



February 2, 2012

Hon. Dalton McGuinty
Premier of Ontario
Room 281, Main Legislative Building, Queen's Park
Toronto, Ontario M7A 1A1

Hon. Kathleen Wynne
Minister of Municipal Affairs and Housing
17th Floor
777 Bay Street
Toronto, Ontario M5G 2E5

Dear Premier McGuinty and Minister Wynne,

RE: NEGATIVE IMPACT OF BILL 19: RESIDENTIAL TENANCIES AMENDMENT ACT (RENT INCREASE GUIDELINE), 2011, ON COMMUNITY-BASED NON-PROFIT HOUSING PROVIDERS

We are writing to express our concerns regarding Bill 19, the proposed amendment to the rent increase guideline under the Residential Tenancies Act, 2006.

The Ontario Non-Profit Housing Association (ONPHA) represents 760 non-profit housing providers in 220 communities across Ontario. ONPHA members operate more than 160,000 non-profit housing units and provide housing for approximately 400,000 people such as seniors, low-income families with children, Aboriginal people, the working poor, victims of violence and abuse, people living with developmental disabilities, mental illness, HIV/AIDS or addictions and the formerly homeless/hard-to-house.

ONPHA believes that all Ontarians deserve affordable, adequate housing, and thus we support your government's ongoing work to make housing more affordable for lower income households. However, we are concerned that the decision to cap annual rent increases at 2.5%, potentially below the rate of inflation, will have the unintended consequence of negatively impacting the sustainability and ongoing financial viability of both social and affordable housing projects.



While it appears on the face of it that Bill 19 affects only private landlords because social housing is exempt under the RTA rent increase guidelines, in reality the Bill will affect social housing providers and providers under your Affordable Housing Program (AHP) and Investment in Affordable Housing (IAH) program.

In the case of social housing projects which come under the Housing Services Act (formerly the Social Housing Reform Act), subsidies received by providers are based on a funding formula. That funding formula uses an indexed benchmark rent, the derivation of which comes from the lower of CMHC market data for the area or the rent increase guideline. In the case of providers with projects under the AHP and the more recent IAH program, affordability is determined based on 80% of average market rents for the area and here again the rent guideline will influence the setting of affordable rents.

In both cases, housing providers are already limited by rent-setting guidelines within the funding formula or program requirements, and the downward pressure created by the proposed rent guideline cap will make it more difficult for providers to obtain the revenues they need to manage ongoing and rising costs.

While we recognize the desire of your government to better manage the cost of housing, particularly as it affects low income households, we do not believe that the passing of Bill 19 in a swift manner is the answer. Our suggestion is to slow down passage of Bill 19 and undertake a thorough consultation process with all stakeholders in order to develop a better and more informed system.

We would welcome the opportunity to meet further on this issue.

Sincerely,

Sylvia Patterson

President

ONTARIO NON-PROFIT HOUSING ASSOCIATION

cc. Dina Stigas, Senior Policy Advisor - Housing, Office of the Minister, MMAH
Janet Hope, Assistant Deputy Minister (Housing), MMAH