

Hon. Blaine Higgs
Premier, Province of New Brunswick
Minister responsible for Intergovernmental Affairs
Province of New Brunswick
Chancery Place
P.O.Box 6000
Fredericton, NB
E3B 5H1
Canada

May 7th, 2024

Dear Premier Higgs,

As representatives of the Chambers of Commerce for Greater Moncton, Fredericton, and Saint John, we write to address the critical issue of housing in our province, particularly the immediate challenges facing our communities and the urgent need for increased development.

Like many provinces across Canada, New Brunswick is grappling with a housing crisis, characterized by a severe shortage of available housing units. As noted following the recent budget, the additional funding provided to the New Brunswick Housing Corporation - \$68.9 million (housing strategy) - is a good start, but as there were no actions to implement property tax reforms or offsets for construction of new rental housing, we find it imperative to present actions that will incentivize the immediate and long term housing developments required for sustainable growth in our province.

Of particular concern is the absence of measures to implement property tax reforms or provide incentives for the construction of new rental housing units. Unlike our neighboring provinces such as Nova Scotia, New Brunswick has fallen behind in attracting investment in this crucial sector. The lack of competitiveness in provincial portions of HST provision and property tax assessment policy further exacerbates the challenging housing market by making New Brunswick a less desirable location for rental housing businesses.

An immediate action achievable by the provincial government, and the most timely consideration concerns the provincial portion of HST on new purpose-built multi-unit dwellings. Simply speaking, we have fallen behind the actions of other levels of government and especially other provinces. Since, the federal government announced relief for the Goods and Services Tax (GST) on the construction of purpose-built rental housing, we have encouraged the Government of New Brunswick to follow suit and remove the provincial portion of the HST on new building construction. We recognize this may be viewed as a loss to our bottom line, but when one considers that any potential revenue for the province is directly transferred as a burden to developers and ultimately tenants, we view this as a direct investment opportunity. While Nova Scotia announced the elimination of the provincial portion of HST on new apartment construction in September 2023, along with provinces such as Ontario, Prince Edward Island and Newfoundland and Labrador, New Brunswick has yet to follow suit. Further impeding our drive for development, New Brunswick's property tax rates for 2023 stands out as notably higher than those of neighboring Nova Scotia. Moncton, for instance, has a rate of 2.074%, while Halifax maintains a comparatively lower rate of 1.115%. This discrepancy is further emphasized when considering the national average, which rests at 0.906%. Additionally, New Brunswick's *Assessment Act* lacks an equity provision for appeals, unlike the legislation in the other three Atlantic Provinces. Another point of comparison lies in the provincial tax rates, where New Brunswick's rate of 0.5617% significantly exceeds Nova Scotia's rate

of 0.3011%, marking a substantial difference of 86.5%. When evaluating property taxes as a percentage of Effective Gross Income (EGI), New Brunswick's burden falls within the range of 20-30%, notably higher than Nova Scotia's 12-15%.

Another immediate action is required prior to an anticipated spike in residential rental property costs by 2025. Since 2022 the Province of New Brunswick has provided “property tax relief for owners of eligible residential rental properties”. This spike protection mechanism applying to an assessment increase greater than 10 per cent mirrored the existing spike protection mechanism for homeowners.¹ Originally introduced for the 2022 and 2023 property taxation years, this was extended in October of 2023 to include the 2024 taxation year. It was also announced at this time that beginning “in the 2025 taxation year, annual property assessment increases would be limited to 10 per cent on all eligible properties.”² Specific to rental properties, a critical gap in the intended protections between the previous temporary measure and the new permanent legislation exists when a pause in the spike protection is expected next year. This legislation will not take effect before the total outstanding assessed increased get lumped into apartment owners’ 2025 bills. Compounding this issue, the New Brunswick Apartment Owners Association reports that the property tax rate for non-owner-occupied properties (i.e. rental properties) is 1.4X higher than the other Atlantic Province’s average due to double taxation. This gap in the intended protections represents a negative message to current landlords and developers who are now bracing for an exponential rise in property taxes. The obvious concern next advances to include that this rapid increase in property taxes will be passed on to New Brunswick renters.

As recent as April 2024, Service New Brunswick has confirmed that “a gap in spike protection for landlords would be happening in 2025” and that “the provincial government has met with members of the New Brunswick Apartment Owners Association about the issue and the Department of Finance and Treasure Board are reviewing the details of their questions.”³ The united message of the Chambers of Commerce of New Brunswick’s largest cities urges you to complete this analysis as soon as possible and ensure a seamless transition between the temporary spike protection and the new legislation. In the unfortunate event this gap be left unchecked, the province must fulfill its previously announced commitment to eliminate previously identified taxes, such as the double tax, to improve the 2024 full assessment of which 2025 spike protection will be based. Any measures of inaction regarding this acknowledge legislation gap and the continuation of the double taxation ultimately deters development of rental properties in New Brunswick which directly infringes upon the capacity of our provincial housing stock and ultimately imposes increased burdens on our current renters and homeowners.

Mr. Premier, in your speech at the 2024 State of the Province, you reaffirmed your government’s goal of limiting annual rent increases to below 2.5 per cent, but that you wished to do it indirectly, through market

¹ Finance and Treasury Board, Government of New Brunswick, “Property tax relief program introduced to help owners of businesses, large apartment buildings,” June 03, 2022,

https://www2.gnb.ca/content/gnb/en/news/news_release.2022.06.0290.html

² Finance and Treasury Board, Government of New Brunswick, “Legislation introduced to cover more properties with permanent spike protection mechanism,” October 31, 2023,

https://www2.gnb.ca/content/gnb/en/news/news_release.2023.10.0529.html

³ Aidan Cox, CBC NEWS, “New Brunswick landlords warn of ‘significant’ rent hikes next year,” April 17, 2024,

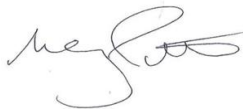
<https://www.cbc.ca/news/canada/new-brunswick/new-brunswick-landlord-tenant-rent-1.7172423#:~:text=A%20spokesperson%20for%20landlords%20in,landlords%20would%20have%20done%20anyway.>

forces, by encouraging the construction of more housing.⁴ This is the exact intent of our call for action today, to help enhance and promote the livability of our communities by investing in New Brunswick. We emphasize the critical need for immediate action to address the housing crisis in our province, with an urgent focus on the urban centers of Moncton, Fredericton, and Saint John. Leveraging all available resources and rapidly normalizing cooperation between provincial, municipal, and federal levels of government are essential steps in achieving meaningful results. We call for an alignment of policy and funding mechanisms, marked by clear timelines, contractual obligations, and completion targets, to ensure both short- and long-term implementation of solutions. As you concluded in your speech, “Ensuring New Brunswickers can live in comfort in our province is crucial to our overall growth and well-being”⁵. We present to you today the immediate actions required concerning development within our province to regain a competitive balance with our neighbouring provinces by creating an eco-system conducive to urgently needed development. We stand ready to collaborate with all stakeholders to address this critical issue and assure a future of continued growth for New Brunswick.

Sincerely,



Nadine Fullarton, CEO, The Chamber of Commerce for Greater Moncton



Morgan Peters, CEO, Fredericton Chamber of Commerce



Tracy Bell, CEO, Saint John Region Chamber of Commerce

cc: Hon. Jill Green, Minister of Social Development, Minister responsible for the Economic and Social Inclusion Corporation, Minister responsible for the New Brunswick Housing Corporation, MLA Fredericton North

cc: Hon. Ernie Steeves, Minister of Finance, Province of New Brunswick, MLA Moncton Northwest

cc: David Coon, Leader of the Green Party of New Brunswick, MLA Fredericton South

cc: Susan Holt, Leader of the Liberal Party of New Brunswick, MLA Bathurst East - Nepisiguit -

⁴ Premier Higgs, NB – 2024 State of the Province Address, January 25, 2024, (1:56:00)

<https://www.youtube.com/watch?v=uJlNVr7hC24>

⁵ Premier Higgs, “State of the province address focuses on growth and affordability,” NB 2024 State of the Province Address, January 25, 2024,

https://www2.gnb.ca/content/gnb/en/news/news_release.2024.01.0026.html

Saint-Isidore

cc: Dawn Arnold, Mayor, City of Moncton

cc: Yvon Lapierre, Mayor, City of Dieppe

cc: Andrew LeBlanc, Mayor, Town of Riverview

cc: Kate Rogers, Mayor, City of Fredericton

cc: Mayor Donna Noade Reardon, Mayor, City of Saint John.