



INFORMATION REPORT

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	December 10, 2020
SUBJECT/REPORT NO:	Impact of Provincial Rent Freeze on Social Housing Providers (HSC20060) (City Wide)
WARD(S) AFFECTED:	City Wide
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COUNCIL DIRECTION

None

INFORMATION

In October 2020, the province announced a rent freeze for most residential tenants covered by the *Residential Tenancies Act, 2006*. The rent freeze rescinded the provincial rent increase guideline for 2021 of 1.5% meaning that most residential landlords could not increase rents. The intention was to protect Ontario tenants who may have experienced financial losses during the Covid-19 pandemic.

A consequence of the rent freeze is a reduction in revenue for Social Housing Providers. It is estimated that the reduction in revenue will cost Hamilton's Social Housing Providers approximately \$1.68 M in 2021.

CityHousing Hamilton (CHH) alone estimates the rent freeze will reduce their revenue by \$1,148,639 across their Social Housing and market rent properties. It is estimated the rent freeze will reduce revenue for Hamilton's other 37 Social Housing providers'

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OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

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provincial projects by \$540,611. This is a conservative figure as it does not reflect Social Housing Providers' federal or market rent projects. Accurate estimates are further complicated by the fact that the rent freeze excludes housing co-operatives.

The rent freeze will have long term impacts on Social Housing Providers' revenues beyond 2021. Each year they will not benefit from the value of the increase in rent revenue they would have realized in 2021 (\$1.68 M) plus they will not benefit from the incremental value of annual increases to the rental revenue. If an annual rent increase guideline of 1.5% is assumed over 10 years, the loss of revenue to Hamilton's Social Housing Providers is estimated to be \$18,250,281.

This reduction in revenue coincides with a period of increased costs for Social Housing Providers. A marked increase in the cost of many building materials used in unit turn over and repairs has been reported. Some of the increase in costs relates to difficulties with supply chains owing to factory and border shutdowns. Increased cleaning relating to the Covid-19 pandemic is also putting a strain on social housing provider budgets. Many providers are also facing other decreases in revenue such as the negative provincial benchmarks used to calculate subsidy to providers, tenant rent arrears and reduced commercial and occasional rental revenue.

Unlike private sector landlords, Social Housing Providers are constrained in their ability to raise revenue by legally binding caps on rents and limits on how they use their equity and reserves. The reduction in rental revenue may cause Social Housing Providers to make difficult choices. They may need to defer maintenance or slow unit-turn over to reduce costs. These choices could have long term impacts on the health of their assets and the ability to house households from the Access to Housing waitlist.

APPENDICES AND SCHEDULES ATTACHED

None