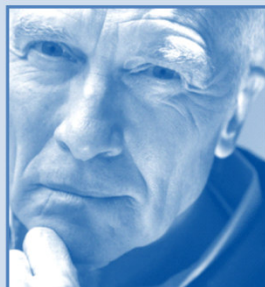


“It is Time to Step Up”

Recommendations to Address Rental Housing Issues in Edmonton



(A companion report to “Not Just a Roof Over our Heads”)

*“Do whatever you can to let the leaders of government know
that we feel let down and abandoned.*

***Tell them it is time to step up and help the citizens of
Edmonton.***

We are entitled to be able to have affordable housing.”

September 2008


edmonton
SOCIAL PLANNING COUNCIL

It's Time to Step Up is the companion report to *Not Just a Roof Over our Heads: Exploring the State of Rental Housing in Edmonton One Year Later*. Both reports are available for free download at www.edmontonsocialplanning.ca.

Hard copies of *It's Time to Step Up* and *Not Just a Roof Over our Heads*, including the full appendix, can be ordered for the price of \$10.00 plus shipping per copy. Please contact the Edmonton Social Planning Council or visit our website to order.

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Introduction

In June 2007 the Edmonton Social Planning Council (ESPC) made 13 recommendations to address the crisis in rental housing in the report *A Roof Over their Heads*. These recommendations were based on what we heard at two renters' listening forums held the previous month.

The results of our *Edmonton Renters' Survey*, presented in the report *Not Just a Roof Over our Heads*, show that renters' situations have not improved over the past year despite the recent stabilization of the rental market. Many renters continue to have difficulties affording shelter and their other basic needs, and the persistent lack of affordable alternatives gives renters little control to change their situation. Low and modest income households are facing the greatest difficulties; wage increases have not kept pace with rent increases, leaving families less able to maintain a decent standard of living and putting them at greater risk of financial crisis (including the loss of their housing) in the event of unforeseen expenses. The survey results also highlight major concerns with housing maintenance and safety.

Recommendations

In light of the survey results, the ESPC has updated its position on the rental housing crisis. Our revised and expanded policy recommendations are detailed below by the key themes identified by renters.

Rent Stability

1. Introduce a two-year Rent Stability Guideline that would:
 - a. keep rental rate increases to a rate of the Consumer Price Index plus 2%;
 - b. allow owners to apply for an increase over the annual guideline to recover actual costs (utilities, taxation, capital improvements);
 - c. exempt new construction; and
 - d. be in place for until more affordable rental units coming on-stream (*See Recommendations 2 to 5*) and improvements in provincial rent subsidy programs (*See Recommendations 6 to 8*).

Rationale: *Rental rates increased much faster than living costs over the past eight years. Most of this year's improvement in vacancy rates has been on the high end of the rental market (i.e. rental condos), not in more modest accommodation. Rent increases have disproportionately impacted tenants living in modest and lower end units. Rising rent is making it difficult for low and modest income families and individuals to meet their basic needs.*

Build More Affordable Rental Housing

2. Provincial and municipal government need to expedite the construction of new, affordable rental units, and finalize their ten year plans to end homelessness. The federal government should significantly increase its investment in affordable rental housing.

Rationale: *The survey results show that it is difficult for tenants whose rent has increased to an unaffordable level to find alternative accommodation that is decent and affordable. Little rental accommodation was built when the vacancy rate reached record lows in 2006 and 2007. So far in 2008 rental unit construction has come to a virtual standstill. Governments must act to increase the supply of decent, affordable rental units.*

3. Strengthen the City of Edmonton’s Inclusionary Affordable Housing Policy by requiring multi-unit residential developments to include a minimum 15 percent of affordable rental units (up from 5%).

Rationale: *In May 2008, the City adopted an inclusionary affordable housing policy that required a minimum of 5% of new housing units in multi-unit developments to be affordable to those with below average median incomes. The 5% minimum is too low – especially for new neighbourhoods or major in-fill developments, as it applies only to multi-unit construction, and not the total number of built units.*

4. A minimum 10% of newly constructed rental units should be barrier-free to allow people with disabilities greater choice in living arrangements and to allow “aging in place.”

Rationale: *Persons with disabilities and seniors who are no longer as physically able need affordable, accessible housing that meets their needs with appropriate support services. It often costs less to construct new buildings that use barrier-free design than to renovate already constructed buildings to meet the needs of people with disabilities and physically challenged seniors. Assisted living and nursing homes are very costly. Barrier-free designed housing will allow more people to live in the community independently.*

5. Affordable housing should be built throughout the city instead of being concentrated in certain apartment complexes or a few low-income neighbourhoods. In addition, a city-wide campaign based on the theme “mixed-income neighbourhoods are healthy neighbourhoods” could help change public perceptions to be more welcoming of income diversity.

Rationale: *The ESPC heard a consistent message from survey respondents and those attending the 2007 renter forums. Renters would like greater choice of where in the City they prefer to live rather than being forced to live in selected subsidized rental complexes far from family or work. In addition, the survey results indicate that renters are supportive of city planning and policies that will prevent the ghettoization of affordable housing units and encourage the growth of diverse and vibrant neighbourhoods.*

Government Assistance

6. Universalize the existing provincial rent supplement and fixed rate subsidy programs by attaching subsidies to the renter in need, not only to the rental unit. Individuals and families living in private rental housing would be eligible for rent supplements providing they met the income qualifying limits.

Rationale: Reports by survey respondents of a severe shortage of affordable units are backed up by the facts. As of July 2008, there were 3,146 families or individuals on the Capital Region Housing Corporation (CRHC) wait list alone; the wait time was 24 months, and one quarter (or 772 people) were Assured Income for the Severely Handicapped (AISH) recipients.¹ Other non-profit housing providers have similarly long wait lists. Housing providers like the Capital Region Housing Corporation already manage rent subsidies on behalf of private landlords. There are also well-established rules in place on the type and size of private rental units eligible for subsidies.

7. Transfer \$37 million of the Homeless and Eviction Prevention (HEP) Fund to the rent supplement and fixed rate subsidy programs. This transfer would allow up to 8,000 additional households to receive rent supplements, significantly reducing wait lists for affordable rental housing.² Seven million dollars would remain in the HEP Fund to address genuine housing emergencies.

Rationale: The HEP Fund was initiated by the province in May 2007 with initial funding of \$7 million per year. Due to the severity of the rental housing crisis, the HEP Fund had to be topped up twice with an additional \$33 million to cover the balance of the budget year. The province has provided \$44 million for the HEP Fund in the current budget year. This level of funding for what is essentially a band aid measure is excessive. The funds could be more effectively invested in longer term solutions such as enhanced rent subsidy programs.

8. Adjust qualifying household income and asset limits for rent subsidies to levels that reflect the realities of today's rental market. Thereafter, income thresholds should be linked to actual housing costs which have far gone up faster than overall inflation in recent years.

Rationale: Requiring renters to pay 30 percent of their yearly income to cover their housing costs is reasonable assuming the income and asset thresholds are realistic. Survey respondents indicated that the current income levels to qualify for subsidized rents are unrealistically low given today's expensive living costs. For example, the maximum gross income that can be earned by a household needing a two- bedroom apartment is \$40,000 per year. Applicants are also required to liquidate all but \$7,000 of

¹ Capital Region Housing Corporation, July 2008.

² Government of Alberta, *Government Responds to Task Force Report with \$285 million in New Funding*. Retrieved September 23, 2008 from: <http://alberta.ca/home/NewsFrame.cfm?ReleaseID=/acn/200704/213412425F73C-ADCF-7367-39197E9BB9992B61.html>

their household assets before qualifying. Asking a family to liquidate its retirement savings, for example, is self-defeating.

9. Establish municipal and provincial programs that will allow low-income renters to overcome barriers to obtaining a mortgage (lack of down payment, lack of a credit history).

The province should help cover a portion of down payments for those with limited incomes. In addition, the federal government could cover the extra cost of mortgage loan insurance for those who can't come up with a 20% down payment.

Rationale: *Many survey respondents expressed a preference for owing rather than renting, but cited lack of money for a down payment or credit history as obstacles. Increased home ownership will take the heat off a stressed rental market.*

10. Provide increases to government assistance that are linked to the Consumer Price Index (CPI). This inflation protection should cover AISH recipients, Income Support (Alberta Works) clients, and low income seniors.

Rationale: *Remuneration for MLAs, an increasing number of public sector employees, and the minimum wage is linked to average increases in wages. The same principle should be applied to government income support to ensure that recipients can at least maintain their current standard of living.*

Regulation, Accountability and Transparency

11. Amend the Residential Tenancies Act to establish a provincial board to enforce tenancy rules and adjudicate disputes between landlords and tenants. The Residential Tenancy Dispute Resolution Service (RTDRS) should be extended province-wide and become one of the functions of the provincial residential tenancies board. Similar to agencies like the Labour Relations Board, one-third of the members of a provincial tenancy board should represent the interests of tenants, one-third the interests of landlords and one-third the interests of the general public.

Rationale: *Survey respondents want improved adjudication of disputes between landlords and tenants, and better enforcement of existing rules. The provincial government is responsible for landlord/tenant relations, not municipalities. Yet the responsibility for providing information and adjudicating disputes has been largely downloaded onto municipal bodies like Edmonton's Landlord and Tenant Advisory Board. This results in duplication and service gaps. Currently, the RTDRS is available only in Edmonton, Calgary and a few other communities. It needs to be a province-wide service.*

- 12.** Strengthen the building inspection functions and enforcement mechanisms of provincial and municipal agencies. This will help to ensure that rental accommodation is properly built and maintained, and that tenants are provided with safe, clean and decently equipped units.

***Rationale:** Survey results show that inadequate housing quality and safety are major concerns, to the point that some renters' health and safety are at risk. All tenants, regardless of income, should be able to live in safe, healthy, and well-maintained home.*

- 13.** Use Alberta human rights legislation to end discrimination based on family status thereby ensuring that families with children and young adults have improved access and choice in rental housing. Special needs housing for seniors and disabled persons would be exempt from this non-discrimination provision.

***Rationale:** Survey respondents pointed out that more rental buildings are being designated for adult residents only. This limits the pool of affordable housing options available to low and modest income families. Alberta human rights legislation prohibits discrimination in residential tenancy based on family status³ but this provision is not being enforced. Provinces like Ontario specifically prohibit age discrimination when it comes to rental housing with exemptions only for special needs and student housing. It's time that Alberta followed suit.*

- 14.** Legislation should require clear reporting of actual utility costs when tenants are charged separately for their utility use. No mark-ups should be allowed beyond actual utility cost, and utility charges should apply to each rental unit through separate metering, rather than being averaged across all units.

***Rationale:** Rising utility costs are a major concern for renters who responded to our survey, as they contribute to making rental housing less affordable. There is a trend for utility costs to be charged separate from rent to each tenant. In some cases renters are being charged separately for utilities in addition to receiving substantial increase in base rent. Action must be taken to ensure transparency and fairness of utility charges.*

³ Alberta Human Rights and Citizenship Commission. *Residential and commercial tenancy: What you need to know*. Retrieved September 5, 2008 from: http://www.albertahumanrights.ab.ca/other/tenancy/what_to_know/704.asp

Limit on Condominium Construction and Conversion

15. Amend the Residential Tenancy Act to provide tenants whose units are being converted into condos the first right of refusal to purchase their unit. Consider amending the Act to require developers to provide relocation assistance to tenants who choose not to purchase their rental unit.

***Rationale:** Some building owners voluntarily provide a right of first refusal to existing tenants when rental units are converted to condos. This offers greater stability of housing to renters who have the ability to purchase their unit, and should be made a legislated requirement for all landlords. Similarly, relocation assistance can provide greater housing stability to renters who cannot afford to purchase their unit. A number of US cities (e.g. San Diego, Seattle⁴, Los Angeles and San Francisco) require developers to provide relocation assistance to renters who choose not to purchase their units (often based on duration of tenancy, sometimes with additional amounts paid to seniors).*

16. Consider restricting the number of existing rental units that can be converted in multi-unit complexes during periods when rental vacancy rates are low. The lower the rental vacancy rate, the tighter the restrictions on conversions to condominiums.

***Rationale:** The survey results show that condominium conversions have decreased the supply of affordable rental units, and have put some renters at risk of being unable to find affordable alternatives. A few survey respondents became homeless as a result of their rental unit being converted. Many Canadian cities (e.g. Victoria, Vancouver, Saskatoon⁵, Regina, and Ottawa) place restrictions on condo conversions, make them subject to tenant votes, or prohibit them altogether if vacancy rates are low.⁶*

Tax Solutions

17. Introduce a refundable property tax credit that can be claimed by tenants, housing co-op residents or homeowners on their principal residence. This credit would be available to those with low and modest household incomes. Rent, mortgage and utility costs would be eligible expenses qualifying for the tax credit.

***Rationale:** Survey respondents pointed out that other jurisdictions, including Manitoba⁷ and Ontario, provide property tax credits that renters are eligible to receive. Rent and utility costs have been increasing much faster than people's incomes, and a property tax credit is a sound way to address this.*

⁴ (2008, July 23). New Condo Conversion Ordinance. *Department of Planning and Development News*. Retrieved September 17, 2008 from: <http://www.ci.seattle.wa.us/dpd/news/20080730c.asp>

⁵ City of Saskatoon. (2008) *City of Saskatoon Council Policy: Condominium Approvals (Number C09-004)*. Retrieved September 17, 2008 from: http://www.city.saskatoon.sk.ca/org/development/services/zoning_requirements/condominium_approvals.asp

⁶ Coolican, L. (2008, February 26). Condo conversions face fewer barriers in Saskatoon: report. *The Star Phoenix*. Retrieved September 17, 2008 from: <http://www.canada.com/saskatoonstarphoenix/news/story.html?id=65aaaf95-12b1-476e-9696-564c5e3230c4&k=97468>

⁷ Government of Manitoba. *An Overview of the Education Property Tax Credit*. Retrieved September 17, 2008 from: <http://www.gov.mb.ca/finance/tao/eptc.html>

City Planning

- 18.** The City of Edmonton and other municipalities should engage in smart planning to ensure that more renters have good access to basic services (like public transportation, health care, child care and schools), and to encourage the development of diverse, vibrant neighbourhoods.

***Rationale:** Survey respondents urged the City of Edmonton to improve public transit service in areas where there is significant rental housing. Others felt that the City should concentrate on reducing urban sprawl, increasing the diversity of housing options (price ranges), and improving access to basic needs and services.*

Community Safety

- 19.** Increase efforts to make sure rental buildings and the neighbourhoods in which they are located are safe.

***Rationale:** Survey respondents expressed concern about safety in their buildings and their neighbourhoods. Suggested solutions included increasing efforts at reducing crime, adding a greater police presence in high-risk neighbourhoods, and making the criminal justice system more effective.*

Ending Homelessness

- 20.** Focus on long-term solutions to ending homelessness such as increasing the supply of affordable rental housing.

***Rationale:** The rental housing crisis has contributed to growing homelessness in Edmonton. Some renters have been forced onto the street by rent increases. The lack of availability of affordable rental units is a big obstacle on ending or even putting a significant dent in homelessness. Survey respondents recognized that while shelters and transitional housing was a short-term need, the long-term solution is finding real homes for everyone.*