

## 2013 Pre-Budget Brief to the Ontario Government

### FRPO is:

- ▶ *The voice of Ontario's rental housing industry since 1985*
- ▶ *A volunteer association representing 2,300 landlords and 350,000 rental homes across Ontario*
- ▶ *Committed to upholding public policies that support the availability of quality housing*
- ▶ *Download a PDF version of FRPO's Pre-Budget Report: [www.frpo.org/Submissions](http://www.frpo.org/Submissions)*

### Issues Facing Rental Housing in Ontario:

- Many low income households have housing affordability problems, yet Ontario still has **no** housing-related income program to help the working poor.
- Ontario's broken rent dispute process is plagued by 3 to 4 month delays, financially devastating small landlords and leaving some tenants with massive debt problems. This is a major impediment to rental housing supply.
- Instead of encouraging apartment owners to invest in improved rental housing quality, Ontario still uses 1970's-era rent controls that are a barrier to capital investment needed for repairs and maintenance, and to job creation.
- Ontario is one of the few (and perhaps only) places in the world that still sees most tenants subsidize their neighbours' hydro use.
- Ontario stands alone among Canadian provinces in allowing municipalities to impose unfair, regressive, higher property tax rates on lower income tenants.

### Solutions and Recommendations:

#### Housing Affordability:

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1. **Implement a new monthly Housing Benefit** to help Ontario achieve its poverty reduction and housing affordability objectives by extending housing assistance to those with high shelter burdens.

#### Eliminate Abuses of the Justice System:

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2. **Make the residential rent dispute system fairer and improve justice** by reducing statutory notice delays from 14-days to 5-days, providing the Landlord Tenant Board with resources needed to reduce hearing wait times from one month to one week, require tenants to file applications, eliminate the 11-day wait for enforcement by the Sheriff's Office, and allow private bailiffs to enforce orders.

#### Energy Conservation:

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3. **Enhance energy conservation in rental housing** by removing regulatory barriers to suite metering, specifically: 1) Allowing rental housing providers to transition all housing units to suite metering (not just those where the sitting tenant grants consent); and, 2) Allowing suite metering in all electrically heated rental housing buildings.

#### Property Tax Fairness for Tenants

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4. **Combine the multi-residential property class with the residential class** so that the municipal tax rate on multi-residential properties is reduced to the residential rate. In making this recommendation, it is noted that property tax savings would have to be passed along to tenants under the provisions of the Residential Tenancies Act.

Please see page 2

## Six Facts about Rental Housing in Ontario Today

### Fact 1: Incomes & housing prices have outpaced rents for the past ten years

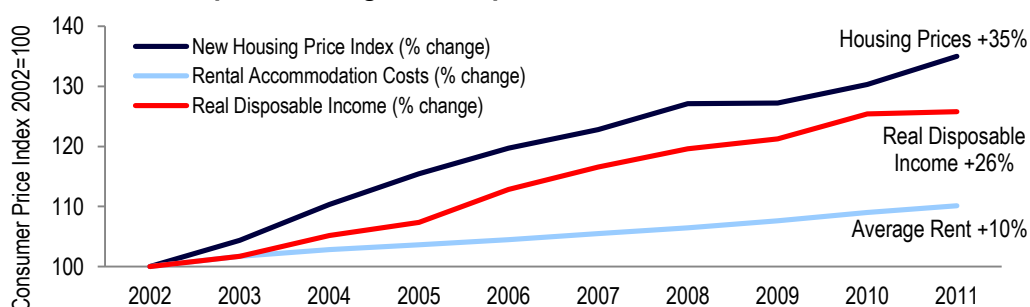
Compared to the costs of homeownership, rental housing provides an ever more affordable housing option for Ontarians. Average rents increased only 10% between 2002 and 2011, while incomes and house prices went up 26% and 35% respectively.

### Fact 2: The relative costs of owning a home compared to renting are at 60-year highs

Rental housing provides a financially responsible housing option for Ontarians who are adapting to today's economic realities. According to the Bank of Canada, the ratio of home ownership costs to renting costs is close to its highest level since 1949.

**Chart 1: Ownership vs. Renting Price Gap Continues to Widen**

*“Rents in Ontario are up only 10% from 2002-2011, compared to incomes up 26% and house prices up 35%.”*



Source: CMHC 2011 Housing Observer, Ontario Economic Accounts 2012

### Fact 3: Over 42% of all Renter Households are One-Person Households

Over 42% of all renters in Ontario consist of just one-person, up from 22% in 1971. Even if the total population size remains stable, a shrinking household size expands the demand for housing, particularly multi-unit housing.

### Fact 4: The highest vacancy rates are found in apartments with the lowest monthly rents

The highest apartment vacancy & availability rates are found in apartments with the lowest rent. In Toronto, the vacancy rate for apartments \$799/month or less is three times higher than apartments renting for over \$1000/month.

### Fact 5: Construction of private sector rental housing is at its highest level since 1993

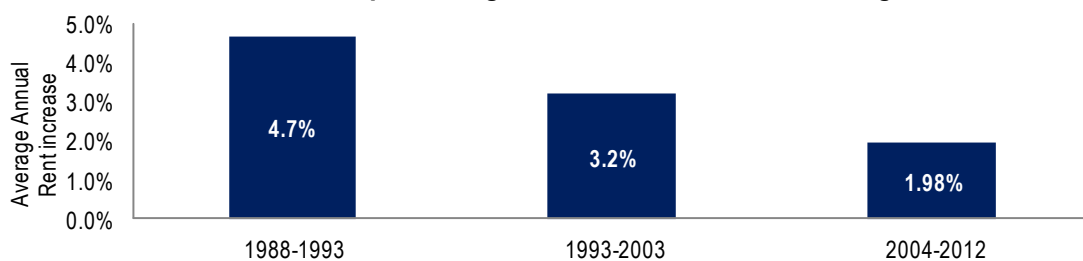
There were over 4,900 purpose-built rental starts in 2012 in Ontario, the highest level since 1993. While this increase is encouraging, it may be insufficient to meet increased demand for quality rental housing going forward.

### Fact 6: Tenants are seeing the lowest rate of rent increases in over a generation

The average annual increase from 2004-2012 was only 1.98%, far less than the costs landlords pay to operate and maintain rental housing. Using 2002 Constant Dollars, average 2-bedroom rents in Ontario have fallen from \$883 in 2002 to \$840 in 2011.

**Chart 2: Tenants in Ontario experiencing the lowest rent increases in a generation**

*“In 2002 Constant Dollars, average 2-bedroom rents in Ontario have fallen from \$883 in 2002 to \$840 in 2011.”*



Source: Statistics Canada, CPI Rent Index; Ontario Ministry of Municipal Affairs and Housing 2011, CMHC 2012