

# Added Item 5.1



March 20, 2019

To: Members of Emergency & Community Services Committee  
To: Alicia Davenport, Legislative Coordinator  
  
Re: Item 10.1 Tenant Defence Fund (HSC19011)

Dear Members of Emergency & Community Services Committee;

The concept of a TDF (Tenant Defence Fund) to fight AGIs (Above Guideline Increase), suggests there is something wrong with AGIs. It suggests tenants must “defend” themselves from the unwarranted hardship of a rental increase. An AGI is a legal fact-based application and may only be granted by the Landlord Tenant Board, and only for eligible, extraordinary capital or security expenditures. The applicant must show documentary evidence and prove to the adjudicator that the increase is justified. The adjudicators have strict rules and guidelines and they are trained to ensure that they only allow justified increases. Tribunal officers are appointed by government, which recruits individuals through an open, merit-based process.

It is essential for Hamilton to preserve its rental housing stock. If we do not encourage Companies to improve their buildings, they will continue to deteriorate and need to be demolished and replaced by condos. Despite constant ongoing maintenance and repair, even major structures like Hamilton City Hall have required substantial capital expenditures to keep them viable for the future. Investment protects the scarce supply of rental stock in Hamilton, even if some tenants would prefer paying lower rent to having a safer, better quality building. The owner must act in compliance with the law and in the interests of all current and future tenants. The Landlord and Tenant Board will not grant an increase for any expenditure that is not necessary or is primarily cosmetic. Replacing dirty or torn flooring after 20 years of wear is important both for tenant safety and ensuring a quality place to live. Companies that choose to improve their older buildings need capital and the only source of income is from rents. Contrary to popular opinion, there is no pool of extra money from rents for large scale improvements when the cost of providing rental housing is rising at 4 or 5% a year, compared to the guideline increase of 1.8%.



We understand that many people in Hamilton have an income issue; it is well recognised and documented and needs to be addressed by ALL of society. These tenants have insufficient income and are vulnerable to any increases in their living costs, whether for rent, food, utilities, transportation costs, or anything else. We also understand that tenants feel powerless against unexpected increases to their monthly expenditures, especially when many are on a fixed income with no ability to increase it. We feel the same way when mortgage rates go up, when gas, electricity, water, heat, hydro and taxes go up, not to mention the threat of licencing adding to our monthly expenditures, with one source of revenue to work with. We understand that we don't have the same fear of losing our home because of unexpected expenses, we do however have the fear of losing our livelihood. If that happens it will put an even larger strain on renters. If a tenant can't pay a \$30 rent increase because he or she is on a fixed income, it is far cheaper to provide that cash support directly to the tenant, rather than say the landlord should not invest in improvements and recover part of the cost in rent. That will only lead to deterioration of the building, harming everyone.

The truth is, housing providers and tenants depend on each other and creating a fund that encourages disputes is only benefiting those who benefit from tenants and housing providers being at odds. Professional agitators are paid to go into a building and encourage illegal actions like rent strikes and harassing building staff & owners. We are against any public funds that would assist any tenant, paralegal or organization who in any way promote and/or organize any illegal activity such as a rent strike. We hope there are steps to ensure the tenant defence fund does not promote or condone this type of behaviour.

Rental housing providers feel threatened and under attack on many fronts recently, as it seems to be acceptable to compare us to the Oil and Tobacco Industry to prove housing providers only care about the bottom line. We want everyone to have a safe, affordable place to call home -just like all Canadians should have access to health care and basic education. The difference being that society looks to housing providers to shoulder the cost alone. If we followed that logic, doctors and teachers should be paying for our treatment and education. We do not ask gas stations to supply gas at 50 cents/litre to people with low incomes or the grocery store to drop all their prices because some people can't afford to pay, but somehow it seems acceptable to ask rental housing providers to provide housing at below market rents.



Creating a Tenant Defence Fund to help tenants fight a rental increase is misdirected. The \$50,000 the City is looking at spending could be better spent on some form of shelter allowance. It could give 40 families, (approximately 100 people) a shelter allowance of \$100 per month for a year, a real benefit to people in poverty who struggle with their rent. Another alternative the City could consider is putting the money towards a reduction in the Multi-Res tax rate. The current tax rate is unconscionable and if the taxes are reduced by 2.5% or more it will reduce rents across the City and help all residents of multi residential properties.

The problem with creating a fund like this is that there will be demands to raise it every year. The return on the money put into this endeavour will be close to zero. Tenants do not face higher AGI's due to not having legal representation, and it is highly unlikely to prevent or reduce increases granted. All it will achieve is more delays at the Landlord Tenant Board. There is a risk that a fund like this will cause some RHPs to put off work that needs to be done and will cause a deterioration in the housing stock. As pointed out the number of AGI applications has increased which reinforces the fact that Hamilton desperately needed to improve the rental housing stock. We applaud those companies taking the initiative to improve living conditions in Hamilton.

In closing HDAA cautions the City that there could be a negative impact from creating this fund and it will not achieve the desired results. We implore you to look at alternate ways of spending \$50,000 that could help those in need such as the afore mentioned shelter allowances or a reduction of the multi residential tax rate. The best protection for tenants is healthy competition and choice, creating policies that will increase rental housing supply for all levels of affordability and incomes. This is a better solution than creating a program that encourages division.

## **HDAA**

Hamilton and District Apartment Association