

Planning and Housing Committee  
10th floor, West Tower, City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2

June 15, 2020

## Re: PH 14.3 Housing Now Initiative - Annual Progress Report

Dear Chair and Committee Members,

I am writing to request that you consider the accompanying recommendations to protect tenants from unfair rent increases on property owned by the City of Toronto.

The previous provincial government introduced the Rental Fairness Act, 2017 to end unlimited rent increases on newly-built apartments as a result of a long campaign led by many Councillors, ACORN, the Federation of Metro Toronto Tenants Associations, ACTO, and others. Unfortunately, the current Government of Ontario brought back exemptions to new rental units from rent control in November of 2018. Tenants living in rental units built after this date are not protected from rent increases above the mandated inflationary cap that applies to all other renters in the province.

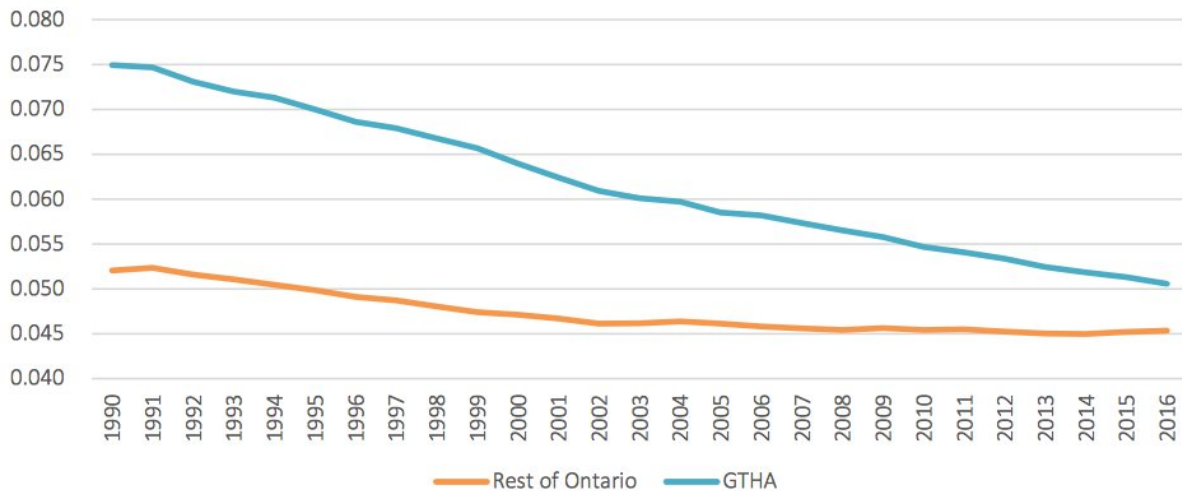
Last year, City Council voted overwhelmingly in favour of requesting the province to provide rent control for all tenants, not only because the exemption is unfair to already overburdened tenants, but the move is also unnecessary. Claims that returning the loophole will increase apartment supply, eventually leading to lower rents, are not supported by evidence.

According to Urbanation, a leading condo & rental market analysis firm, the rental construction rate in 2018, prior to the exemption from rent control being re-instated, was the highest seen in at least 30 years:

- new purpose-built rental construction surged in Q2 2018, with 2,635 starts recorded during the quarter, raising the total inventory under construction to 11,073 units, 69% higher than Q2-2017 (6,539) **before** the loophole was closed
- The inventory of rentals underway in 2018 was higher than all units in apartments built since 2005 (10,871).
- During Q2-2018, new applications totaling 5,920 units were proposed for purpose-built rental development, nearly 3.5 times greater than the number of new units proposed during Q2-2017 (1,719)
- As of Q2-2018, the inventory of proposed purpose-built rentals totaled 120 projects and 37,403 units, nearly doubling in size over the past two years to reach the highest level recorded by Urbanation since tracking began in Q1-2015.

This recent data showing that the removal of rent control has little effect on rental housing starts follows the longer term trends in Ontario. Purpose-built rental provision per capita continued to fall even after the Mike Harris government eliminated rent controls for units built after 1991, as the CMHC chart below demonstrates.

Figure 23 Purpose-built rental stock per capita



Source: CMHC; CANCEA

Rent controls have little effect on rental housing starts because developers and Landlords are still able to set their initial rent at whatever amount they choose. Moreover, in addition to an annual guideline increase, Landlords are able to have tenants pay for capital repairs through Above the Guideline Rent Increases and are able to charge a higher amount when a tenant leaves through vacancy decontrol. A 2 percent increase above the inflationary guideline just provides an unnecessary cash grab for Landlords.

Toronto City Council has taken a strong stand to demand that the Provincial government only allow inflationary rent increases in new builds. How can we not follow our own advice on land that we control?

Thank you for your consideration.

Recommendation:

1. City Council amends Staff recommendation 7a by deleting the words "plus 2 percent", so that it now reads:

a. negotiate with proponents for future Housing Now sites to include limitations on annual rent increases for market renters, with annual increases in rent not to exceed the Provincial Guideline amount ~~plus 2 percent~~, with a goal of achieving the lowest possible annual rent increases for market renters while maintaining the economic feasibility of each project, including securing the affordable rental housing targets established for the Housing Now Initiative;

Sincerely,

Josh Matlow

City Councillor  
Toronto – St. Paul's

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