REPORT

Tenant Protection and Rent Regulation in Ontario

June 3rd , 2026

ACTO TDCP
Advocacy Centre for Tenants Ontario | Tenant Duty Counsel Program

RENTERS AND HOMEOWNERS HAVE THE RIGHT TO LIVE IN SAFE, ADEQUATE AND AFFORDABLE HOMES

As of 2021, in Ontario 31.4% of all households are renters (which increased to 33.6% in 2022). In Toronto and surrounding area (CMA) this figure is 34.9% and in the City of Toronto, 48.1% of households are renters.[1]

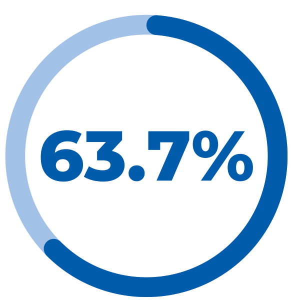
Housing has multiple social and health determinants related to educational outcomes, exposure to environmental contaminants, and access to healthy food. Housing is not just another commodity — it is a fundamental human right. Without access to secure, adequate and affordable housing, people cannot live healthy lives with dignity.

CORE HOUSING NEED

Core housing need considers whether a household's dwelling falls below at least one of three indicator thresholds: adequacy (in need of major repair), affordability (housing costs are 30% or more before-tax income), or suitability (not enough bedrooms for household size and formation according to National Occupancy Standards).[2] And if the household would need to allocate 30% or more of its total pre-tax income to cover the median rent of alternative local housing that satisfies all three housing criteria.

Based on the 2021 Census, while renter households made up 31.4% of all households in Ontario, they accounted for a disproportionate 63.7% of households in core housing need.[3]

Renter households in Ontario



Households in core housing need

(UN) ACCEPTABLE HOUSING

Acceptable housing is a new measure introduced in the 2021 Census. Improving on core housing need, housing is acceptable if all three criteria are met. Meaning the housing is affordable, has enough bedrooms for the household size and formation, and is in a good state of repair (with only regular maintenance or minor repairs required). If one or more of these three criteria are lacking, housing is considered unacceptable. Based on the 2021 Census, 51.9% of renter households in Ontario were living in unacceptable housing — over double the number in core housing need. [4]

HOUSING AFFORDABILITY

Rents have risen across Ontario over the past 20 years. However, incomes have not kept pace with rising housing costs over the same period. While we cannot simply build our way out of this crisis, it is important to note that since 1990 only 9.8% of all newly constructed homes have been primary purpose-built rentals. Purpose-built rentals comprise only 16.2% of all housing starts in the province.[5]

The majority of Ontario tenants living on lower incomes rent their home in the private rental market. The waiting list for social housing continues to grow while the majority of Ontario's social housing stock is in a state of disrepair.

As of 2021, it is estimated that:[6]

- 38.1% of Ontario renter households spend over 30% of their income on housing, including 24.9% of subsidized renters and 40.2% of non-subsidized renters.

- 15.2% of Ontario renters spend over 50% of their income on housing, including 8.6% of subsidized renters and 16.3% of non-subsidized renters.

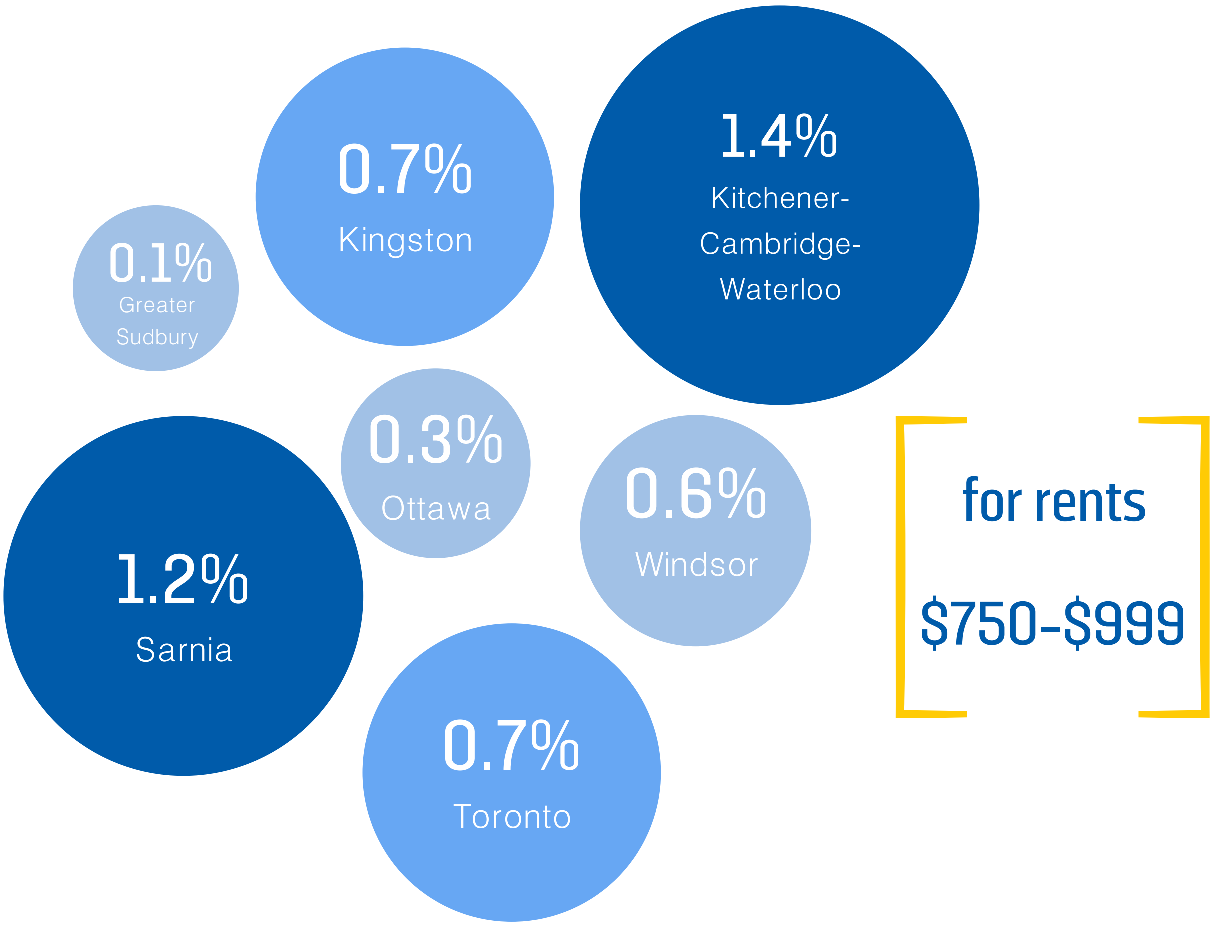
- 40.0% of Toronto renters spend over 30% of their income on housing, including 25.6% of subsidized renters and 42.2% of non-subsidized renters.

- 17.6% of Toronto renters spend over 50% of their income on housing, including 9.0% of subsidized renters and 18.9% of non-subsidized renters.

VACANCY RATE

Vacancy rate is the percentage of all available units in a rental market that are vacant or are unoccupied at a particular time.

A vacancy rate between 3% and 5% is considered an indicator of a healthy rental market. As of October 2025, vacancy rates for purpose-built apartments and row homes with affordable rents have remained extremely low in municipalities across Ontario:[7]



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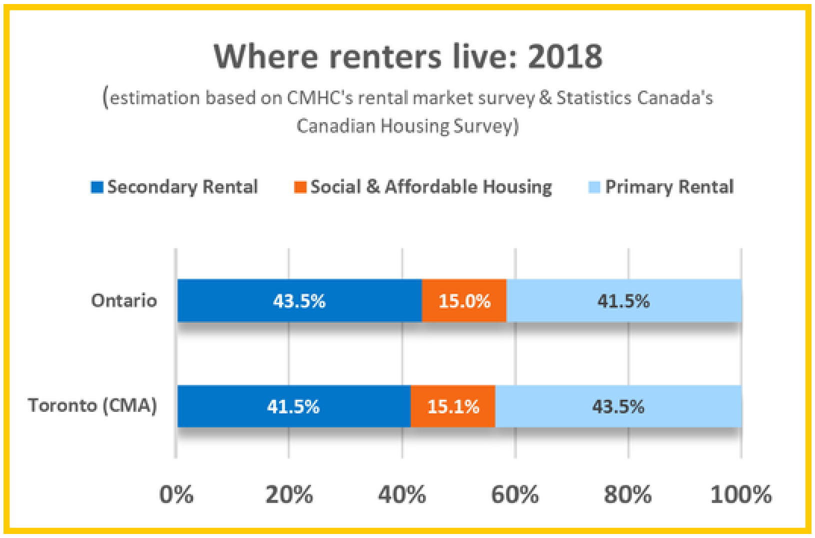
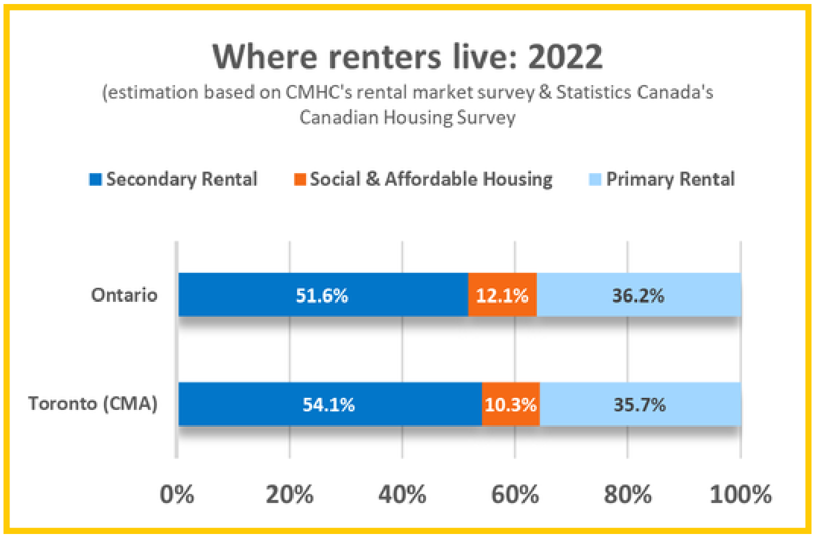
AVERAGE RENTS

As defined by the Canada Mortgage and Housing Corporation (CMHC), there are two types of private rental housing: primary and secondary rentals. The primary market consists of purpose-built rental buildings with 3 or more suites. The secondary rental market includes any housing that was not purpose-built for rentals such as condominiums (used for apartments), single family homes, secondary or accessory suites (basement apartments, laneway homes, granny flats, etc), semi-detached suites, and townhomes/duplexes. Where renters live has shifted over the last few years. As of 2022, for the first time over half (51.6%) of all renters in Ontario, including 54.1% of renters in Toronto (CMA), are estimated to be living in secondary rentals.[8]





Due to the lack of new purpose-built rental housing, secondary units like condos have become an important part of the rental market but are not sufficient to accommodate increasing demand for rental housing Ontario. In Toronto for instance, 36.6% of all condo units are being rented to an estimated 19.7% of all tenant households.

However, secondary rentals are not a sufficient long-term solution for tenants due to security of tenure. Renters can be evicted with just 60 days of notice if the property owner wishes to occupy the unit or sell it.

Since 2007, where CMHC started tracking the average rents for condos, secondary rents in Toronto (CMA) remain ~1.5 times higher than primary purpose-built rents.[9]

Asking rents are usually higher than average rents, although in 2020 asking rents were temporarily lowered by the impact of the COVID-19 pandemic. Rents have since returned to pre-pandemic levels. According to Rentals.ca's January 2026 report, October's average asking rents for apartment and condo listings were $2,277 across Ontario, $2,503 in Toronto, $2,295 in Kingston, $2,269 in Greater Sudbury, $2,202 in Waterloo, $2,149 in Guelph, $2,173 in Ottawa, $2,025 in Kitchener, $1,914 in London, and $1,985 in Peterborough.[10]

AFFORDABLE RENTS

Rent is considered to be affordable if it is less than 30% of the before-tax income of a household. In addition, it is important to note that only 72% of rents include water and only 42% include electricity.[11]

In recent years there has been an increase in the development of new purpose-built rental properties. However, these tend to be luxury apartments where new units have high rents. In 2023 in Toronto (CMA), compared with the entire primary rental universe, the average rents for new purpose-built suites were:

Average rents for new purpose-built suites were:

39.9% higher for 1-bedroom suites

51.8% higher for 2-bedroom suites

54.3% higher for 3 or more - bedroom suites[12]

Building luxury purpose-built rentals will not address the need for new affordable rental housing.

With rising rents and low availability of affordable rental units, renters are forced to move out of their rapidly-gentrifying neighbourhoods-displaced from their communities, local services and support systems - and potentially increasing their commuting time to work. Some are immediately forced into involuntarily homelessness. For others, any feasible housing alternatives are often located in areas far away, adding significant cost and time burdens with long commuting times to work, school, childcare, and essential services.

COVID-19 PANDEMIC, INCOME INEQUITY, AND TENANT OUTCOMES

Renters living on lower incomes were particularly impacted by the pandemic crisis because they work in industries hardest hit by the crisis such as hospitality and food services. As well, racialized and Indigenous workers disproportionally were more likely to face unemployment as well as exposure to COVID-19 (female workers were also at higher risk of this).[13]

As well, many renters that get sick (during and following the pandemic) struggle because they do not have paid sick days. The provincially mandated minimum number of paid sick days was scrapped in 2018 by the Ontario government. For households living paycheque to paycheque, including an estimated 46% of employed or self-employed renters in Ontario, missing even one unpaid day can be detrimental.[14]

Child and family poverty rates have now exceeded pre-pandemic figures. These increases have been particularly steep for Indigenous children and families, racialized and immigrant communities, people living with disabilities, and women.[15] Concurrently, the wealth gap between the top 40% of households and the bottom 40% of households is now at the highest rate on record – based on the earnings from wealth investments.[16]

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Renters have lower incomes than owners – as of 2021, across Ontario average renter incomes are almost half (52%) of average owner incomes.[17] Renters also pay a higher proportion of income towards housing costs.[18] Largely driven by the phenomenon of the financialization of housing, (renter) incomes have remained stagnant and cannot keep pace with ever increasing rents.

Eviction rates

Comparing figures from the Landlord Tenant Board (LTB) two most recent annual reports of 2023-2024 and 2024-2025:[19]

- There was a 7% increase in applications received, and 22.5% increase in applications resolved.
- Landlord applications increased by 6% up to 77,039

Of the total landlord applications filed:

59% were to terminate a tenancy for non-payment of rent.

21% were to terminate a tenancy for other reasons. Between 2022 and 2023, landlord own-use eviction applications increased by 85% [20]

- Tenant applications increased by 10% up to 10,397.

Above Guideline Increase (AGI) applications have more than doubled over the last 10 years. And of all AGI applications filled, 88% are successful.[21]

Over half of all AGI applications filed between January-August 2022 were by 20 landlords: the top 5 filed over 25% and of that top 5, 4 are financialized owners.[22]

RENT CONTROL

Ontario has regulated rents since 1975.[i] Rental regulation protects tenants from arbitrary rent increases and sets a guideline that caps the maximum percentage that rent can increase on a tenant occupied suite.

The annual rent increase guideline is based on the Ontario Consumer Price Index (CPI) and capped at 2.5%. The rent increase guideline for 2026 is 2.21%.[23]

However, there are legislated exceptions to rent control.

[i] The current legislation for rent control is outlined in part VII of the *Residential Tenancies Act, 2006* (RTA) and Regulation 516/06

RENT REGULATION LOOPHOLES

Loophole 1: New Unit Exemptions

1991

In 1996, the Government of Ontario introduced the exemption from rent regulation for units built on or after November 1, 1991, to encourage the construction of new rental units. However, after 26 years it became clear that this exemption had failed as an incentive for developers to build the new affordable rental units that Ontario needed.

Based on population growth and household formation for Ontario, we need to build about 10,000 new rental units annually to meet demand. From 1995 to 2016, only an average of 3,452 rental housing units per year was completed in Ontario - less than half the number of units needed to fulfill demand.

This failed policy created two classes of tenants in Ontario; those protected by rent regulation and those living in post-1991 units that were not protected by rent regulation.

Bill 124 – Rental Fairness Act

In 2017, the Government of Ontario listened to the grievances of thousands of tenants in Ontario and introduced Bill 124 to end the unfair 1991 exemption and extended protection to 250,000 tenant households from arbitrary rent increases and economic evictions.

2018

In November 2018, the newly elected Government of Ontario re-introduced the exemption from rent regulation for units occupied for residential purposes on or after November 15, 2018.

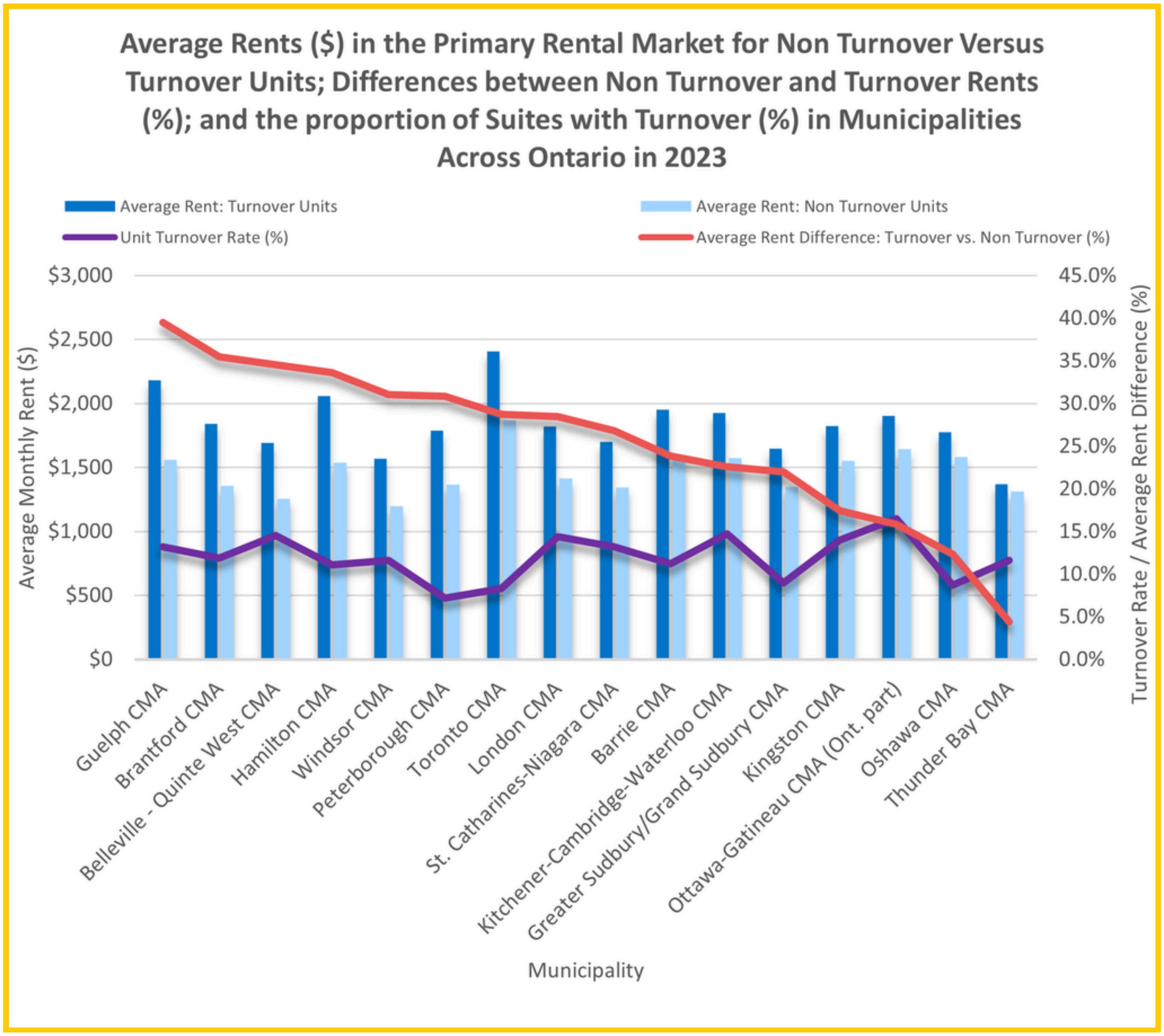
Despite evidence of the failings of the 1991 exemption, any new form of rental housing built or first occupied as a residential purposes after November 15, 2018, is exempt from the annual rent increase guideline. This means that a landlord renting a new basement unit, new purpose-built rental or other forms of rental housing will be able to increase rents to any amount they wish on an annual basis for a sitting tenant.

Once again, there are two classes of tenants in Ontario; those protected by rent regulation and those living in post-2018 units that are not protected by rent regulation.

Loophole 2: Vacancy Decontrol

In 1998 the Government of Ontario implemented a policy called vacancy decontrol, which means once a rental unit is vacant a landlord in Ontario can charge any amount of rent to a new incoming tenant. This policy has created an economic incentive for landlords to displace long-standing tenants. Overtime this has led to a reduction of the number of rental units that are affordable.

For cities across Ontario:



Loophole 3: Above-Guideline Increases

In 1992, Ontario introduced Above-Guideline Increases (AGIs) enabling landlords to apply for additional rent increases above the guideline, to have tenants pay for 50% of their new capital costs. This was updated in 2006 to allow for landlords to recover all new capital expenses (property tax increases, renovations, new security measures) with a maximum rent increase of 9% (which can be added to annual guideline increases) for a 3 year period.[24] As well, only one application is required per building or complex, and could be inclusive of all suites. It is estimated that at least 210,000 rental homes in Toronto have been affected by AGIs.[25]

Under the Residential Tenancies Act (RTA), landlords are required to maintain their rental suites in a good state of repair. This means AGIs offer all landlords a means to transfer their legislative obligations for repair and associated costs onto tenants. While smaller landlords rarely pursue AGIs, larger corporate and often financialized owners such as real estate investment trusts (REITs) regularly utilize AGIs as part of their revenue-enhancing strategies – frequently applying for multiple AGIs to enhance their properties' appeal to higher-income tenants, shifting the financial burden onto current renters, many of whom reside in poorly maintained units. From January to August 2022, half of the 470 AGI applications were submitted by just 20 landlords, with 25% of these filings coming from just 5 owners – 4 of which are financialized firms.[26]

At least 210,000 rental homes in Toronto have been affected by AGIs.

In the case of renovations, AGIs are designed to expire after the useful life of the capital expenditure. However this process is not built in and it is up to tenants to apply for rent reductions once this period ends. This creates a significant challenge for tenants, especially when units are re-rented during the 3 year duration making it difficult to ascertain when the AGI will conclude. As a result, due to the compounding nature of AGIs and annual rent guidelines (% of rent year to year), expired yet ongoing AGIs are an additional driver of soaring rents.

RENT REGULATION – DISPELLING MYTHS

Myth 1: Rent control distorts the private market

One common message we hear a lot is how affordability hinges on creating more (private market) supply which will passively create housing that is more affordable. However what this assumes is that the private market is fair, neutral, infallible, and capable of doing so. In fact, due to (affordable) housing market failures, governments have always had to intervene in the market to promote economic growth as well as to ensure households with lower incomes have their housing needs met.[27]

With the advent of the largely unregulated financialization of housing, the concept of supply and demand itself has become distorted due to a third intervening party – investors. Financialized companies are obligated to maximize profits for their investors, typically through a strategy of clawing back costs and concurrently increasing revenue. This often supersedes or is in direct opposition to the legislated obligations and responsibilities owners have to tenants.

Financialized firms and other companies own rental housing all across Canada, in regions with and without rent controls. If rental housing was not profitable with rent controls in place, then these companies and firms would not be able to operate in such regions as Ontario.

Myth 2: Rent control and rent freezes are the same

Much of what we hear about rent control, particularly from those opposed, seems to conflate rent freezes with rent control. However these are two distinct regulations that are wildly different. Rent freezes (first-generation rent controls) have historically been implemented during times of extreme uncertainty including during economic depressions, wars, or even a global pandemic. The most recent example of a rent freeze was enacted by the Government of Ontario temporarily over 12 months in 2021 during Covid-19.

In contrast, the current (second-generation) rent controls we have in place today do not prohibit rent increases, but regulate increases to be at the same rate as inflation.

Myth 3: Rent control negatively impacts supply

It has been well documented that there is no evidence of rent control inhibiting housing supply.

CMHC commissioned an extensive study to examine the impacts of rent control using housing data from 1971-1991. The researchers concluded that there is no convincing evidence that rent control has any significant effects on rental unit starts, rental unit construction, vacancy rates, nor the proportion of occupied suites requiring major repairs.[28]

Picking up where that project left off, CMHC contracted global accountancy firm KPMG to study the impact of rent control policies on rental housing markets. Based on historical data from 1971-2020, the key finding was that “there is no conclusive evidence that rent controls lead to supply constraints”. [29]

Myth 4: Rent regulations limit landlords’ resources to make necessary investments in repairs

This is not true.

Increases in utilities and taxes are covered because they are taken into account in calculating the Consumer Price Index (CPI), which forms the basis for the annual rent increase guideline in Ontario.

The basis of this argument is not true as it assumes that landlords are willing to allow their major investment to fall into disrepair and therefore lose value and appeal to renters—not to mention would be a breach of landlord responsibilities under the Resident Tenancies Act (RTA) to maintain a good state of repair for leased units. In fact, landlords have pointed out that well-maintained properties are an important investment in attracting and retaining tenants, therefore contributing to continued growth and profitability.

Myth 5: Rent control is bad for business

Rent control does limit unfettered profits, which is against the ethos of financialized firms. So while rent regulations may be bad for a few, rent control is actually good business for the majority. Tenants are not so easily pushed out to areas with long commutes to work, employers are not as pressured to increase wages to keep pace with soaring housing costs, and comparatively households have more disposable income available to spend in their local neighborhoods and communities.[30] In addition, when housing is affordable and secure, child educational attainment goes up, physical and mental health outcomes improve, and overall productivity increases.

In addition, areas where rent controls have remained consistent have been associated with larger housing starts.[31]

FOR MORE INFORMATION

www.acto.ca info@acto.ca

End Notes

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