

# Hiking the rent when doing repairs: Above Guideline Increases (AGIs) in Toronto

Scott Leon

Prior to the COVID-19 pandemic, Toronto had been facing a crisis in housing affordability. Furthermore, during the pandemic many renters have lost their employment. Following the lifting of the provincial moratorium, this has put many at risk of arrears debt, and evictions<sup>i</sup>. Rent increases can exacerbate affordability and arrears challenges, and so understanding them is important for addressing rental challenges.

Unaffordable housing costs have negative outcomes on people's health and well-being.<sup>ii</sup> Unaffordable rents disproportionately burden racialized people, people with disabilities, children, and households with low incomes.<sup>iii</sup> Achieving a healthier and more equitable Toronto requires understanding, addressing, and ultimately reducing the burden of rent increases.

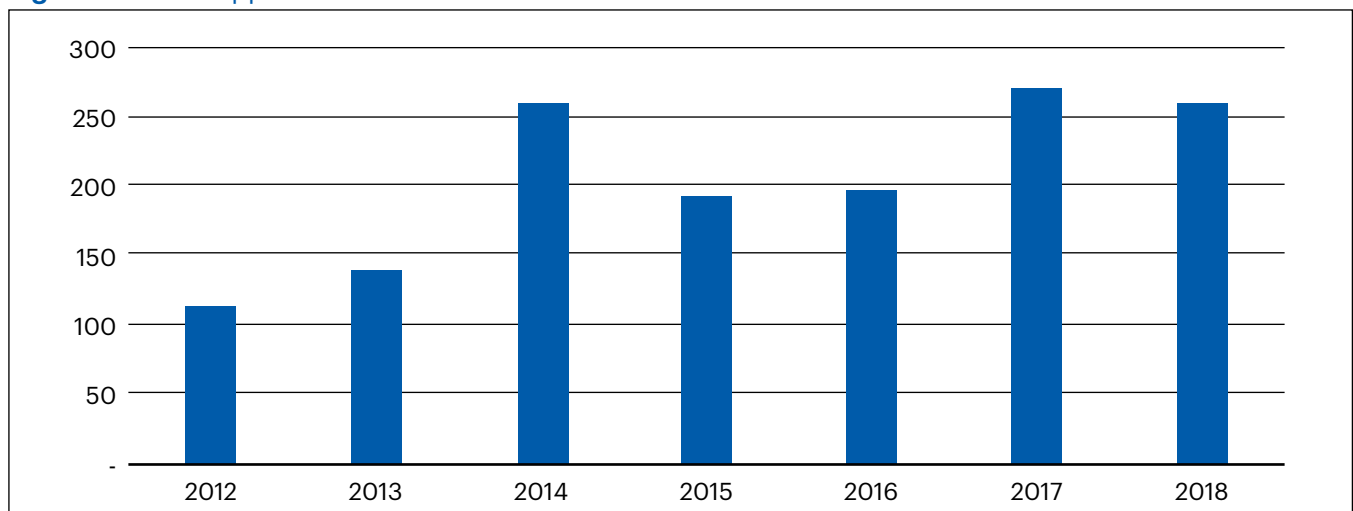
One way in which rents are increased above the provincially set inflation guideline is through Above Guideline Increases (AGIs). AGIs are a formal mechanism through which landlords increase rents on existing tenants in order to recoup the costs of repairs, retrofits, and tax increases.<sup>iv</sup> These repairs often include balcony repairs, common area renovations, and new boilers. AGI Applications trigger a hearing at the Landlord and Tenant Board and can, though do not always, result in a rent increase.

In response to the pandemic, Ontario has frozen rents for tenants remaining in their units for 2021.<sup>v</sup> This rent freeze, however, exempts AGIs, which can still be applied for and granted for in 2021.

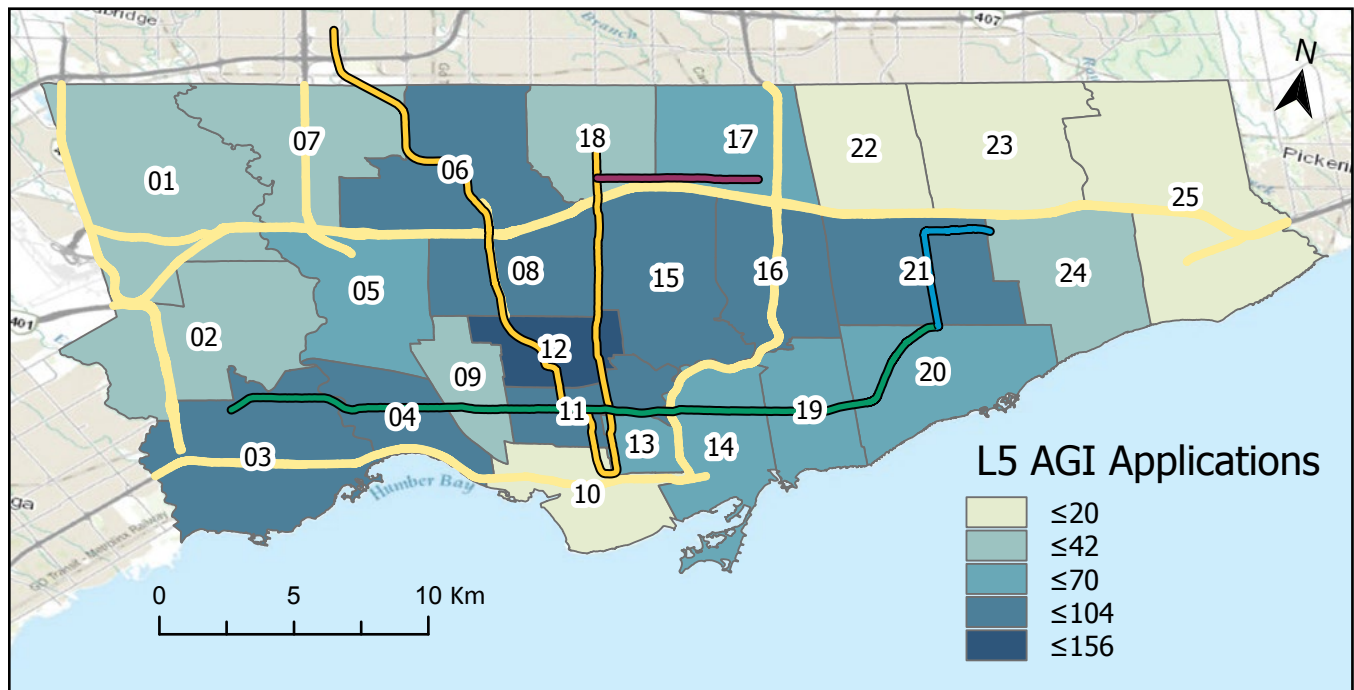
Understanding which communities are most affected by Above Guideline Increases could be helpful for building political support for policy alternatives to AGIs that meet the interests of both tenants and landlords, as well as tenant organization activities.<sup>vi</sup>

The number of AGI applications filed in Toronto has increased from 2012 to 2018 (see Figure 1). These applications are called 'L5' applications. AGI applications have been filed for rental buildings across Toronto's 25 wards (see Figure 2). Wards have been ranked by the number of AGI applications in Figure 3. Note that the AGI application statistics presented here do not control for the number of rental buildings or units in each ward. A number of factors likely explain this distribution of AGI applications, including landlord business models, tenants' ability to pay higher rents, and ability of landlords to realize profits on the capital repairs.

**Figure 1: AGI L5 Applications: Toronto**



**Figure 2: Number of Above Guideline Rent Increase (AGI) L5 Applications 2010-2018**



An AGI (Above Guide Increase) L5 Application is a formal application made by a landlord to increase the rent on existing tenants by an amount above the regular inflation rent increase guideline amount. AGIs are generally applied for in order for landlords to recoup the cost of major renovation capital expenses that are not part of regular maintenance. Applications trigger a hearing at the Landlord and Tenant Board and can though not always, result in a rent increase.

This data brief describes formal AGI L5 applications in the City of Toronto in the times before COVID-19, though it can help inform COVID-19 response planning. Toronto is facing a crisis in housing affordability that has been exacerbated by the COVID-19 pandemic, and increasing rents contribute to that situation.

To better protect tenants from Above Guideline Increases:

- 1) The Province of Ontario should implement stricter rules around, or eliminate, most Above Guideline Increases in order to ensure that tenant vulnerability is not increased during the pandemic period. This is possible through changes to the *Residential Tenancies Act* and/or guidance changes to the Landlord and Tenant Board procedures.
- 2) Repair costs should generally be included in long-term capital reserves, and such costs could be prohibited from being passed along to tenants through AGIs. This is possible through changes to the Ontario *Residential Tenancies Act*.
- 3) AGIs should be suspended by the Province of Ontario as part of its 2021 rent freeze.
- 4) If private landlords cannot afford to stay in business without large rent increases, those properties should be considered for public purchase to be transferred to non-profits, taking advantage of historically low interest rates. The federal government should extend low-cost financing and grants to non-profits and land trust for the acquisition of rental buildings.

Figure 3: Eviction Applications by Toronto Wards

Ward/Name	2012	2013	2014	2015	2016	2017	2018	TOTAL
12 Toronto-St. Paul's	11	14	37	16	21	26	26	156
4 Parkdale-High Park	9	19	12	17	17	10	18	104
11 University-Rosedale	9	11	22	17	10	16	11	100
6 York Centre	4	8	14	19	11	19	17	93
16 Don Valley East	5	10	12	9	17	16	18	88
8 Eglinton-Lawrence	5	3	14	11	15	22	16	87
3 Etobicoke-Lakeshore	7	7	12	12	9	14	18	82
21 Scarborough Centre	4	6	6	11	9	23	20	80
15 Don Valley West	8	5	12	16	8	14	10	76
13 Toronto Centre	8	8	11	7	7	16	11	70
5 York South-Weston	5	8	9	6	4	13	16	63
14 Toronto-Danforth	3	6	12	4	7	10	14	56
20 Scarborough Southwest	8	4	14	6	7	7	4	52
19 Beaches-East York	5	2	9	8	7	6	10	48
17 Don Valley North	3	6	14	6	5	8	5	48
1 Etobicoke North	1	3	12	4	11	4	7	42
24 Scarborough-Guildwood	2	5	7	5	4	9	4	37
18 Willowdale	2	3	9	6	7	4	6	37
2 Etobicoke Centre	2	3	6	4	7	7	6	36
7 Humber River-Black Creek	4	1	5	5	9	6	4	34
9 Davenport	4	2	3	2	1	7	8	27
10 Spadina-Fort York	0	2	2	0	3	4	8	20
22 Scarborough-Agincourt	1	1	1	2	1	1	1	9
25 Scarborough-Rouge Park	1	0	1	1	0	1	0	4
23 Scarborough North	0	0	0	0	0	2	0	3
<b>Grand Total</b>	<b>111</b>	<b>137</b>	<b>256</b>	<b>194</b>	<b>197</b>	<b>265</b>	<b>258</b>	<b>1,452</b>

Notes: AGI L5 application statistics are from the Landlord and Tenant Board (LTB), filed between Jan 1, 2010 and Dec 31, 2018.

Limitations: AGI L5 applications are formal application made by landlords to increase the rent on existing tenants by an amount above the regular inflation rent increase guideline amount. Applications trigger a hearing at the Landlord and Tenant Board and can, though do not always, result in a rent increase.

## References

---

- <sup>i</sup> Tranjan, Ricardo. (2020). "The Rent is Due Soon". Canadian Centre for Policy Alternatives; FRPO. (2020). "FRPO Submission for Ontario Budget 2020" Federation of Rental-housing Providers of Ontario.
- <sup>ii</sup> Pollack, Craig Evan, Beth Ann Griffin, and Julia Lynch. 'Housing Affordability and Health Among Homeowners and Renters'. American Journal of Preventive Medicine 39, no. 6 (December 2010): 515–21. <https://doi.org/10.1016/j.amepre.2010.08.002>.
- <sup>iii</sup> Canada Mortgage and Housing Corporation. 'Core Housing Need'. <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3910004801>
- <sup>iv</sup> LTB. <https://tribunalsontario.ca/documents/lrb/Interpretation%20Guidelines/14%20-%20Applications%20for%20Rent%20Increases%20above%20the%20Guideline.html>
- <sup>v</sup> Ontario Residential rent increases. <https://www.ontario.ca/page/residential-rent-increases>
- <sup>vi</sup> RenovictionsTO. 2020. "Renoviction and AGI Tracker." <https://renovictionsto.com/tracker>; FMTA. "Above Guideline Rent Increases." [https://www.torontotenants.org/above\\_guideline\\_rent\\_increases](https://www.torontotenants.org/above_guideline_rent_increases); Toronto.com. (2020). "Tenant groups in York South-Weston unite to fight for tenants' rights." <https://www.toronto.com/news-story/9794118-tenant-groups-in-york-south-weston-unite-to-fight-for-tenants-rights/>; Zigman, Philip and Martine August. (2021). "Above Guideline Rent Increases in the Age of Financialization." RenovictionsTO.

