



	<b>REPORT No.: 2020-46</b>
<b>MEETING DATE: OCTOBER 15, 2020</b>	<b>DATE PREPARED: OCTOBER 6, 2020</b>
<b>SUBJECT: 2021 RENT FREEZE – HELPING TENANTS AND SMALL BUSINESS ACT, 2020</b>	

### **RECOMMENDATION**

THAT with respect to Report No. 2020-46 (Integrated Social Services) we, The District of Thunder Bay Social Services Administration Board, approve maintaining the current 2020 market rent rates for 2021 to comply with *the Helping Tenants and Small Business Act, 2020*;

AND THAT we direct the Board Chair to send a letter to the Minister of Municipal Affairs and Housing to provide funding to offset revenue losses resulting from this provincial policy change as it will result in a higher levy in 2021 to member municipalities than under current policy;

AND THAT this resolution and a copy of the letter to the Minister be circulated to all Thunder Bay District Heads of Council, Members of Provincial Parliament, the Association of Municipalities of Ontario and the Northwestern Ontario Municipal Association.

### **REPORT SUMMARY**

To present information to The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) on the legislative freeze to residential and community housing market rent rates for 2021.

### **BACKGROUND**

The 2021 Rent Increase Guideline from the Ministry of Municipal Affairs and Housing (MMAH) received in August 2020, advised that the maximum rate of allowable rent increase for 2021 would be 1.5%. 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), 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 2004-2020 was 2.0%. The 2021 guideline would apply to rent increases between January 1 and December 31, 2021.

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.

In September 2020 legislation was amended to propose a freeze to the market rent rates previously determined for 2021 by the MMAH. This legislation was passed and will come into effect on January 1, 2021. The *Helping Tenants and Small Businesses Act* will freeze rent in 2021 over a one-year period for tenants of most rent-controlled and non-rent-controlled residential units. This includes municipally funded community housing rental units.

The *Act* further requires that a tenant's Rent Geared to Income (RGI) payment may not be increased between January 1, 2021 and December 31, 2021. If the RGI calculation results in an increase in 2021, that increase must be held until January 2022. If the RGI calculation results in a rent decrease payable by the tenant, the individual's rent payment would be decreased accordingly which is also the case under current legislation.

With this legislation approved, TBDSSAB will not increase market rents for 2021 and will maintain the current Board approved 2020 market rates. In addition, for those tenants paying rent-geared to their incomes, there can be no increase to rents in those cases where tenant incomes have increased.

### **COMMENTS**

As of July 2020, approximately 171 of TBDSSAB's 2,473 tenants were paying market rent. With the passing of the *Act*, these market tenants would have their rent remain unchanged in 2021.

Administration has identified that of the 171 market tenants, 95 are seniors, 30 are singles and 22 are families within the City of Thunder Bay. Outside of Thunder Bay, 22 are seniors and 2 are families.

With the requirement that the tenant portion of RGI cannot be increased in 2021, regardless of whether the tenant's income has increased, this may increase the financial pressure on TBDSSAB, and the non-profit housing providers supported through TBDSSAB. There are currently 995 housing units owned by non-profit housing providers that are eligible for RGI supports, in addition to the 2,473 TBDSSAB-owned housing units. If the annual RGI calculation results in a decrease to the tenant portion of RGI, that decrease will result in a lower tenant portion for the coming year.

The actual financial impact of this RGI change is difficult to predict, as the RGI calculation is based on the tenant's income. In any year, there would normally be tenants whose income increases, resulting in an increase rent paid by them for the year. This is somewhat offset by tenants whose income decreases, resulting in a lower rent paid by them for the coming year. Over the past 3 years, overall RGI revenue has been as follows for the 9-month period ended September 30th:

Jan-Sep 2018 RGI Revenue \$7,421,493  
 Jan-Sep 2019 RGI Revenue \$7,449,112  
 Jan-Sep 2020 RGI Revenue \$7,543,132

These amounts reflect the tenants whose portion has increased, offset somewhat by the tenants whose portion has decreased. There has been a net increase in rent payments over the past three years, however, with the requirements to not increase the tenant RGI portion from January 1 through December 31, 2021, it is expected that this will reduce the overall RGI revenue. As calculations are completed based on the actual income reported by tenants, a forecast for RGI revenue cannot be supported by data at this time. Administration will provide the Board with actual RGI revenue throughout 2021.

**FINANCIAL IMPLICATIONS**

Based on the legislation freezing rental rates at the 2020 levels, Administration estimates a potential market revenue loss of \$80,000 for TBDSSAB-owned properties in 2021.

As a result of the legislative changes, \$24,000 additional TBDSSAB subsidy will have to be provided to Provincial Reformed (with market component) housing providers to offset market rents not being increased by the MMAH benchmark index.



The overall impact of the changes related to RGI calculations will be provided to the Board throughout 2021.

**CONCLUSION**

It is concluded that, based on the new *Helping Tenants and Small Business Act, 2020*, properties in the TBDSSAB service area will not receive a rate increase for 2021, and no tenant RGI increases will be implemented in 2021. It is further concluded that the Minister of Municipal Affairs and Housing be requested to provide funding to offset revenue losses resulting from this provincial policy change as it will result in a higher levy in 2021 to member municipalities than under current policy.

**REFERENCE MATERIALS ATTACHED**

None.

<b>PREPARED BY:</b>	Crystal Simeoni, Manager, Housing Programs The District of Thunder Bay Social Services Administration Board
<b>APPROVED / SIGNATURE:</b>	 Ken Ranta, Director, Integrated Social Services The District of Thunder Bay Social Services Administration Board
<b>SUBMITTED / SIGNATURE:</b>	 William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board