



	<b>REPORT No.: 2019-41</b>
<b>MEETING DATE: SEPTEMBER 26, 2019</b>	<b>DATE PREPARED: JULY 18, 2019</b>
<b>SUBJECT: 2020 MARKET RENT INCREASE</b>	

**RECOMMENDATION**

THAT with respect to Report No. 2019-41 (Housing Services Division) we, The District of Thunder Bay Social Services Administration Board, approve the 2020 market rents as outlined in Confidential Attachment #1 of Report No. 2019-41, presented in Closed Session.

AND THAT any approved market rent increase be effective February 1, 2020.

**REPORT SUMMARY**

To present information to The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) for approval of the 2020 market rents for TBDSSAB units.

**BACKGROUND**

The 2020 Annual Rent Increase Guideline from the Ministry of Municipal Affairs and Housing (MMAH) received July, 2019, advises that the maximum rate of allowable rent increase for 2020 is 2.2%. Legislation was passed on June 13, 2012 to amend the *Residential Tenancies Act, 2006* to ensure that the Rent Increase Guideline is capped at 2.5% annually, with an exemption for social housing. The Annual Rent Increase Guideline continues to be based on the Ontario's Consumer Price Index (CPI), a Statistics Canada tool that measures inflation and economic conditions over a year. Data from June to May is used to determine the guideline for the following year. The average yearly increase in Ontario from 2004-2019 was 2.0%. The 2020 guideline applies to rent increased between January 1 and December 31, 2020.

Market rents and any recommended market rent increases are provided to the Board for review and approval on an annual basis. Previously, the annual increase has mainly followed the Rent Increase Guideline, however in 2015 a request to increase the market rent at Andras Court beyond the Rent Increase Guideline was presented by Administration in order to ensure parity in the market.

TBDSSAB completed a Market Rent Study in 2016 to establish current market rental rates for the District of Thunder Bay so that TBDSSAB could ensure rates charged reflect local market conditions and provide fair rates to all participants.

### **COMMENTS**

As per Confidential Attachment #1, market rent increases for 2020 do not exceed the allowable rent increase guideline for all properties.

Market rent comparisons were completed with a review of the TBDSSAB 2016 Market Rent Study and current Rent Supplement market rents. Approval of the 2020 increases will continue to allow the TBDSSAB market rents to be in the lower to mid-range of the market.

The *Rental Fairness Act*, (the "RFA") is part of Ontario's Fair Housing Plan, a strategy released in April 2017 to promote affordable housing in Toronto. The RFA, which received Royal Assent on May 30, 2017, eliminates the exemption to rent increase rules and requires landlords to compensate tenants if they wish to terminate a tenancy for personal use. Landlords can no longer impose above guideline rent increases on account of higher utility costs as part of the amended Act. Private landlords associated with the Rent Supplement program will be held to the RFA, however units within the social housing portfolio are exempt from these legislative changes.

Approval of the increase ensures that TBDSSAB market rents maintain an equitable relationship to the indexed benchmark and would not have a negative financial impact on the corporation. As of July, 2019 approximately 200 TBDSSAB tenants were paying market rent and would possibly be affected by the increase. Tenants paying rent geared to income (RGI) would not be affected by the increase.

Administration has identified that of the 200 market tenants 117 are seniors, 50 are singles and 33 are families. TBDSSAB directly operates 2,500 residential housing units.

### **FINANCIAL IMPLICATIONS**



Based on the number of market tenants and Rent Geared to Income tenants paying market rent as of July 2019, Administration estimated potential additional revenue of approximately \$41,076 for 2020 using the 2.2% guideline increase.

### **CONCLUSION**

It is concluded that properties in the TBDSSAB service area receive the recommended rate increase for 2020 to keep TBDSSAB market rent amounts aligned with comparable local accommodations in the respective areas.

**REFERENCE MATERIALS ATTACHED**

Attachment #1 [Proposed 2020 TBDSSAB Market Rents \(Confidential\)](#)

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