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SPARK HOUSING INITIATIVE

Growing the Long-term Rental Housing Inventory

PHASE TWO: PROBLEMS WITH SOLUTIONS

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FOUNDATION
GREY BRUCE**
We're here for good.

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INTRODUCTION

This is the second phase of the exploration of how to go about increasing the amount of long-term rental housing in our community. The initial phase of the work, begun by the Spark Initiative of The Meeting Place Tobermory, was undertaken in early 2021 and culminated in the report: “Growing the Long-term Rental Housing Inventory Phase One: Investigation”.

This second phase of the work explores some of the possible incentives, both intrinsic and extrinsic, that motivate landlords to enter the long-term rental market from both the landlord and tenant perspective. It also identifies some important next steps that would increase the likelihood of significant growth in long-term renting in order that it might have a noticeable impact on the housing shortage.

Two landlord round table conversations were hosted in November of 2021. One in Lion’s Head where five landlords contributed to the discussion, another in Tobermory where seven landlords participated.

Only one tenant (someone who currently owns and wants to transition to long-term secure renting) attended at the two advertised tenant round table events. To ensure meaningful input the engagement methodology was modified. One to one interviews were conducted with five long-term renters living in the Municipality of Northern Bruce Peninsula.¹

All questions were framed with the end goal of this initiative in mind: how to win over those with housing stock surplus to their own needs to become long-term landlords

PART ONE: LANDLORD ROUND TABLE CONVERSATIONS

The key points that emerged that might form the basis of a campaign to win over long-term landlords included:

- Long-term tenants grow the population and that’s good for the community, it ensures we retain services, it ensures a healthy social life, it’s good for the local economy
- Long-term rentals create a pathway for new community members to transition into long-term community members
- Tenants and landlords can be friends and co-helpers
- Tenants can help landlords afford to buy a house, pay a mortgage
- Long-term renting provides a stable income to the landlord
- Long-term renters can be good for your property

To increase the likelihood of the transition to long-term renting as a viable partial solution to the

¹ The participants were recruited through personal relationships between the renter and personnel at The Meeting Place. Household size and structure varied from 4 person family dwelling (2 adult children living at home due to inability to find housing of their own), to couples, to single adult households.

lack of affordable housing in the community, a number of measures were suggested:

- Ensure the tenant has the capacity to faithfully pay their rent
- Create resources to support landlords to find and vet prospective tenants
- Develop supports to help the landlord and tenant resolve issues as they emerge
- Explore existing, or create new, financial incentives and supports for landlords to upgrade and improve their properties to enable long-term renting
- Create an agency or property management entity akin to rentacottage.com but serving the long-term rental market
- Identify properties suitable for possible conversion (eg. vacant; or with low operating costs)
- Ensure the MNBP creates pathways to enable the creation of long-term rental properties
- Celebrate our long-term landlords and create a forum for long-term landlords to celebrate their experience

PART TWO: TENANT INTERVIEWS

The key points that tenants identified as persuasive for potentially winning over landlords to long-term renting can be grouped under four primary headings: (1) community (2) Income (3) caretaking and (4) responsibilities.

(1) Community

- Long-term landlords help build community. Long-term rentals ensure a larger year around population: a population large enough to ensure infrastructure like medical services and the school and helps to keep businesses open all year.
- Business owners and employers will be better able to hire and retain staff.
- The landlord can build a relationship with their tenant, friendships can grow.

“My landlord at the moment realizes how tough it is for young people to get started up here and wanted to help.”

(2) Income

- The landlord has a steady, predictable income
- The landlord has a more passive income than short-term, less time and effort required by the landlord.
- The amount of rent and capacity to pay should be matched so inability to pay is taken out of the risk

“I have had great friendships with my landlords in the past; up here I have a landlord who wanted someone year around rather than short term, they didn’t want all that you have to do that comes with short term renting.”

(3) Caretaking

- A good tenant will respect the property and take good care of it.

- Set up a way to make contact that works for the landlord (and tenant) so that when things go wrong issues are brought forward in a timely way
- A good tenant will keep the place clean and undertake a certain amount of day to day minor maintenance,

“It’s as simple as making sure the appliances are thoroughly cleaned on a regular basis as if you owned them yourself.”

“The place I live now ... was only available to us because the landlord knew us and trusted us. They were doing renovations with a short term rental in mind but when they found out we were looking they rushed to complete the renovations to get us as tenants. Opted to go for long term because we were a known entity with an excellent reputation in the community for being reliable and trustworthy.”

“My landlord wanted an extra person around. I am a neighbour so I keep an eye on their place if they are out of town or travelling. It’s a help to them.”

(4) Responsibility

- When carefully vetted and selected the landlord can ensure property is respected
- Works best when everyone clearly understands the rights and responsibilities in the tenant landlord relationship.

“It was clear what the landlord expected, what we could and couldn’t do on the premises while renting, things like guests, and parties, and pets and who was responsible for what.”

Seeing Success from the Tenant’s Point of View

What the tenants identified that they need to bring to a successful landlord tenant relationship included:

- Financial security and ability to pay the rent.

“I’m a small business start up and my biggest overall expense is the rent. My income is not always predictable. But I know I have to make the rent faithfully.”

“Mainly it’s a steady job but that’s the catch 22, without a place to live can't really get a steady job. If you can’t have long term housing, you can't have long term staff.”

- Good communication, in particular the ability to speak about their needs in a respectful, responsible, timely way.
- Conditions that promote the tenant being “house-proud”.
- Willingness to take on certain responsibilities such as basic maintenance like snow removal, gardening, cutting the grass, and minor repairs

“I’ve always renovated every place I’ve rented, done things like paint, put up additional shelving. I like the place to feel like home so I put in the effort to make it nice.”

- Have the amenities needed such as parking space, storage space, working appliances, etc. in suite laundry facilities. In other words, a place they want to stay.

Renters, Belonging and Community

A third and final question asked tenants to consider their current “stake” in the community. They were asked to elaborate on their sense of commitment, their sense of belonging, and their sense of a future here and how this was affected by their status as a renter. We felt this was important to consider as it speaks to two issues: how do we enable people to belong as well as to deepen their commitment to the community.

“We’ve lived in the community a long time, it’s home. At our age we just didn’t want to take on a mortgage and got very, very lucky to find this place. Before we got this place though we thought we might have to move away to Owen Sound but really didn’t want to.”

[Interview subject 1]

It’s different [as a renter] for sure, for example, all kinds of things that are happening in the community that don’t affect me like bylaws and taxes that I don’t even think about at this point. Even the conversations about STAs I don’t really contribute. Wasn’t even sure I had something worthwhile to say in this conversation. It’s more comfortable to do [this] phone call. A round table conversation did feel like I would be a bit exposed I feel socially a bit like a minority. There’s this kind of general understanding that people who rent are not able to afford housing of their own so maybe there’s some kind of social implication. While at the same time it’s common knowledge that it’s incredibly hard to buy.”

[interview subject 2]

My situation is changing, I’m in the process of building a house. First moved here for a career opportunity, a year long job. I had never heard of the Bruce before but soon knew I wanted to build a life here. I got involved by volunteering on some community Boards. Being priced out of the home ownership market was a real worry and I can only consider it because I have a career that puts me in a position of privilege. Even with a good year round job it’s been a challenge.

[interview subject 3]

“I want to stay here forever; but with the current market for purchase my ability to ever buy is improbable. I am absolutely dependent on rental housing in order to be able to stay here. But I also want decent, secure rental housing for the betterment of the whole community. I feel really invested in the community. I am involved with bingo, the meat draw, trivia, I show up and participate in lots of community events. I’m on the municipal housing task force, I’m involved at The Meeting Place, am a volunteer driver, go to the drumming circle, Friday movies, the Peace and Reconciliation workshops. I have a local doctor, I’m a Legion member, I shop local, I’m a Library user.”

[interview subject 4]

“I’ve made many connections and feel a part of the community through my job where I’ve worked one to one with many of the business owners. Have got to know lots of people. As a renter I do feel insecure in terms of my long term future, hard to know in the current housing landscape if I will be able to settle here permanently. There is this worry as a renter: how secure is my future and it seems hard to imagine being able to buy something.”

[interview subject 5]

CONCLUSION AND RECOMMENDATIONS

At the moment we are largely dependent on individuals or businesses to provide housing to non-home owners who wish to live and work in our community. In conditions where there is strong potential for short-term vacation rentals, owners of surplus housing stock often need to have persuasive reasons for choosing the long-term rental option.

The provision of adequate long-term rentals has not happened organically. These discussions have helped us understand why. They also offer suggestions – if we are serious about addressing the housing shortfall – of what can be undertaken now to promote change.

Recommendations

- (1) The Municipality of the Northern Bruce Peninsula and Bruce County Housing need to play a vigorous leadership role and to energetically pursue a planning, budgetary, and policy environment that supports private long-term rentals.
- (2) Arising from these findings, the Meeting Place should engage in a further phase of this initiative, conducting research with local housing property managers and rental platforms (eg. Rentacottage.com) who currently serve the STA market. This exploration will consider if there is scope to develop a similar entity that will support long term landlords and renters. Such an entity could support an a la carte menu of service including matching tenants and landlords, vetting tenants, offering knowledge resources, facilitating communication and mediation. Both landlords and tenants speak of renting in our community as being solely dependent on being known to each other. Such conditions make it very hard for new community members to break into the long-term rental market. In addition, participants spoke to such needs as vetting and mediation.
- (3) Launch an initial long-term landlord recruitment campaign to identify up to four landlord champions, ideally one or more who are new to long-term renting. Involve these landlords in a one year study of the long term rental experience from both renter and landlord, with a view to understanding how to best inform and implement the long term rental management service (see #2 above).

ACKNOWLEDGEMENTS

Sincere thanks to all those who added your voice to this discussion about how we might influence change in rental housing. Thank you to those who participated in the round table conversations and to those tenants who agreed to be interviewed. For the sake of anonymity I have not added your names. Thank you as well to those who stop me in the grocery store or the pub or on the street with ideas, concerns and wisdom.

Thank you to Councillor Myles and Councillor Golden for your ongoing interest in the housing issues in our community and your willingness to actively help navigate to a better future. Likewise to Ryan Deska and the community volunteers on the Attainable Housing Committee of the Municipality of Northern Bruce Peninsula whose work is ongoing.

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Appendix One: Landlord Round Table Discussions

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| Question 1 | What does the statement "attainable housing is foundational to community viability and sustainability" mean to you? |
| Economic: | Housing relates to jobs; jobs are here but hard to fill because recruits struggle to find housing. |
| | Seasonal workers are critical to the economy and nowhere for many to live. |
| | Housing isn't available or affordable now. |
| | Should there be a limit to economic / tourism growth? |
| | When businesses buy housing for seasonal staff contributes to rise in house cost. |
| Community: | We need people in order to have a "community". People do things like volunteer, participate in sports and social events. |
| | We can't maintain infrastructure like schools, day care, medical services without a stable and growing population. |
| | Housing is the building block to relationships within a community. |
| | If we want younger families, housing has to be affordable; younger families are important to sustaining or growing the community. |
| | We need to have the options for seniors to age in place, housing plus support. |
| | If staff have to drive considerable distances to their jobs here they will leave when opportunity closer to "home" arises. |
| | We need housing for people to transition and grow their commitment to this community: begin as "seasonal" transition to "long-term renter" transition to permanent. |
| | People want to rent. It can be a life-stage thing - less demanding for younger / older residents in terms of maintenance and upkeep. |
| | Things have changed since 2010 and seems connected with the significant rise in short-term rental accommodation. |
| Planning: | Need options besides ownership, a variety of types of housing in addition to single unit dwellings. |
| | We should look to the experience of other municipalities; what housing models are in place elsewhere, i.e., social housing models: co-ops, pods, tiny homes, veteran housing. |
| | Solution to housing needs broad community participation.. |
| | We need planning and action. |
| Resources | Attainable housing will be tough to create here; will need financial backing. |
| | Resources are out there: "no lack of resources". |
| | Who can afford to offer affordable housing (in general)? |
| | Who are the landlords with lower costs who might be prepared to consider long-term rental(s), i.e. smaller / no mortgage or mortgage at lower purchase price. |
| Government | We need the MNBP to change building code to facilitate multi-units builds, tiny homes, garden suites, etc. (Example of recent successful Ontario tiny home legal challenge.) |

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| Question 2 - | What are some of the advantages of having long-term tenants |
| Community | Support for the local economy. |
| | Less stress on landfill. |
| | Less noise in the neighbourhood. |
| | Help a family who needs housing. |
| | Long-term tenants can be part of the community; invested in the community - "belong". |
| | Contribution [of long-term renters] to community should not be underestimated. |
| | Creates a labour market and economic health / employers can fill jobs. |
| Landlord | Less cleaning. No need to find staff to clean. |
| | Long-term tenants may help with the property or landlord. |
| | The landlord can develop a relationship with the tenant, the tenant can become a friend. Having a nearby tenant can be a "comfort". |
| | Long-term renters <i>may</i> take more care of the property (than short-term). |
| | Predictable income for owner / financial security. |
| | Security for the property. |
| | If shared space, can help with house, pets, snow removal etc |
| | If shared provides flexibility for the landlord to travel, be away. |
| | Reduced costs i.e. cheaper if not furnished, no listing fee like STA, no permit fee, lower insurance, no advertising fee. |
| | Won't have to grapple with STA regulations. |
| | Can make a building more affordable for the owner if in house suite - contributes to costs and helps with mortgage. |
| Building | Better for the building (heat on; continuous moderate use of plumbing, septic, appliances) |
| | Less wear and tear on building / septic. |
| | Safety / security greater in an occupied building. |

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| Question 3 | What are some of the disadvantages of having long-term tenants |
| Income | non-payment of rent / capacity to pay rent |
| | who pays the utilities |
| | make less money / financially less lucrative than STAs and there is so much scope in this community for that option |
| | limited on how you can increase rent |
| | insurance may be higher (than owner occupied); AirB&B provides insurance for damages |
| Upkeep | what if you get a tenant who doesn't take care of the place |
| | finding someone to fix things |
| | pets, sometimes multiple pets, & damage arising |
| | wear and tear can be worse |
| | eviction difficulties |
| Vetting | rigours of screening / vetting |
| | community dynamics (how to turn someone down that you know) |
| | how to recruit / find long-term renters |
| | rural landlords are too lax (re: vetting) |
| Relationship | what are my rights / responsibilities |
| | when a "bad tenant" - major problem, serious challenges to resolve |
| | how to enforce rules / expectations |
| | balance between tenants protections and landlord protections |
| | if a shared space, problems if you don't get along / mismatched |
| | if there are problems, problems go on with long-term tenant (with short-term it usually just a week or two) |
| | in house sharing can be a power imbalance between owner and renter / renter may feel on permanent "guest" status; owner may feel space not respected |

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| Question 4 | INCREASE / ENHANCE advantages of having a long-term tenant |
| Relationship | use a lease, make formal agreements |
| | have access to a resource bank or agency for leases, agreements, mediations, knowledge |
| | create a good information package for landlords re: leases, vetting, problem solving, resources |
| | have access to a tenant / landlord registry; an agent / agency to coordinate "match making" |
| | use existing platforms to attract long-term renters (eg. rentacottage.com; airbnb) |
| | create a long-term property management service offering a continuum of services (eg. recruit, vet, rent collection, mediation, eviction), something like AirB&B only for long term |
| | offer legal aid when problems arise |
| | further explore how to facilitate shared contributions (non monetary) |
| | create a system where a landlord could trial a long-term rental; probationary rental |
| | make eviction easier when persistent problems |
| Financial | make a good financial return feasible; somehow close the gap between STA and LTA, do a serious comparative business plan |
| | provide incentive to landlord to update / upgrade rental space; help landlords invest in their buildings |
| | government offer incentives to long-term landlords |
| | create a long-term rental fund at MNBP to support development of long term rentals; loans, grants. |
| | access to forgivable loans to allow investment into long-term rental buildings; \$10,000 would go a long way to updates on an existing property but is insignificant in creating new infrastructure |
| | provide tax breaks |
| | home ownership becomes more affordable if there is a rental space in home |
| | group insurance (airB&B provides insurance to STA rentals) |
| MNBP | approval for unconventional use (eg. secondary dwelling; tiny homes) |
| | promote / facilitate building of secondary unit in / on existing property |
| | ensure MNBP bylaws support LTAs |
| | penalize owners of vacant properties (higher taxes) |
| | MNBP housing fund to support various options of tenure |

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| Question 4 | MINIMIZE / ELIMINATE disadvantages of having a long-term tenant |
| | make evictions simpler when protracted problems |
| | create a landlord association |
| | equip landlords with knowledge of rights / responsibilities; if landlords know their rights, it will help decrease fears |
| | mechanism to address rent arrears in a timely way |
| | conduct careful vetting (meeting in advance, letters of reference, proof of employment) |
| | emergency fund for damages |
| | create a management agency |
| | create and maintain a renter registry |
| | have access to mediation resources |

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| Round Table Participants asked for any "last words" before concluding the discussion |
| What is the potential to convert from STA to LTA? What are the existing vacancy rates? Would it be good to find out? How do you find out?. Make sure existing housing stock is utilized. |
| It would be good to find the owners of vacant properties and interview them. |
| Home ownership could be more affordable for single people if "share" space is available. |
| Best to target landlords or potential landlords who already have financial security (i.e. low or no mortgage on property). |
| We need to create specialized housing for seasonal staff so they are not taking up potential long-term units. |
| Seek testimonial statements from successful long-term landlords to decrease stigma around long-term rentals. |
| Can TMP play a role as a local resource in the long-term rental scenario? |
| Gather a group of contractors who are community minded to help the conversation, leverage corporate social responsibility, same for community retirees. |
| Some say we need patience, some say we need impatience. Conversations good but frustration has begun to set in, need impatience |
| We need investors. |
| We need creative outreach and communication to to property owners |
| Word of mouth is important in this community. |
| It's all fixable but needs dollars and political will. |
| Stick with grass roots (i.e. local solution). |
| We're gradually going in the right direction. |

Appendix Two: Tenant Interview Questions²

Question 1:

Based on your rental experience, if you think from the landlord perspective, what do you think makes a long term rental work?

Question 2:

What would support you best to be the ideal long-term tenant?

Question 3:

What is your sense of tenure or "stake" in the community, as a current tenant?

² In the interests of ensuring anonymity the full interview responses have not been included in the report.