



Date: September 13, 2016

Report to: Board of Directors

Submitted by: Tom Hunter
Chief Executive Officer/
Secretary

Prepared by: Donna Kirchknopf
Manager, Tenancy
Administration

Subject: 2017 Market Rents (Report #16032)

RECOMMENDATION:

That Report #16032 be received for information

A handwritten signature in blue ink that reads "Tom Hunter".

Tom Hunter
Chief Executive Officer/Secretary

BACKGROUND:

In June 2016, the Ontario Government announced a rent increase guideline of 1.5% for 2017. The new rate increase guideline applies to rent increases effective January 1, 2017 to December 31, 2017. The guideline is based on the Ontario Consumer Price Index (CPI) which is a measure of inflation calculated monthly by Statistics Canada.

The guideline is the maximum amount that landlords can increase a tenant's rent during the year and is governed by the Residential Tenancies Act. CityHousing Hamilton, as a social housing provider, is exempt from legislation with respect to rent increases.

Our practice is to use this guideline, along with data supplied by Canada Mortgage and Housing Corporation, advertising, past history and consultation with Tenant Placement staff on rent-up trends to determine market rents.

Based on these criteria, it was recently determined that some CHH market rent charges are not trending with the current rental market. As a result, to remain competitive, undervalued rents have been increased by 3% for current tenants only.

For new tenants moving into CHH units as of January 1, 2017, some market rent charges have increased 4.4% to 8.2%.

All market rent charges are noted Appendix A - 2017 Market Rents.

The majority of tenants housed by CHH are not affected by market rent as they receive a subsidy based on rent-geared-to-income formulas.

Market rent becomes a factor in several cases:

- Tenants who rent from us at “market” rent, i.e. without a subsidy, much as they would rent from any other landlord. Approximately fourteen percent of CityHousing Hamilton tenants reside in market rent units.
- Rent-geared-to-Income (RGI) tenants whose income has increased to the point they are above the income limit for subsidy. Rent can be raised to the market level, but not any higher.
- RGI tenants who become ineligible for subsidy because they have failed to fulfill legislated requirements of rent-geared-to-income housing (i.e. not providing income verification).

CONCLUSION:

The following is a summary of the proposed changes for the year 2017 in regard to:

- (1) Most rent will follow the Ontario guidelines of 1.5% increase;
- (2) Where market rents are not trending with comparable market rents,
 - a. some rent charges have remained unchanged (0% increase);
 - b. one rent charge has decreased 9.7%; and,
 - c. for new tenants moving in CHH units as of January 1, 2017, undervalued market rent values have increased 4.4% to 8.2%.

OPERATIONAL PLAN:

This report implements:

Goal 1: Create Financial Sustainability – *Ensure that CityHousing Hamilton has sufficient capital to invest in buildings to minimize the impact on City of Hamilton taxpayers.*

TH/DK

Attachment.