



Report To:	Program Planning Committee
From:	Donna Stewart, Director of Integrated Social Services and Amy Ingram, Community Housing Program Supervisor
Date:	October 21, 2020
Re:	2021 Rent Freeze – Issue Report

Purpose

To provide the Board of an overview of [Bill 204 - Helping Tenants and Small Businesses Act, 2020](#) and the impacts of said changes on the Community Housing Program, and the Organization as a whole.

Background

On October 1, 2020, Bill 204 received Royal Assent, to freeze rent at 2020 levels. The Act amends the Residential Tenancies Act, 2006 (RTA) to freeze residential rent increases in 2021. This means that rents will not increase in 2021 for the vast majority of rented units covered under the Residential Tenancies Act.

What is changing?

- The 2021 rent increase guideline, as determined through legislation, was previously set at 1.5% for increases in rent-controlled units between January 1 and December 31, 2021. This was published in the Ontario Gazette on August 29, 2020.
- Bill 204 revises the 2021 rent increase guideline to make it zero percent, despite the formula set out in the Residential Tenancies Act, 2006, and the figure already published in *The Ontario Gazette*. Rent increases, with some limited exceptions, will be prohibited during a set rent freeze period starting January 1, 2021 and ending on December 31, 2021.
- The rent freeze applies to households paying geared-to-income rent and low-end of market rent in community housing, as well as households living in affordable rental housing units created through various federally and/or provincially funded housing programs.
- Non-profit housing co-operative paying market rent are exempt from the rent freeze.

Bill 204 freezes increases that would have happened in the 2021 calendar year. The rent freeze would end on December 31, 2021. Landlords can give 90 days' notice of rent increase prior to the end of the freeze for an increase to take effect starting in 2022.

Community Housing and Rent-Geared-to-Income (RGI) assistance

The freeze on rent increases applies to households paying geared-to-income rent, as well as other tenants in community housing and units in care and retirement homes, in order to ensure that Ontario's most vulnerable residents have the protections and stability they need during this time, including low-income Ontarians and seniors.

Under Bill 204, the rent freeze (or "cap") means that geared-to-income rent would not increase in 2021 as household income increases. However, if these households experience a decrease in income, their rent may still decrease as required under provincial regulations.

Municipal Affairs and Housing (MMAH) intends to pursue amendments to the regulations under the *Housing Services Act, 2011* (HSA) to provide one clear set of rules for RGI households for 2021 that would be structured in a manner consistent with the RTA rent freeze. Further details will be communicated to the sector pending approval of any regulatory amendments.

Annual Reviews

Service System Managers and housing providers continue to be obligated to comply with the RGI rules as set out in Ontario Regulation 316/19 under the HSA. This includes rules for annual reviews and in-year recalculations of rent, which would continue to be completed in 2021. During the rent freeze period, any calculated rent increase resulting from an annual or in-year review would not take effect in 2021. However, if a household experiences a decrease in income, their rent may decrease as required under provincial regulations.

If a household fails to submit the required paperwork for an annual review and is found to be ineligible for RGI assistance, that household may be deemed ineligible for assistance, but rent could not increase from the December 2020 amount. After the rent freeze period has ended, rent could increase to the market rate.

Impact

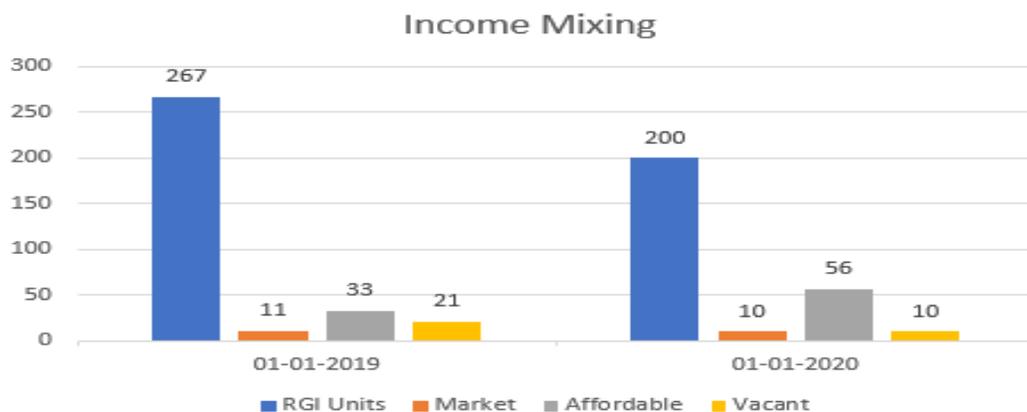
The provincial government recognizes that the rent freeze will have a financial impact on the community housing sector. MMAH plans to engage with Service System Managers and community housing providers to understand the scope and scale of the financial impacts.

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 the Manitoulin-Sudbury DSB, and the non-profit housing providers supported through the Manitoulin-Sudbury DSB. There are currently 128 housing units owned by non-profit housing providers that are eligible for RGI supports, in addition to the 275 Manitoulin-Sudbury DSB 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.

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. The Manitoulin-Sudbury DSB staff will provide the Board with actual RGI revenue throughout 2021.

The number of rents impacted by this change has been decreased as a result of Income-Mixing-by-Building. As per [local policy](#), the DSB has embraced the new Long-Term Affordable Housing strategy and began the transition of our housing portfolio in order to better suit the needs of our communities by creating a more vibrant mixed-income community and ensure the viability of our assets. The compared results from 2019 to 2020 are indicative that the ongoing impacts of the decrease in rental revenue loss due to the rent freeze are offset as a result of the increase in Affordable units.



Staff will continue to complete annual reviews as required legislatively. Increases and decreases in rent will be tracked and the financial impact will be analyzed and reported to the Board quarterly.

Staff will complete annual reviews as required and send out proper 90 notice to tenants who would have had a rental increase in October 2021 for the increase effective January 2022.

Recommendations

Staff are recommending the Board send a letter to the Minister of Municipal Affairs and Housing requesting funding to offset revenue losses resulting from this provincial policy change as it will result in a higher levy in 2021 to member municipalities.