

May 15, 2024

Email: scfea@ola.org

Standing Committee on Finance and Economic Affairs
Whitney Block, Room 1405
99 Wellesley Street W
Toronto, ON M7A 1A2

Re: Bill 185, Cutting Red Tape to Build More Homes Act, 2024

Dear Chair Hardeman and Members of the Standing Committee,

I am writing on behalf of the Advocacy Centre for Tenants Ontario (ACTO), a community legal clinic funded by Legal Aid Ontario. ACTO provides legal services to low-income tenants across Ontario on issues that affect the ability to access and maintain decent homes for themselves and their families.

Adequate Housing that Meets the Needs of Individuals and Households

We appreciate that the stated aim of Bill 185 is to address our housing (supply) crisis by building 1.5 million homes by 2031. However, this bill lacks anything meaningful or concrete to address the escalating housing challenges tenants and low income households are facing. Further, without proper regulation to ensure new housing will be affordable, and processes to ensure new builds are meeting local household needs, just building more homes without the thought or care required will actually exacerbate and worsen our housing crisis.

We cannot build our way out of this government-made crisis. Ontario must deal with *both* the supply *and* demand side of housing. For example, 1 in 4 (+25%) of all homes across in Ontario are owned by investors¹, meaning a substantial number of local households, including aspiring homeowners, do not have direct access to a significant proportion of our housing supply. This is indicative of market failure. Meaning that we *cannot* rely on the traditional assumptions that just building more supply will result in housing that is passively more affordable. By example, between 2016 and 2021, there was a 36% decrease in units renting for under \$1000 and an 87% increase in luxury units that rent for over \$3000 – even with the completion of +46,000 suites of new rental supply. This underlying trend also heightens the need for a public beneficial ownership registry.

Despite building more housing, rents continue to skyrocket, which is impacting the well-being of tenants and Ontario's economy. Between 2019-2023, despite an increase of 51,000 rental suits being built, almost half (21331 suites) in Toronto alone, rental costs continue to skyrocket, steeply outpacing incomes of tenants. As of 2021, 52% of the 1.7 million tenant households across Ontario

¹ Statistics Canada, 2023, [Canadian Housing Statistics Program](#).

were living in housing that is unacceptable² – meaning housing that is directly unaffordable (paying 30% or more of household income towards housing costs) and/or indirectly unaffordable (households are living in suites that do not have enough bedrooms for the household size and composition – and/or are living in homes that are in need of major repair). Altogether 46% of all tenants across the province call Toronto (CMA) home³ -- 57% of which live in unacceptable housing. Including 45% of tenants that are subsidized⁴.

The average income for tenant households was \$71,700. And for those spending over 30% of income on housing costs, the average income was **\$39,920**. Recipients of social assistance receive yearly amounts that are even less than this⁵ ⁶. While incomes have remained largely stagnant⁷, as of May of this year the minimum income needed to afford the average rent of a vacant apartment or condo in Ontario was \$96,352: **\$87,815** for a 1 bedroom and **\$107,094** for a 2 bedroom⁸. Once the rent is paid, many renters report not having enough income left for other basic needs– which has led to a significant increase in demand at food banks, particularly by those who are employed.

Between May 2019 and April 2024, the minimum average income required to afford a vacant 1bedroom in Toronto increased +\$9,000 from \$89,859 to \$99,038. And the average minimum income required to afford an average 2bd apartment increased +\$20,000 from \$109,458 to \$130,140⁹. Once the rent is paid, many renters report not having enough income left for basic needs including food.

The Housing Solutions we Need:

If the Government of Ontario is serious about addressing our affordable housing crisis, it needs to address the underlying drivers of our housing crisis.

² Disaggregated by housing market: 54% of tenants that are in private market housing and 41% of tenants living in subsidized housing.

³ Statistics Canada. 2023. Census Profile [Catalogue no. 98-316-X2021001](#). 2021 Census.

⁴ Statistics Canada. [Table 98-10-0248-01 Core housing need by tenure including presence of mortgage payments and subsidized housing: Canada, provinces and territories, census metropolitan areas and census agglomerations](#).

Note 1: "Subsidized housing includes rent geared to income, social housing, public housing, government-assisted housing, non-profit housing, rent supplements and housing allowances."

Note 2: 13% of all tenant households in Toronto (CMA) are subsidized.

⁵ Ontario works receive the following yearly amounts that are significantly less than incomes needed to afford vacant units: \$10,105 for an unattached single considered employable, \$15,449 for an unattached single living with a disability, \$23,777 for lone parents with one child, \$32,657 for couples with two children, and single recipients in the Ontario Disability Support Program received \$14028 for basic needs and shelter ([Maytree](#)).

⁶ 2021: the minimum rental wage needed to afford an occupied primary purpose-built rental suite was \$55,912 and a vacant rental (primary or secondary suite) was estimated to be \$81,924 ([CMHC](#), [Rentfaster](#)).

⁷ Generation Squeeze. 2022. [Ontario Housing Affordability Report](#).

⁸ Rentals.ca. National Rent Report, May 2024 Update. <https://rentals.ca/national-rent-report>

⁹ Rentfaster Rent Report: <https://www.rentfaster.ca/rent-report/>

Social Housing

A recent report written by Deloitte¹⁰ found that to address our housing, as well as the productivity problem resulting from our housing crisis, ¼ of all homes build in the next 7 years should be social housing. An additional 143,230 suites of social housing in Ontario by 2030 would result in a 5.8-9.5% increase in productivity and a \$23.3 to \$50.3 billion boost in GDP (considering opportunity costs)¹¹. This could be further supported by preserving surplus public lands for the development of social housing.

Rent Control: Vacancy Decontrol, 2018 Exemption, Demoviction and AGI

In addition to antiquated notions of supply and demand, another housing assumption that needs redress is the belief that rent controls have a negative impact on rental supply¹². The data clearly shows that there are no differences between markets with and without rental controls when it comes to rental starts¹³ or rates of rental housing construction¹⁴. As well, rent controls do not impact vacancy rates, nor state of repair¹⁵.

Therefore we need to close the Ontario rent control loopholes of vacancy decontrol and the 2018 rent control exemption. Firstly, vacancy decontrol allows landlords to lease a vacated unit for any amount of rent, which has incentivized landlords to evict sitting tenants to capitalize on higher rental profits. Secondly, the 2018 rent control exemption where any housing built after November 15 2018 is not covered by rent control guidelines, has left tenants susceptible to economic evictions. Consequently, we are seeing demovictions, renovictions, own-use applications/bad faith evictions, and above guideline increases increasingly used to push out and displace sitting tenants to order to increase investor profits.

By example, in 2022 the province set a rent cap of 1.2%, increased to 2.5% in 2023. However tenants moving into vacant suites faced double digit increases in asking rents compared to what the former tenants were paying, including: 36% across Ontario, 43% in Guelph, 42% in Hamilton, 40% in Toronto, 37% in Kitchener-Cambridge-Waterloo, 36% in London, 29% in Barrie, and 20% in Ottawa¹⁶. In 2022, the Landlord Tenant Board (LTB) processed over 5500

¹⁰ Deloitte. 2023. [The Impact of Community Housing on Productivity](#). Canadian Housing and Renewal Association and Housing Partnership Canada.

¹¹ Deloitte. 2023. [The Impact of Community Housing on Productivity](#). Canadian Housing and Renewal Association and Housing Partnership Canada, p. 54.

¹² Ricardo Tranjan. Mar 12 2024. [Rent controls work: They don't reduce housing supply but they do limit profit](#). Toronto Star.

¹³ CMHC. 2020. [Research Insight: Rent controls, rental prices and rental supply](#).

¹⁴ Special Edition on Rental Trends in Rental Market Regulation. International Journal of Housing Policy, 2023: [Vol 23 Issue 4](#).

¹⁵ Tranjan, R. and Vargatho, P. 2024. [What is rent control, anyway? Rent control in Ontario – facts, flaws and fixes](#). Part 4: [Arguments against rent control don't hold up to scrutiny](#). Canadian Centre for Policy Alternatives.

¹⁶ Tranjan, R. and Vargatho, P. 2024. [What is rent control, anyway? Rent control in Ontario – facts, flaws and fixes](#). Part 2: [Rent control in Ontario is full of loopholes](#). Canadian Centre for Policy Alternatives.

eviction applications, which was a 41% increase compared to rates in 2019.¹⁷ Currently over 70 buildings in Toronto are at risk for demoviction, meaning over 10,000 individuals are facing displacement in the midst of rents being at an all time high.¹⁸ And a recent report found that in 2022, 20 landlords applied for over half of the above guideline increase (AGI) applications from January to August of that year – with just 5 landlords filing over 25% of AGIs.

We see in this bill the proposal to course correct a number of aspects of Bill 23 that failed to produce intended outcomes. Through the same logic, closing vacancy decontrol and the 2018 exemption loopholes should be included along with placing provincial moratoriums on all demovictions¹⁹ and above guideline rent increases²⁰.

LTB Reforms

In addition, for this Bill to have maximum impact, we need to address the lack of access to justice for low-income tenants at the Landlord and Tenant Board. In the move to digital hearings, eviction prevention priorities have been completely lost. The majority of evicted tenants cannot afford the asking rents in their community because of vacancy decontrol. We need to return to in person hearings, in person counter service, and scheduling hearings regionally.

Restoring Funding to Legal Aid Ontario

As well, we need to restore funding to legal clinics to at least pre-2019 levels to better meet the rising demand of Ontarians who are trying to stay housed in the midst of this housing and affordability crisis.

Accessible Housing

Over half of households in Ontario (54%) have at least one family member with an activity limitation²¹. We need to ensure that at least 54% of all new homes built are accessible, and the remaining 46% are at least visitable. All pre-approved building designs should incorporate accessibility and visitability.

Process to Ensure New Housing is meeting Local Needs

All homes should meet standards as defined by the concept of [adequate housing](#). The public has a right to transparency, accountability, and mechanisms to ensure proposed projects create adequate housing. Removing the ability for the public to appeal land use decisions on zoning by-laws and official plans to the Ontario Land Tribunal, while also preserving the access private developers have to this process, is egregious. Especially as these decisions will impact local environments, community public health and safety – while disproportionately

¹⁷ <https://www.nodemovictions.ca/resources-1>

¹⁸ <https://www.nodemovictions.ca/resources-1>

¹⁹ <https://www.nodemovictions.ca/mission>

²⁰ <https://acorncanada.org/wp-content/uploads/2024/01/Ontario-ACORN-Submission-for-Budget-2024.pdf>

²¹ CMHC. 2016. [Housing Market Information Portal](#): Ontario – Activity Limitations. Adapted from Statistics Canada (Census of Canada and National Household Survey).

impacting already underserved and historically dispossessed communities. Along with [CELA](#), we strongly oppose what is proposed in schedule 12.

Conclusion

What is currently proposed in Bill 185 will be a detriment to low and moderate income tenants. This Bill will not passively create housing that is affordable and meets the needs of local households, rather it will exacerbate the underlying trends that continue to drive our housing crisis. We urge the Committee to reconsider the measures outlined above, and strongly recommend the following measures:

1. Ensure that at minimum, one quarter of all new homes built are social housing suites. Grants, development charges and subsidies for building rental housing should be preserved solely for non-market housing. Reliable and sustainable funding needs to be in place to ensure rents are geared to incomes and that dedicated funds are available for ongoing repairs and maintenance. Surplus public lands should be used to support the development of social housing projects.
2. Eliminate vacancy decontrol and extend rent controls to suites built after November 15, 2018. Place provincial moratoriums on all demovictions and above guideline rent increases.
3. [Reform](#) the Landlord Tenant Board by returning to in person hearings, in person counter service, and scheduling hearings regionally.
4. Restore funding to legal aid Ontario.
5. Mandate at least half of all new homes are accessible, and the remaining half be visitable.
6. Amend schedule 12, as proposed by [CELA](#).

We urge the government to review these recommendations in order to produce a bill that will thoroughly and effectively address our escalating housing affordability crisis.

Sincerely,

Advocacy Centre for Tenants Ontario

per:



Douglas Kwan

Director of Advocacy and Legal Services

c.c. Standing Committee on Finance and Economic Affairs

c.c. Honourable Paul Calandra, Minister of Municipal Affairs and Housing