

December 2, 2010

The Hon. Rick Bartolucci  
Minister of Municipal Affairs and Housing  
777 Bay St, 17<sup>th</sup> Floor  
Toronto ON M7A 1S5

***Re: New rules regarding damage deposits in rental housing***

Dear Minister:

It is a well-known fact that Ontario's rental housing stock is reaching a time-worn state. Over half of all rental housing units in the province were constructed prior to 1970, just before rent controls devastated new rental housing supply in the mid-seventies. Over 400,000 rental housing units, or 30% of the apartment stock, is now over 55 years old.

Landlords in the private sector are responding by investing vast amounts of money into repairs, maintenance and new apartment construction, about \$4.5 billion annually to be exact. While it's hard to relate to such a large dollar figure, consider that \$4.5 billion in more than the Ontario government annually spends on school, hospital and public transit infrastructure combined.

Other provinces face the same challenge in up-keeping their rental housing stock, but unlike Ontario, rental providers in the rest of Canada have an important tool: refundable damage deposits. This simple tool allows landlords to collect an amount of money from tenants (never more than one-month's rent, and often less) that is refunded to the tenant if their apartment is returned in good, physical condition.

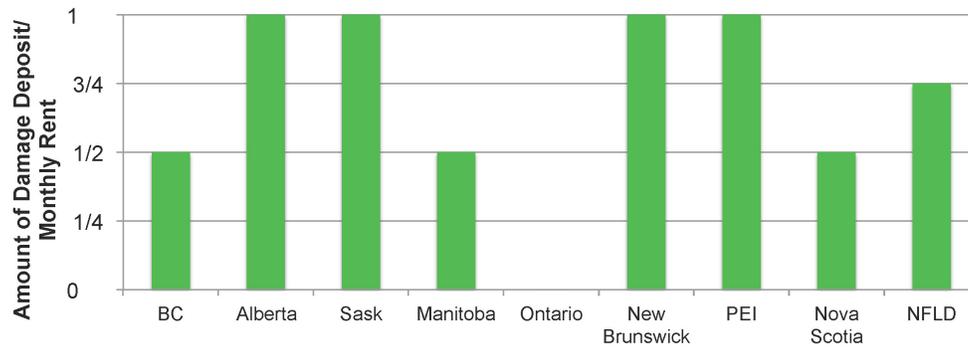
**A Fair Incentive to Maintain Apartment Quality**

The result is a fair incentive to tenants to simply ensure that rental housing units are maintained in a good state for future renters, and that any damage caused by negligence or vandalism is not passed onto other innocent tenants. It is a system that seems to work well for eight other provinces. Surprisingly, rental homes in Ontario are left unprotected due to the lack of damage deposits, which are outlawed by our *Residential Tenancies Act*.



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### Rental Housing Damage Deposits Across Canada



Source: FRPO Survey of Provinces. All deposits are refundable to tenants, with applicable interest.

The fix for this problem is easy, if modeled after provinces such as BC or Manitoba. As in those provinces, landlord would:

- Collect an additional  $\frac{1}{2}$  month's rent deposit, prior to the tenant moving in, as assurance against any repair costs resulting willful or negligent damage
- Have the tenant agree to the condition of the rental unit prior to moving in via a move-in inspection report
- Pay annual interest to the tenant on the damage deposit, and refund it once the tenant moves out and the unit is in satisfactory condition (the damage deposit could not be used against "normal wear and tear")
- Be required to repay the damage deposit to the tenant, within a reasonable amount of time, after the tenancy ends, if the rental unit is in satisfactory condition. The landlord would be entitled to retain any portion of the deposit that reflects the cost of any willful or negligent damage to the property.



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Tenants want and expect rental housing units to be in good condition when they move in. Landlords are doing their part by investing billions of dollars in repairs and maintenance. Helping to further protect rental units with a refundable damage deposit, like most other Canadian provinces do, is a fair, simple, and effective way of discouraging vandalism and negligent damage.

We urge you to support this measure as an effective way of maintaining the quality of Ontario's rental housing stock, while keeping costs down for future tenants. Thank you for your consideration of this matter.

Sincerely,



Mike Chopowick  
Manager of Policy

