

## Could new Ontario rules kill rentals?

Brad Lamb believes proposed regulations will result in fewer apartments being built by developers

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Brad Lamb at Post City Magazines' recent real estate roundtable

Ontario's Ministry of Municipal Affairs and Housing has proposed new legislation to control rental prices and ensure fair treatment of tenants. If the Rental Fairness Act, 2017, is passed, it will expand rent control to all private buildings, including the 237,000 rental units built in Ontario after 1991.

The bill was created in response to rapidly rising rental prices across Ontario and inequalities in the system. Along with enforcing rent control, the legislation would enable a standard lease, protect tenants from unfair eviction and remove inflated rent increases for utilities. The legislation is part of a larger plan to grow the economy, increase jobs and enable affordable housing in the province.

"We know that a strong rental market in Ontario is one that balances affordability for tenants with the right conditions for continued investment in rental properties by landlords," said Minister of Housing Chris Ballard in a press release.

According to one prominent developer, the new rules take away the incentive to invest in new rental buildings.

Real estate developer Brad J. Lamb said he has already scrapped plans for seven apartment buildings across the GTA because of the legislation.

"I've decided that we're not going to build apartment buildings in this current environment. We're going to probably keep the properties functioning as income properties whether they're commercial or retail, but we definitely won't proceed at this point with apartment buildings," he said.

Lamb said there wouldn't be as great a return with a cap on rates.

He estimates that between the years of 2014 and 2016, there was about a 30 per cent increase in rent prices in the city.

“The point is that you could take that jump [in rent] when it was available to you as an investor, but if that jump is no longer available to you, it’s just too risky.”

Lamb added that he’s spoken to other industry members about the new legislation who indicated they would make a similar move away from purpose-built apartment buildings.

“In a condo, you can sell at any time, and the tenant’s gotta go, so that’s not really great for someone who’s trying to live their life and makes plans, and then all of a sudden they get a notice that the landlord is selling and they have to move,” Lamb said.

“This is why purpose-built apartment buildings are so important for the province. They give people the ability to spend a lifetime in an apartment and actually plan a structured life and a secure life.”



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