITIES

### ISSUE

As the housing affordability crisis has worsened across Canada, many governments have begun to take better stock of the anticipated demand for future housing. This analysis has helped provincial and local governments create targets for housing starts over the next decade to help return affordability to the market.

## HOUSING TARGETS IN NEW BRUNSWICK

Through its *Housing for All* strategy, New Brunswick has set a provincial target of 6,000 housing targets annually.

What is not clear from the strategy is why the province identified 6,000 homes as the goal, when it intends to reach that target, how different municipalities will contribute to the goal, and what measures must be taken.

**RECOMMENDATION:** New Brunswick should create a provincial housing target aimed at keeping homes affordable in the province over the next decade. In addition, the province should assign large municipalities a portion of the provincial target and hold them accountable for reaching it.

Measurable targets and goals for new housing are recognized across Canada as a best practice in the battle to restore against housing affordability crisis. With the target set for the construction of new homes over the next decade, targets should be negotiated with municipalities, so they will also have a measurable goal for success.

## CONTACT US

Jamie Ryan  
Chief Executive Officer  
[jryan@nbrea.ca](mailto:jryan@nbrea.ca)

Angela Boudreau  
Director of Communications & External Relations  
[angela@nbrea.ca](mailto:angela@nbrea.ca)

Thank you for the opportunity to share our recommendations on a plan to build more housing for New Brunswickers. We look forward to discussing these ideas further in the days and weeks ahead.