



**Date:** September 26, 2017

**Report to:** Board of Directors  
CityHousing Hamilton Corporation

**Submitted by:** Tom Hunter  
Chief Executive  
Officer/Secretary

**Prepared by:** Donna Kirchknopf  
Manager, Residency  
Administration

**Subject:** 2018 Market Rents (Report #17020)

**RECOMMENDATION:**

That Report #17020 be received for information

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

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Tom Hunter  
Chief Executive Officer/Secretary

**BACKGROUND:**

In June 2017, the Ontario Government announced a rent increase guideline of 1.8% for 2018. The new rate increase guideline applies to rent increases effective January 1, 2018 to December 31, 2018. The guideline is based on the Ontario Consumer Price Index (CPI) a measure of inflation calculated by Statistics Canada that reflects economic conditions over the past year.

The guideline is the maximum amount that landlords can increase a resident'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.

## **DISCUSSION:**

Based on these criteria, it has been determined that some CHH market rent charges are not trending with the current rental market. As a result, to remain competitive, except for 41 Reid Avenue South, some undervalued rents will increase by 2%-3%.

Residents living at 41 Reid Avenue South prior to 2006 have benefitted from undervalued market rent charges; market rent charges for these residents will be increased by 5%, which means the market rent will increase to \$474.00. Residents who moved into this complex between 2006 and 2016 will pay \$697.00. Residents who moved in to this complex after 2017 are paying \$713.00.

All market rent charges are noted in Appendix A - 2018 Market Rents.

The majority of residents housed by CHH are not affected by market rent as they receive a subsidy based on Rent-Geared-to-Income (RGI) formulas.

Market rent becomes a factor in several cases:

- Residents who rent from CHH at “market” rent (i.e. without a subsidy, much as they would rent from any other landlord). Approximately fourteen percent of CityHousing Hamilton residents reside in market rent units.
- RGI residents 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 residents who become ineligible for subsidy because they have failed to fulfill legislated requirements of RGI housing (i.e. not providing income verification).

## **CONCLUSION:**

The following is a summary of the proposed changes for the year 2018 in regard to market rents:

- (1) The majority of rents will follow the Ontario guidelines of a 1.8% increase;

- (2) Where market rents are not trending with comparable market rents,
  - a. some rent charges have remained unchanged;
  - b. some undervalued rent charges have increased to 2.0% to 5.0%.

**ALIGNMENT TO THE 2017-2021 STRATEGIC PLAN:**

This report implements:

**Economic Prosperity and Growth**

CityHousing Hamilton believes that residents reach their full potential when they have access to employment, entrepreneurship or education opportunities that will contribute to the growth and prosperity of the City of Hamilton.

<TH/dk>

Mission: We provide affordable housing that is safe, well maintained and cost effective and that supports the diverse needs of our many communities.