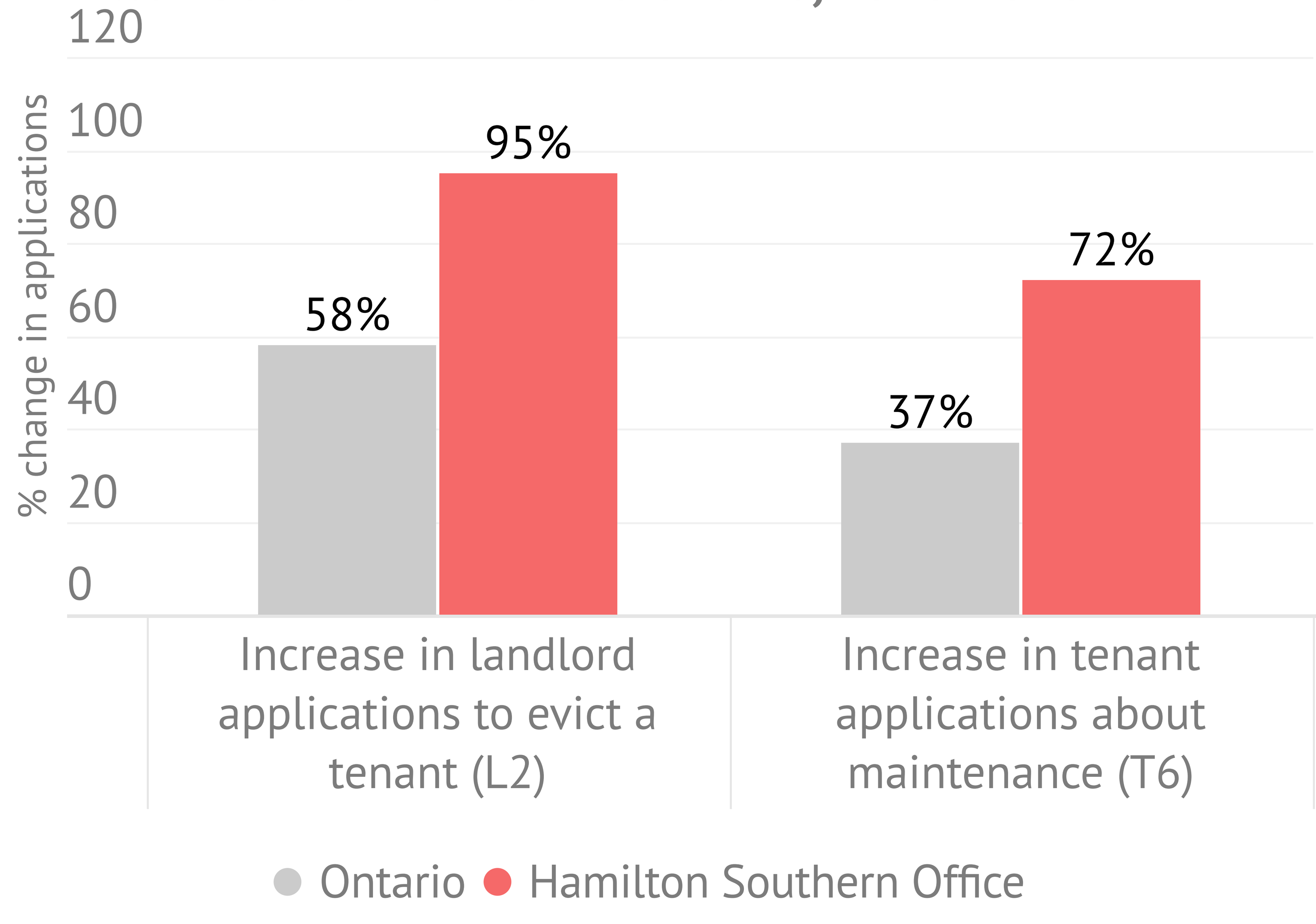
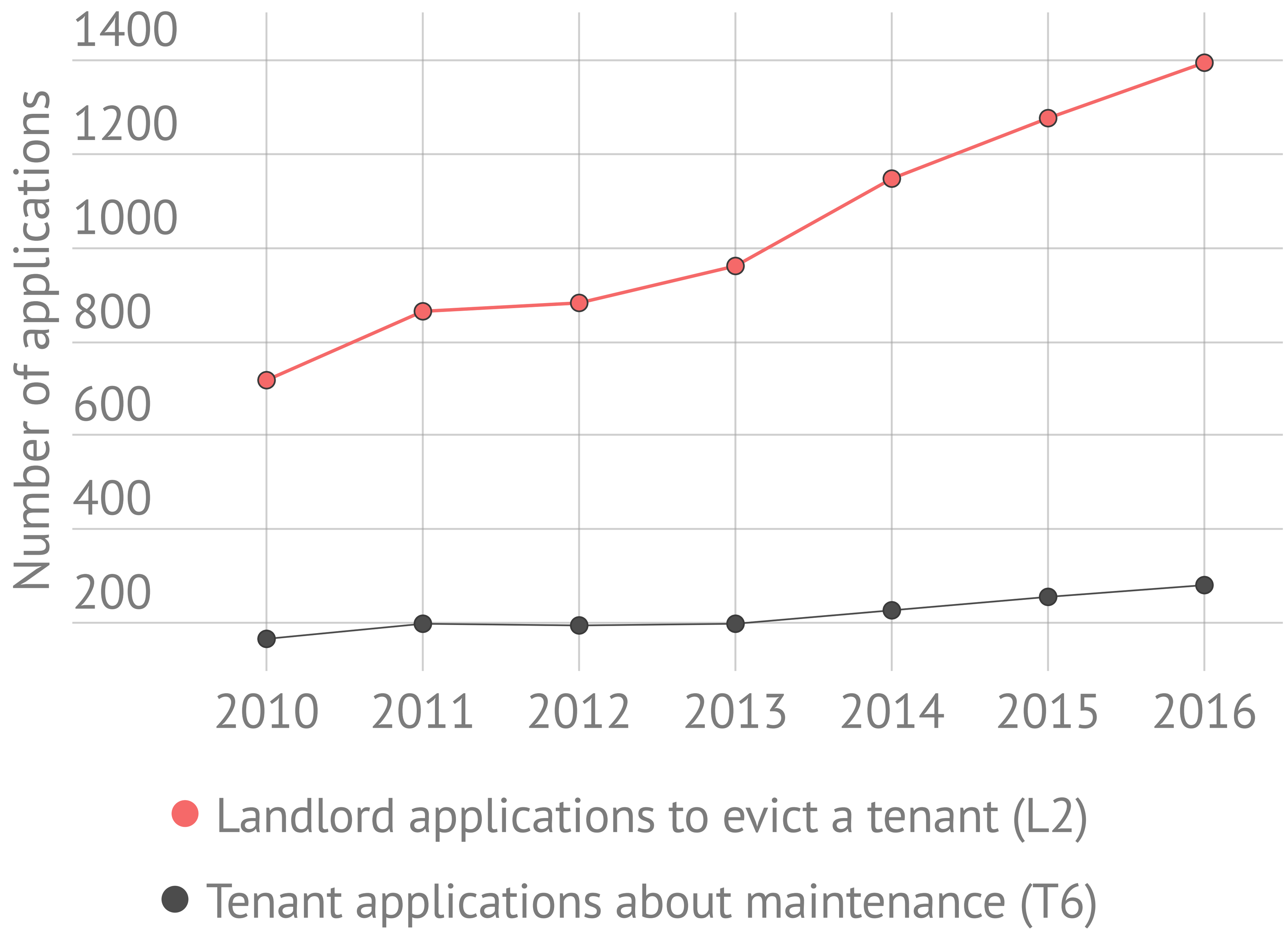
Evictions are increasing at an alarming rate in the Hamilton region:

Increase in selected applications, Landlord Tenant Board, Hamilton Southern Office and Ontario, 2010-2016



Applications to the Hamilton Southern Office only:



Out of Control

Ontario's acute rental housing crisis: Lessons from Hamilton and Quebec City

SPRC SOCIAL PLANNING & RESEARCH COUNCIL OF HAMILTON

Hamilton Roundtable for Poverty Reduction

Hamilton Community Legal Clinic
Clinique juridique communautaire de Hamilton

In less than a week, Ontarians will elect a new government.

For many voters, affordable housing will be top of mind when they cast their ballot. Safe, affordable, and accessible housing should be a right for all residents of Ontario, but many tenants are at extreme risk of losing their housing.

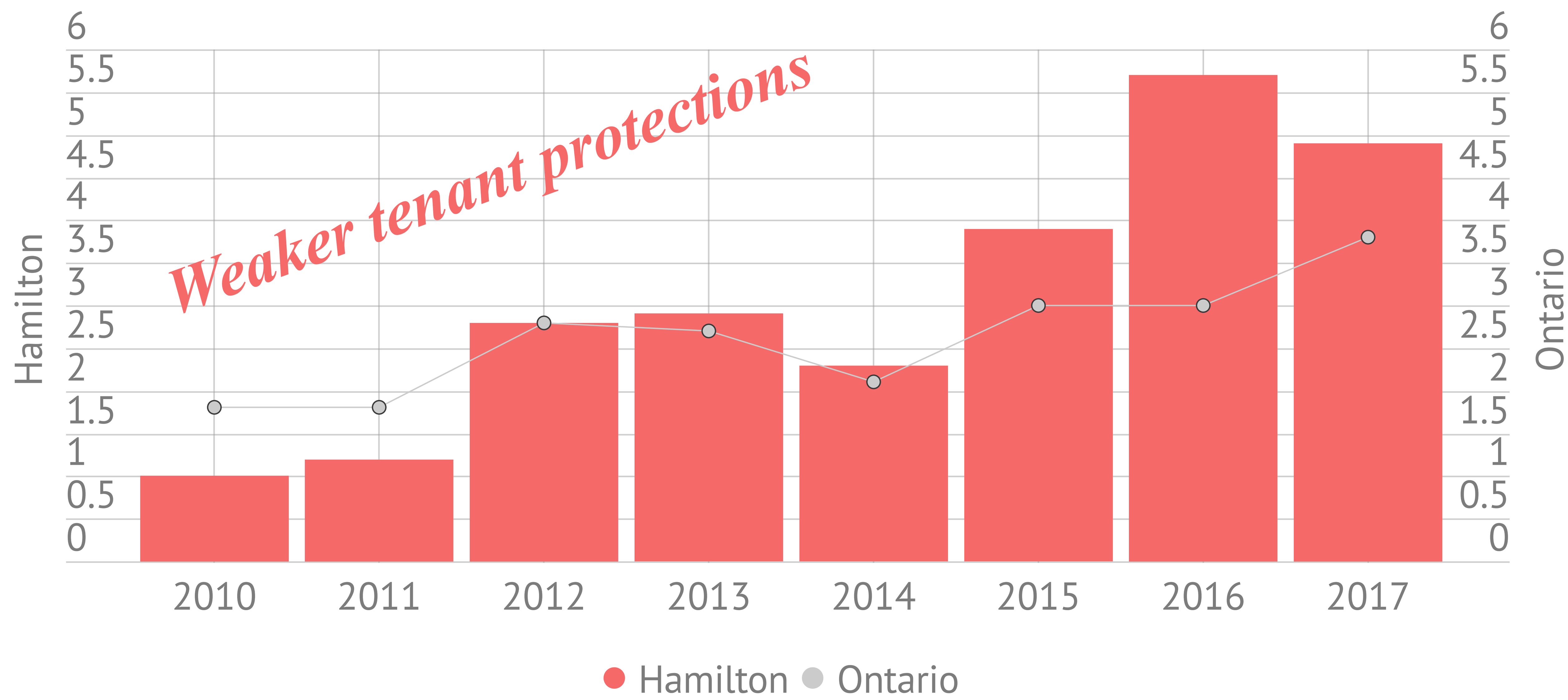
Hamilton tenants have seen rents increase faster than the average in Ontario. Eviction rates are skyrocketing as landlords use tenant turnover as a strategy to increase rental prices and profits.

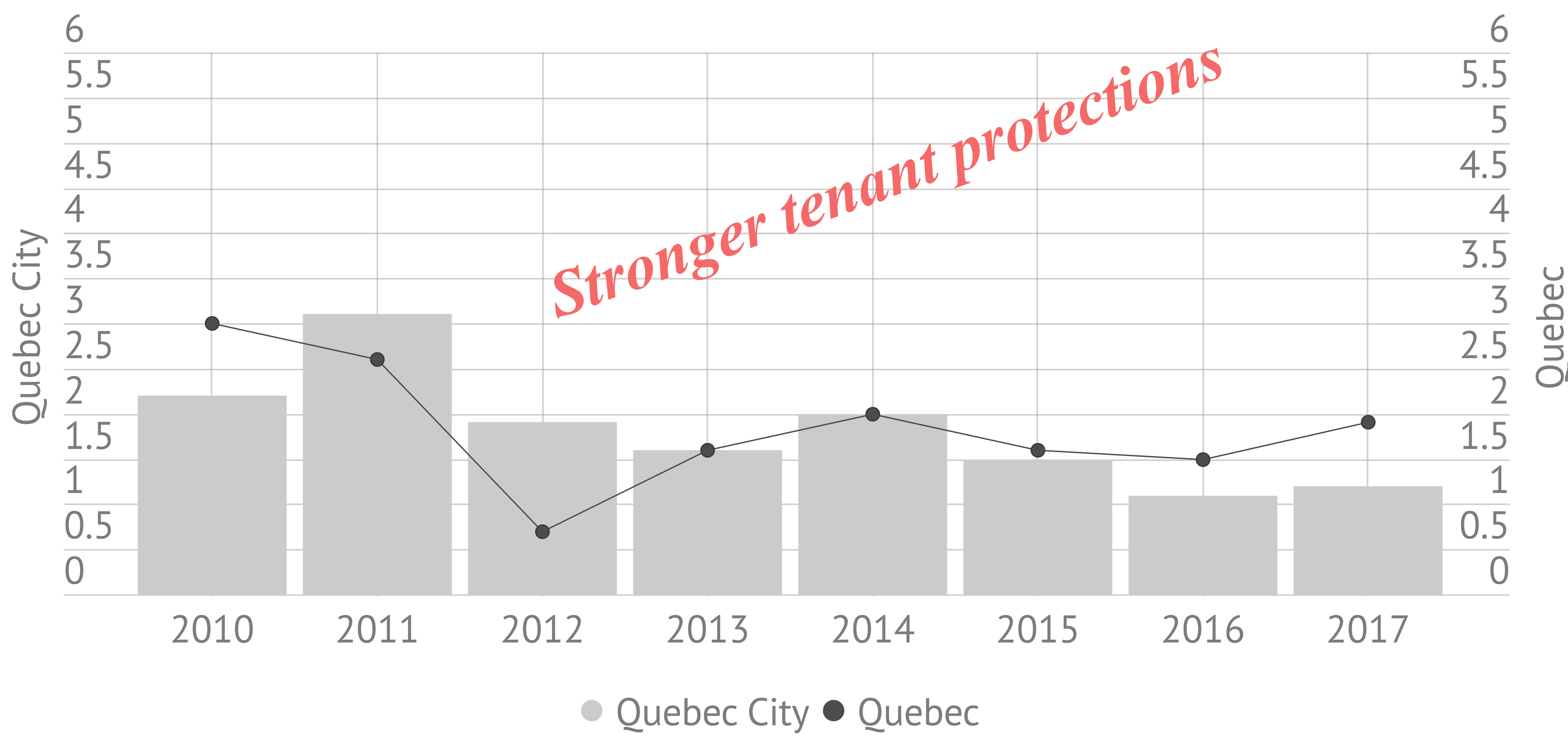
Ontario's political parties, leaders, and candidates should look to Quebec for ways to create a more stable rental market where tenants are protected, building owners remain profitable, and new rental construction is helping to provide a more affordable housing market for residents.

This report examines the rental markets in two cities: Hamilton and Quebec City, to help demonstrate how improved tenant protection policies can have a positive impact for renters, building owners and the local economy.

The lack of strong tenant protection policies is one of the reasons Ontario's rents are skyrocketing out of control, especially here in Hamilton. In contrast, there is more stability in the Quebec rental market, which has stronger tenant protection policies.

Annual increase in average rents (% change), City of Hamilton, Quebec City, Ontario and Quebec, 2010-2017

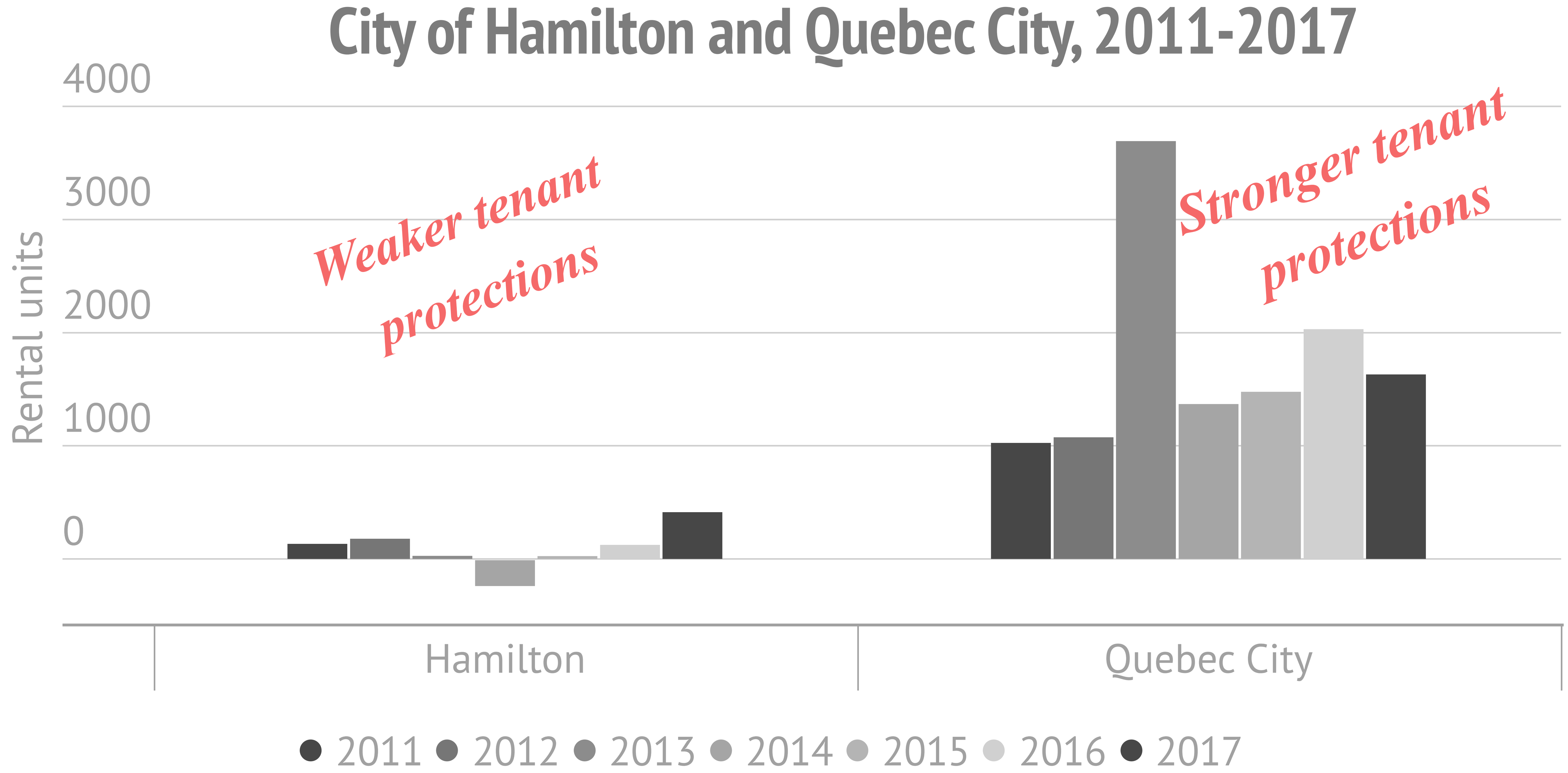




Evidence from Quebec indicates that stronger tenant protection policies have *not* deterred development of new rental housing, a myth often put forward by landlords. More than 12,000 private primary rental market units have been added in Quebec City since 2011, compared to fewer than 700 in Hamilton in the same time period.

Myth Busting

Net change in private primary rental market units each year, City of Hamilton and Quebec City, 2011-2017



What can Ontario learn from Quebec to better protect tenants?

Quebec: Flexible rent control policies that apply between tenancies

- On all residential leases in Quebec, the landlord must list the rent paid for the unit in the last 12 months. If a new tenant feels the rent increase is too high, they have 10 days to appeal to the Régie du Logement to ask for a rent reduction. The landlord can present information to justify the rent hike, such as unit renovations or building costs increase.
- In practice, only a small percentage of new tenants appeal a rent increase, as landlords know to keep the increase in rent reasonable to lessen the chance of appeal by a tenant. In this way, landlords can still increase the rent between tenancies, but tenants are protected from large rent hikes.
- In Ontario, there are no policies to limit how much rent a landlord can charge a new tenant. The only rent control provisions in Ontario are for current tenants.

Quebec: Enhanced protection for tenants from evictions

- In Quebec, eviction by property owners for landlord's own use require six months notice to the tenant, in most cases.
- In Ontario, only 60 days notice is required in most cases. New policies require landlords to pay the tenant one month's rent as compensation.
- Older tenants (70 years+) who have lived in their home for more than 10 years cannot be evicted for landlord's own use under Quebec laws. There is no such protection in Ontario.

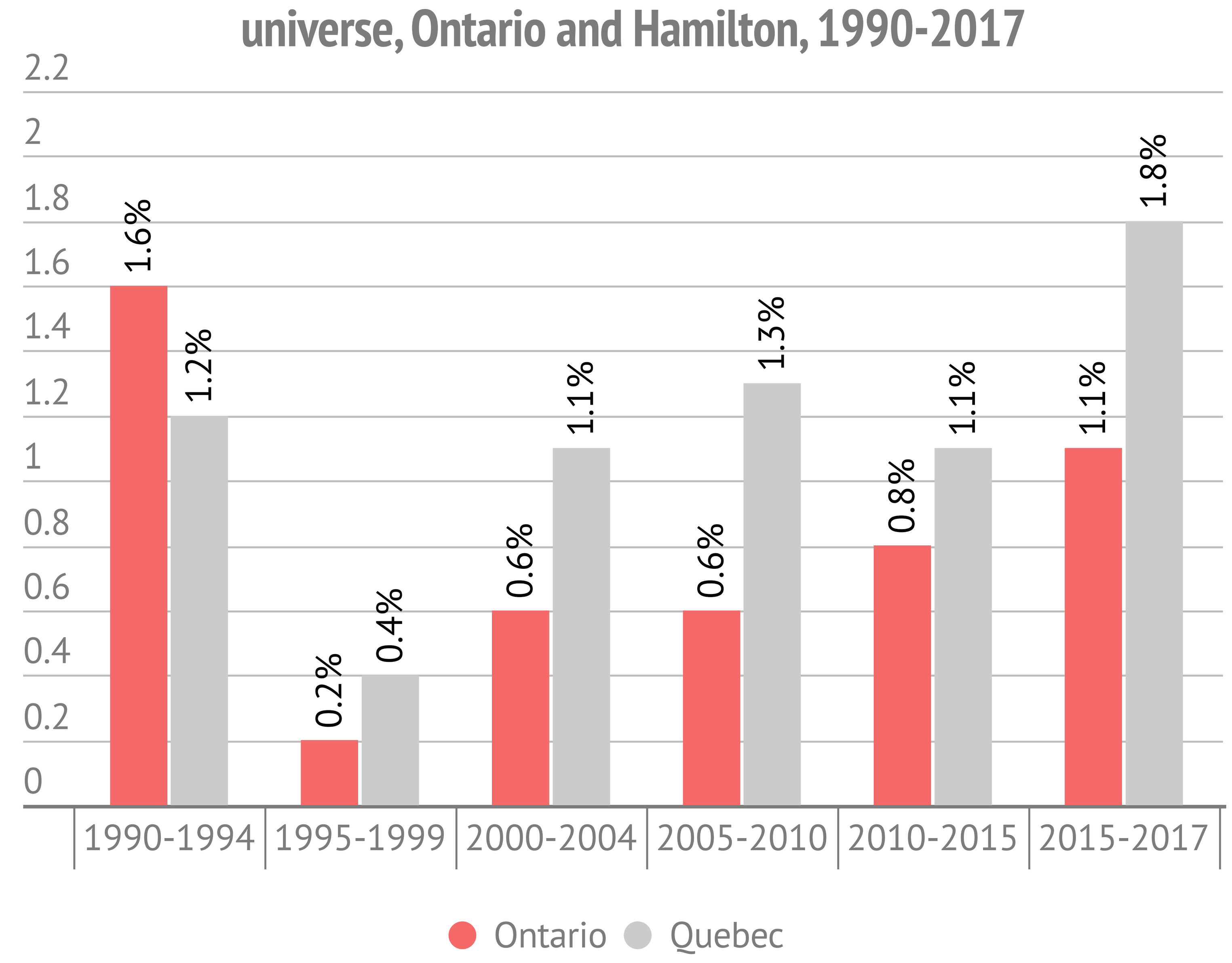
Quebec: Fewer barriers for low income tenants

- In Quebec, landlords cannot require last month's rent or a security deposit from new tenants. In Ontario, only security deposits are outlawed.
- Last month's rent is a major barrier to access proper housing, especially for low income tenants and new entrants into the rental market including youth, new immigrants and persons experiencing homelessness.

Limiting tenant protections has directly led to Ontario's rental housing crisis. Tenants have been vulnerable to eviction and rent hikes, and weak tenant protection policies have not spurred new rental housing development in Ontario to meet demand.

An Urbanation study commissioned by the Federation of Rental-housing Providers of Ontario found an annual shortfall of over 6,000 rental units across Ontario,[1] which has made it much more difficult for renters to find affordable units.
In contrast, Quebec's efficient, stable rental housing market, regulated by stronger tenant protections, has much higher rates of new rental housing construction.
Economist Pierre Fortin points to Quebec's pro-rental policies and Ontario's cumbersome zoning and development approval policies that put roadblocks to rental development as some of the main reasons for the differences in rental supply growth.
Prof. Fortin also notes that Ontario's rental market is dominated by a few large corporate owners, creating monopolistic market conditions, while Quebec's rental market is characterized by a large number of small landlords.[2]

Average annual rental housing construction-starts as a percentage of existing private primary rental housing universe, Ontario and Hamilton, 1990-2017



The dominance of large corporations in Ontario's rental sector makes it all the more urgent to improve tenant protection policies as the concentration of corporate power against individual tenants and small tenant associations and advocacy groups has created an unfair rental housing market.

> **Many of the criticisms of rent regulations are ill-founded on both theoretical and empirical grounds. Well-worn myths about rent regulations – that they reduce the quantity and quality of rental accommodation – derive from a simple textbook model of "rent controls" applied to first-generation programs that existed in the 1950s. More sophisticated analysis of second-generation programs [...] indicate that well-designed rent regulations can improve the economic security of tenants and, at the same time, have a beneficial effect on the market's efficiency.**

Hugh Grant

Department of Economics , Faculty of Business and Economics, University of Winnipeg

An Analysis of Manitoba's Rent Regulation Program and the Impact on the Rental Housing Market (2011)

Why does this report compare Hamilton and Quebec City?

Hamilton and Quebec City share many characteristics that relate to the rental housing market. While a larger percentage of residents are renters in Quebec City (47% in Quebec City, compared to 33% of Hamiltonians renting their home), the major drivers of the increase in potential new renters including population growth, youth and new immigrants are virtually the same in both cities. (Data from the 2016 Census)

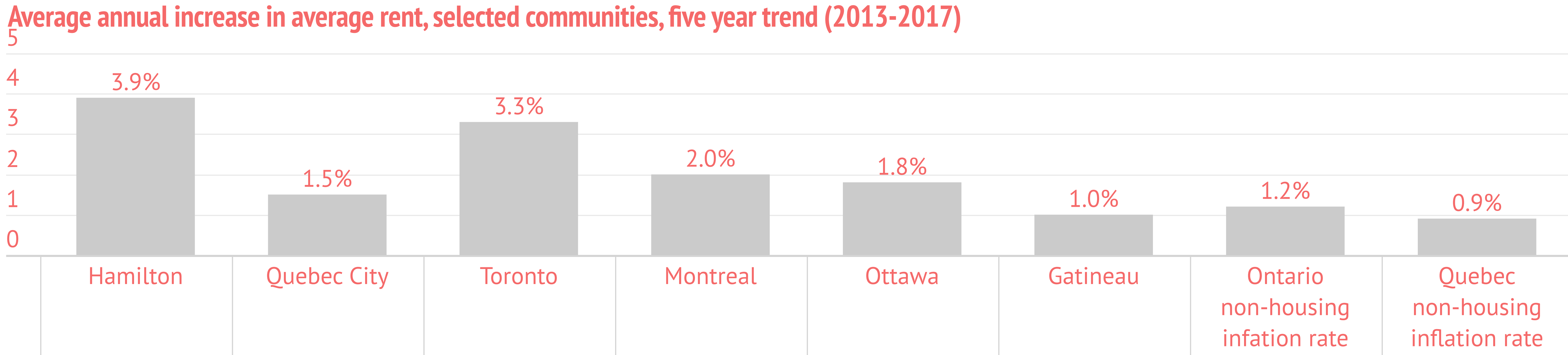
	Hamilton	Ville de Québec
Population	536,920	531,900
Annual population growth rate (2011-2016)	0.7%	0.6%
Youth between ages 15-29	19.5%	18.6%
Recent immigrants (2011-2016)	2.5%	2.3%

What do the rental data show for other cities?

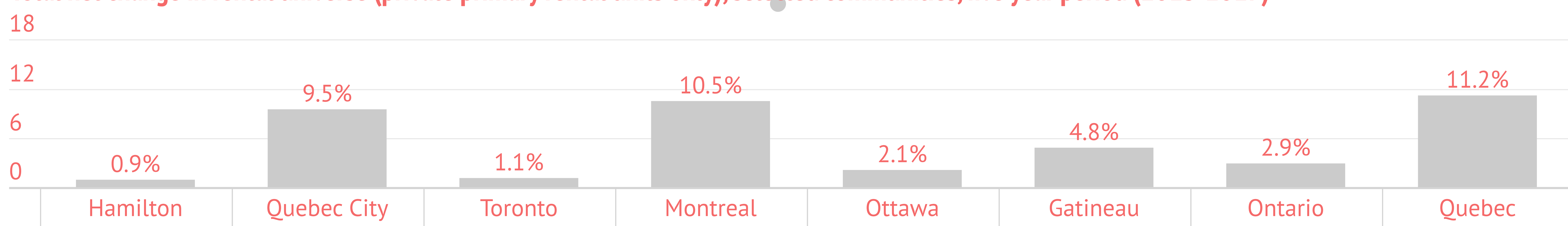
Most of Quebec's largest municipalities are much smaller than Ontario's major centres, which makes direct comparison difficult, but other relevant pairs of cities include:

- Toronto and Montreal, as the largest cities in their province
- Ottawa and Gatineau, where the close proximity means they are both part of one large regional rental market.

Average annual increase in average rent, selected communities, five year trend (2013-2017)



Total net change in rental universe (private primary rental units only), selected communities, five year period (2013-2017)



What are the data sources for this report?

The housing data in this report are from the Canadian Mortgage and Housing Corporation's Housing Market Information Portal, with the exception of the data on applications to the Landlord Tenant Board, which come from the Ontario Ministry of the Attorney General. Data for all cities are based on municipal (Census sub-division) boundaries, not larger metropolitan areas. The exception is the Landlord Tenant Board data for the Hamilton Region Office, which includes applications from Hamilton, Niagara, Halton, Guelph, Simcoe, and Brantford. Data on changes in annual rents is provided by CMHC and they only include rental units common to both years used in their % change calculation, to eliminate bias caused by a shift in the number of rental units. Most of the data is noted to be describing the primary rental market, which only includes private building purpose-built for rental. This excludes social housing, co-ops, and the secondary rental market (duplexes, basement apparments, granny flats, etc.)

Endnotes:

1.Urbanation (2017). *Ontario Rental Market Study: Measuring the Supply Gap.* https://rent-on.ca/sites/default/files/frpo-urbanation_report.pdf

2. Fortin, P. (2018). *Montréal 1, Toronto 0: Pourquoi la différence de prix des logements entre les deux métropoles est-elle si prononcée ?* http://lactualite.com/lactualite-affaires/2018/03/09/montreal-1-toronto-0/

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Report published June 2018

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