

Residential Rental Association of Prince Edward Island (RRAP)


Changes to Residential Tenancy Act Legislation

June Ellis, Soubhi Abla

Who We Are

We are a non-profit organization representing housing providers across Prince Edward Island. Our association advocates for fair and balanced rental legislation, supporting everyone from small, independent landlords to larger housing providers.

Collectively, we represent over 7,500 rental units, offering homes to Islanders and their families. Over half of our members own fewer than 10 units. Our diverse group of housing providers play a vital role in ensuring a wide range of rental options to meet the community's needs.



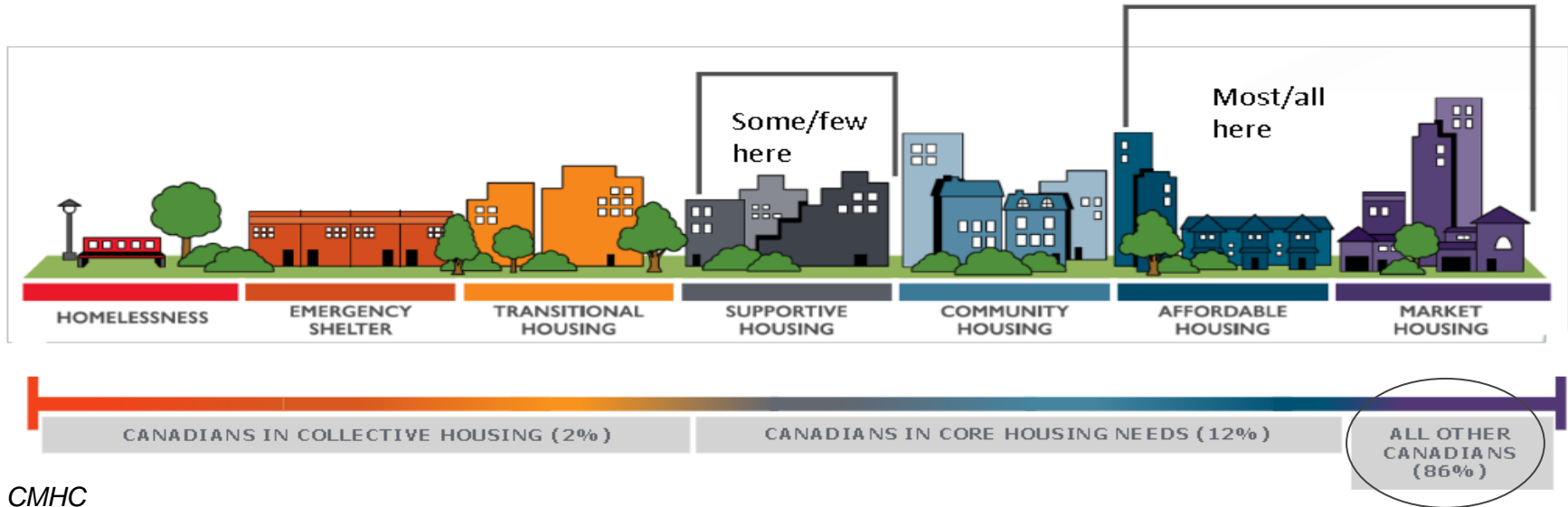
As a key stakeholder, RRAP believes significant amendments must be made for a more balanced piece of legislation.

Extremely restrictive rent control causes great financial hardship for rental housing providers. This financial hardship discourages private investment in housing and instead forces the Government to invest millions of taxpayer dollars in new housing.

The solution is a more balanced legislation that will encourage private investment and strengthen the housing supply.



The private sector rental housing market is struggling due to the inability to maintain reasonable rental rates. The private sector is the only real solution to increasing the supply of housing on PEI.



Amendments are essential for the health and sustainability of Housing on PEI.

“If the Commission does not permit necessary increases which are justified, there is a genuine risk of a decline in the inventory of rental properties in this province.”

Island Regulatory and Appeals Commission (IRAC) (April 2024)

Order LR24-27: Cheryl Taylor v. Tenants of 90 & 94 Cheryl Crescent.

Retrieved from <https://irac.pe.ca/wp-content/uploads/Order-LR24-27.pdf>



Changes to the legislation must be made to increase the housing supply.

“The facts in this case bring to light **significant shortcomings with the hard limits on the annual rent increases permissible under the Act.** There are no provisions in the Act to allow the Director the discretion to consider special circumstances, such as this case where rents have not been increased for twenty-three years and the Landlords are unable to get financing from a bank because the rental business is considered not viable. **This could result in Landlords not being able to carry out required maintenance and puts these rentals at risk of being taken off the market. The result is untenable. Obviously, this is not the goal of the Act. More, not less, rental units are desirable. The Commission recommends that Government review the Act and consider amendments to remedy these types of problems.”**

*Island Regulatory and Appeals Commission (IRAC) (April, 2024).
Order LR24-27: Cheryl Taylor v. Tenants of 90 & 94 Cheryl Crescent.
Retrieved from <https://irac.pe.ca/wp-content/uploads/Order-LR24-27.pdf>*

The private sector is the only real solution to increasing the supply of housing on PEI

“Priority Actions [Prince Edward Island Housing Strategy]

1. Provide incentives and financial supports to **encourage private sector and non-profit developments that increase the rental supply** with a focus on higher-density projects.
2. **Review and modernize regulations to support housing supply increases** and a variety of housing types and densities.”

Prince Edward Island, Housing, Land, and Communities. (2024).

"Building Together" Prince Edward Island Housing Strategy 2024-2029.

Retrieved from <https://www.princeedwardisland.ca/en/information/housing-land-and-communities/building-together-prince-edward-island-housing-strategy>



Using July 1st as the start/end date of the year, PEI is now seeing its lowest housing starts totals in four years. From Census and Population Estimates data, and CMHC.

PEI has the most restrictive Rental Legislation in Canada. It is this legislation that is causing a downturn in housing investment on PEI.

This downturn will only get worse.

To invest in necessary upgrades, such as transitioning to heat pumps, improving unit quality, or accommodating pets (which may require additional repairs), housing providers must be able to achieve rent levels that support these changes.

A sustainable housing market ensures that both landlords and tenants benefit from a healthy rental market and that the needs of all islanders are being met.



3 Critical Amendments


- 1. Housing providers must be able to set rental rates on voluntary tenant turnover.**
(Rent is tied to the unit, and not the tenant)
- 2. Housing providers must have the ability to request rent increases beyond the legislated 3% limit to ensure financial viability of the rental housing market.**
(Currently, greater than allowable rent increase is capped at 3% per year, even when IRAC deems it necessary)
- 3. Mobile Home Parks must be allowed to adjust their lot rents based on their expenses and not based on allowable rent increases.**
(This is impossible with the current form of rental legislation)

The previous and current restrictions imposed by the RTA has been limiting rental housing operations for decades. To combat this housing crisis and increase housing supply on PEI, significant amendments must be made.

These changes will align PEI with the other Canadian Provinces and give PEI a chance to increase private investment and increase housing supply.



Negative examples of restrictive rent control affecting PEI

1. Rental operators leaving the industry due to restrictive legislation
 2. Rental operators are unable to maintain their buildings effectively
 3. Rental operators are unable to invest in necessary upgrades and renovations, improving the overall unit quality
 4. Rental operators do not build more units because the industry is unsustainable
 5. Increased condo conversions
 6. Eviction of mobile home parks for condo or housing development
 7. Industries do not choose PEI due to lack of private housing options
 8. Vacancy rate continues to lower
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We are asking for your support in raising the supply of housing and finding Islanders a place to live.

Financial sustainability is key to a healthy industry.

The PEI Housing Crisis is real and the only solution is to amend the RTA to encourage the private sector to stay in the industry and do more private investment in the years to come.



Questions

