

# Motion To Dismiss

File # LTB-L-076488-23

2024-10-24

Park Place Equities 2005 LLC  
485 Bank Street #207  
Ottawa, Ontario  
Canada K2P 1Z2

vs.

L. D. Blake  
165 Ontario Street Apt. 609  
St Catharines Ontario  
Canada L2R 5K4

I am a long term tenant at this address and a named respondent in this action. This is the 5<sup>th</sup> L5 application from the 4<sup>th</sup> landlord that I've had to deal with since April of 2010.

There are deeply rooted flaws in the Above Guideline Increase process set out in the Ontario Residential Tenancies Act (S.O. 2006, C17) P.126 and Ontario Regulation 516/06 Part III.

There are also strong indications this particular application may have been filed in bad faith.

Therefore, I am seeking dismissal of this application.

Reasons:

1. An L5 application for an Above Guideline Increase (AGI) in rents triggers a lawsuit that, like any other lawsuit, resolves itself to a contest of evidence and testimony presented in a hearing. An adjudicator is empowered to make decisions based on the evidence and testimony presented and issue a legally binding order. Per the principles of Natural Justice, fairness demands that both applicant and respondent have an equal opportunity to be heard as part of the proceeding.
2. Above Guideline Increase hearings are inherently biased to favour applicant-landlords.

When the Application involves capital improvements or repairs to a building, the sequence of events often leaves respondent-tenants with no case to present in their own defence. This happens for a few reasons:

- a. As the AGI Timeline (D01) illustrates, tenants are brought into the process very late, long after the work is completed and the work done has, itself, destroyed any evidence they might collect to show the state of the unaltered worksites upon which the landlord will base his claims.
- b. Landlords are not required to notify tenants of capital improvements that do not interfere in the reasonable enjoyment of their rental home and such work will often come as a surprise when first seen on the freshly served L5 Application.
- c. Because tenants move out and new tenants move in during renovations, these respondent-tenants will have had no access to knowledge about the unaltered state of the worksite(s).

- d. Legal representatives engaged by the respondent-tenants will not have access to information about the unaltered worksite(s) and cannot build an effective case in counter for their clients.
- e. Landlords are not required to notify tenants of impending AGI applications. Thus, the L5 Application usually ends up being an expensive lawsuit dumped into the lap of an unsuspecting and often defenceless tenant.

Where no rebuttal to an applicant-landlord's claims is possible, there can be no balance of probabilities and no appreciation for the possibility of false and/or misleading claims.

The common practice of allowing the landlord to "win" based solely on the lack of rebuttal fails to honour the respondent-tenants' right to a fair hearing.

3. Case Management meetings are conducted with unfair assumptions.

In the negotiations of a Case Management meeting, overseen by a mediator, there is a hidden assumption -without evidence- that an applicant-landlord's claims meet the qualifying rigours of both the Residential Tenancies Act and its regulations. In many cases an L5 Application is resolved by a consent order that fails to appreciate the possibility of false and/or misleading claims.

4. Landlords have begun using the flaws in the AGI process as a loophole, for profit.

I first ran into this in October of 2014 when researching Starlight Investments (our landlord at the time) for the tenant defence in SOL-40297-13. Our balconies had been redone twice in under 3 years, first by Transglobe in 2010 then by Starlight immediately after taking ownership in 2012. The tenants knew this was not a necessary renovation and found themselves defenceless in the initial hearing which went very badly for them. I filed a Review Request and was granted a de novo hearing.

Studying Starlight's website of the time, I discovered a cluster of their buildings all painted the same way as our building with the same tinted glass balconies (D02, D03). Further research found 100 buildings all done in a similar fashion within a 2 year period (D04). Since it was extremely unlikely so many buildings in the same portfolio would need the same renovations at the same time, I looked deeper still and discovered this to be a Corporate Branding scheme (D05) with the costs of the cosmetic makeovers billed to tenants through AGI applications.

Recently researchers (D06) and news media reports (D07, D08) have found similar practices extant through multiple other landlords. It appears that many landlords now feel entitled to abuse the Residential Tenancies Act for corporate profits, bypassing rent controls, putting many tenants into financial distress and sometimes even harming local economies.

This is a reversal of intent. These landlords have flipped from filing AGIs because they had to do expensive renovations to doing expensive renovations so they can file AGIs.

5. The above pattern was repeated when the Applicant took control of the building.

By the time the Applicants (then doing business as CLV-InterRent REIT) took over this building, the long term tenants living here had been through three repetitions of the same pattern of immediate and repeated renovations. The list of things done to this building was becoming very long. (D09)

In early conversations with the applicant's staff, we were told the building was in "rough shape" and CLV had "a higher standard". We were informed that several large renovations including balconies, lobby, hallways etc were likely to come in the near future and indeed they started almost immediately which added a whole new chapter to our list.

This was the 4<sup>th</sup> repetition of a now familiar pattern. I would liken this new landlord to a drunken bull in a china shop, recklessly changing everything in sight with no regard for the current condition of the building or recent renovations and upgrades performed by previous owners.

6 The capital items claimed in the L5 Application are of dubious merit.

1 Balcony Restoration

Reason: "Balcony restoration to restore physical integrity as well as ensure resident safety".

In examining the billings for this work, I can find no line items to indicate large scale restoration work. The tasks billed reflect preparation for painting, not repair or replacement of the concrete slabs or guards. (Applicant submissions: 2, 5, 10, 14)

Observing the work in progress did not show me the slabs or guards being largely replaced or repaired. Rather, the work done consisted of smoothing substantially intact slab edges and the underside of the floor slabs with grinders. This was to eliminate forming ridges left after previous renovations. (D10, D11)

Also it should be noted that in SOL-40297-13, Starlight Investments (previous landlord) claimed balcony restorations completed on 2013-05-09 with a usable lifetime of 13 years.

2 Boiler Replacement and Building Automation

Reason: "Heating and DHW boiler replacement required as unit at end of life".

This is a surprise entry. I can offer no evidence regarding the condition of the replaced units or the work performed because this work was conducted in a secured area inaccessible by tenants and without notifying us of the project.

However, it should be noted that in SOL-67472-16 Northview REIT (previous landlord) claimed Boiler Replacements, completed on 2014-11-25 with a usable lifetime of 15 years.

3 Elevator Modernization

Reason: "Required to ensure reliability and safety of the building occupants"

First, we should note that "Modernization" is neither necessary repair nor replacement. The Application itself (Part 3) indicates there was no compelling reason to engage in elevator work.

Examining the invoices revealed no billings that could be tagged to replacing the lift mechanisms, cables, motors or other items that could be deemed necessary repairs or safety upgrades. (Applicant submissions: 62, 65, 69, 73, 78, 82)

4 Concrete Enclosure for exterior stairwell

Reason: "Enclosure required to protect and restore physical integrity of the building"

Unless the Applicant is intending to prove this free standing structure is somehow holding the main building up, there is no way it is protecting or restoring the physical integrity of anything.

In fact, before and after pictures (D12, D13) show us that not only does it reduce access to the back lobby door it makes it more difficult to move larger items (couches, beds, etc) darkens the entrance path and creates a pocket where an attacker could hide unnoticed.

This structure was not needed and is simply a very bad idea.

## 5 Security Cameras and Intercom System

Reason: "To improve security of the residential complex"

Cameras are not security. They are surveillance. While they can observe and record incidents and/or crimes, they do not prevent them and do not increase the security of the property.

The new intercom panel was not necessary as there was nothing wrong with the previous one which was only about 5 years old and was still functioning properly when it was removed.

In addition to the specific claims, the application also contains several billings for apparently unrelated tasks and amounts. (Applicant submissions: 18, 35, 50, 54, 89, 92)

## 7. This L5 application appears to be part of a corporate strategy of "Repositioning" their buildings.

The applicant's repeated references to a "higher standard" in our initial conversations stuck with me, so I dug deeper, finding their June 2021 investor relations document which talks about a "Repositioning" program, designed to elevate the prestige of newly acquired buildings (D14). This document coincides with their first announced renovations. Further references to this strategy can be found in subsequent investor documents up to the present time.

"Repositioning" appears to be a euphemism for Gentrification and their only goal appears to be that of increasing the luxury of their buildings, using increases in free market rents and AGI applications in a profit driven Value Creation scheme.

They are selling luxury to their investors, at their tenant's expense. But, in my experience, most tenants are actually looking for a home they can afford.

For all these reasons, I believe this Application is brought in bad faith and cannot be made fair by any reasonable means.

I am, therefore, requesting this L5 application be dismissed without further litigation to protect the tenant's right to a fair hearing.

We need to be mindful that we did not move into the Applicant's building, they moved into ours.

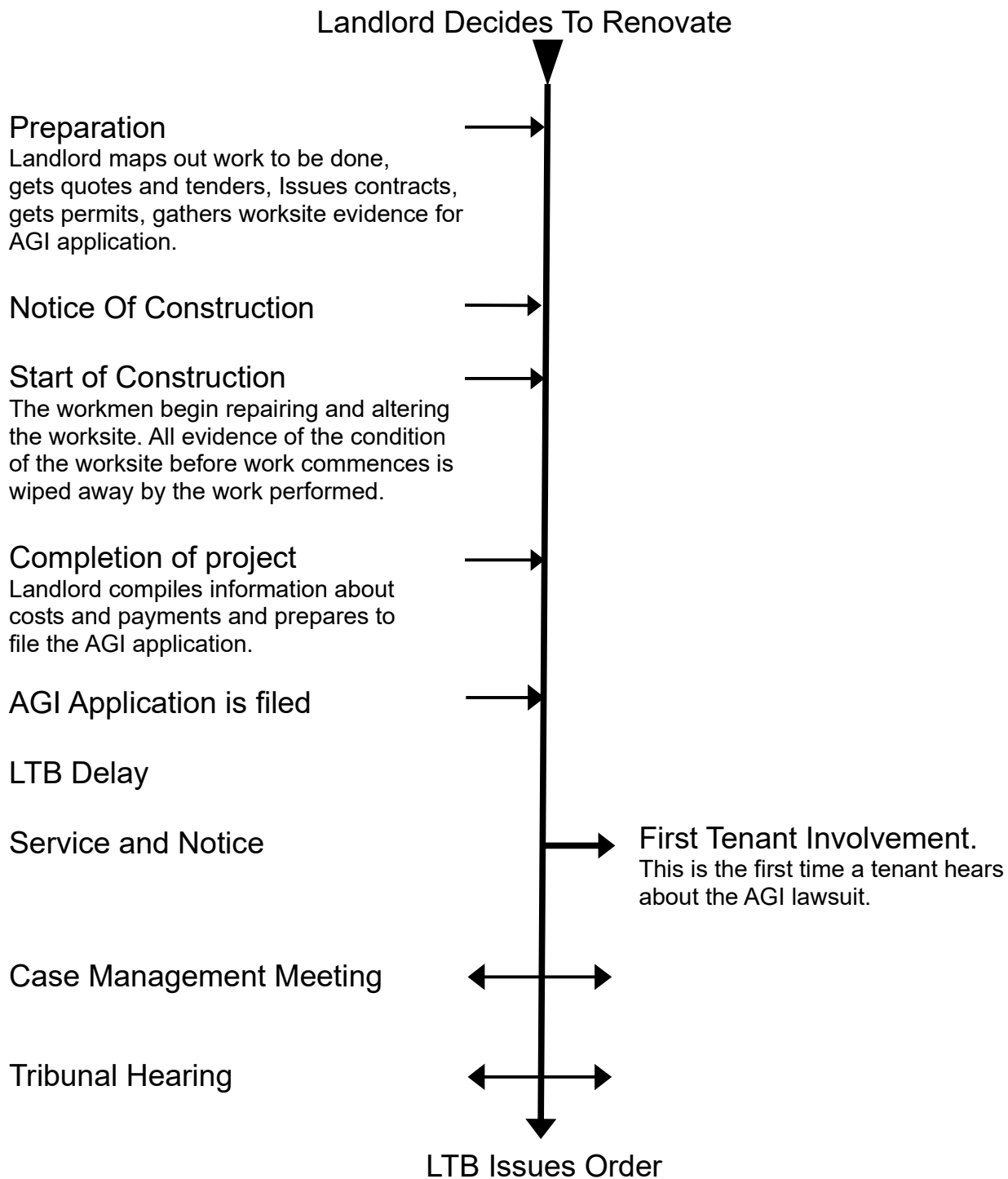
Sincerely,

A handwritten signature in black ink, appearing to read "LD Blake". The signature is stylized with a large, looped "L" and a cursive "D".

LD Blake



# The AGI Timeline



July 2012

**Starlight Whole Building Makeover**

September 2014



165 Ontario Steet St. Catharines Ontario

# Starlight Gallery Images

<http://www.starlightinvest.com/gallery/>

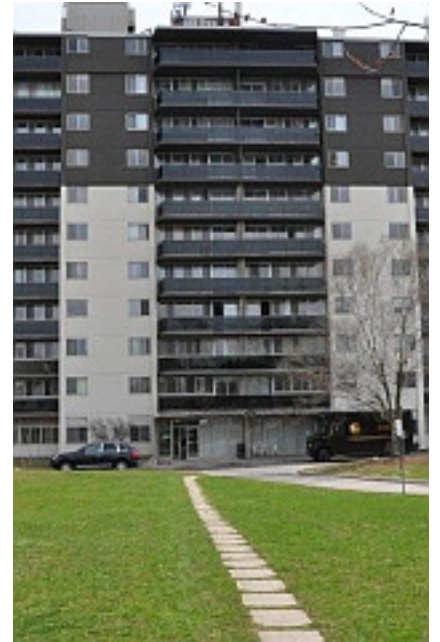
60 Exiter Rd. Ajax



120 Raglan Ave. Toronto



130 University Ave W. Toronto



297 Queens Ave. Oakville



350 East Mall Etobicoke



765 Steeles Ave. W. Toronto





1080 Kingston St. Toronto



1315 Silverspear Rd. Mississauga



4190 Bathurst St. Toronto



4340 Bathurst St. N. Toronto



555 West Mall Etobicoke



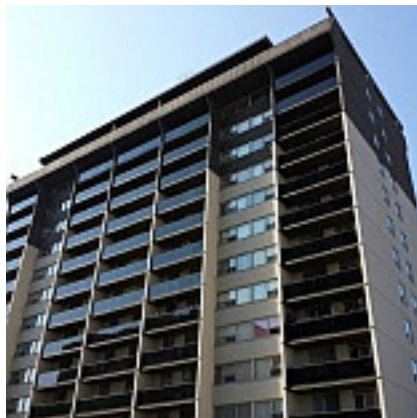
59 Concession St. Cambridge



33 Herkimer St. Hamilton



155 Market St. Hamilton



739 Birchmount Rd. Scarborough



836 Talwood Dr. Peterborough



380 Gibb St. Oshawa



2250 Homeland Mississauga



## **Ontario Buildings Affected by Starlight's Corporate Branding**

### **Barrie:**

37 Johnson Street

### **Brampton:**

141 Main Street South

### **Burlington:**

2067 Prospect Street

### **Cambridge:**

59 Concession Street

### **Etobicoke:**

4 Crown Hill  
15 Eva Road  
317 Park Lawn Road  
143 Stephen Drive  
340 The East Mall  
350 The East Mall  
555 The West Mall

### **Guelph:**

351 Eramosa Drive  
39 Willow Road  
5 Wilsonview Avenue  
7 Wilsonview Avenue  
8 Wilsonview Avenue  
16 Wilsonview Avenue

### **Hamilton:**

236 Duke Street  
133 Herkimer Street  
150 Market Street  
155 Market Street  
160 Market Street

### **Kitchener:**

286 Chandler Drive  
294 Chandler Drive  
100 Old Carriage Drive  
120 Old Carriage Drive  
170 Old Carriage Drive  
109 Westwood Drive  
115 Westwood Drive  
123 Westwood Drive

### **Lindsay:**

2 Colborne Street West

**Mississauga:**

100 Dundas Street East  
120 Dundas Street East  
1315 Silver Spears Road  
2185 Sheridan Park Drive  
2250 Homelands Drive  
2465 Hurontario Street  
3122 Hurontario Street  
95 Paisley Avenue

**North York:**

9 Kingsbridge Court  
200 Ridley Boulevard

**Oakville:**

2300 Marine Drive  
297 Queens Avenue

**Oshawa:**

33 Richmond Street

**Peterborough:**

909 Clonsilla Avenue  
1211 Goodfellow Road  
836 Talwood Drive  
1001 Talwood Drive  
1189 Talwood Drive  
1200 Talwood Drive

**Port Credit:**

28 Helene Street North  
206 Lakeshore Road East  
212 Lakeshore Road East  
8 Oakwood Avenue North  
55 Park Drive

**Sarnia:**

351 London Road  
369 London Road  
131 Maxwell Street

**Scarborough:**

739 Birchmount Terrace

**St. Catharines:**

7030 Casey Street  
165 Ontario Street

**Thornhill:**

20 Clark Avenue  
30 Clark Avenue

7411 Yonge Street  
7433 Yonge Street

**Toronto:**

2175 Avenue Road  
2177 Avenue Road  
2181 Avenue Road  
3890 Bathurst Street  
3892 Bathurst Street  
3894 Bathurst Street  
3896 Bathurst Street  
3905 Bathurst Street  
4141 Bathurst Street  
4190 Bathurst Street  
4222 Bathurst Street  
4340 Bathurst Street  
4866 Bathurst Street  
4900 Bathurst Street  
4979 Bathurst Street  
4981 Bathurst Street  
6151 Bathurst Street  
189 Cedarvale Avenue  
145 Cosburn Avenue  
99 Dowling Avenue  
150 Dowling Avenue  
15 Dundonald Street  
25 Fisherville Road  
35 Greenbrae Circuit  
1080 Kingston Road  
12-24 Leith Hill Road  
120 Raglan Avenue  
1 Rosemount Drive  
765 Steeles Avenue West  
80 Wellesley Street East  
2220 Weston Road  
2222 Weston Road

**Trenton:**

50 Tripp Boulevard

**Waterloo:**

285 Erb Street

**Woodstock:**

558 Durham Crescent

**Total 100 addresses**

**Please note:** This list is easily verified by opening each address in Google Maps, Street View. The two tone brown paint and tinted glass balconies are clearly visible.





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Daniel Dimmer is not the retiring type. The former chairman and still the largest shareholder in TransGlobe Apartment REIT could have retired to a tropical island – after perhaps buying it – following the completion of the largest multi-residential transaction of the year last year. “I had two choices, I could either retire and just stay on the board of the public company (TransGlobe) or I could continue to do something,” said Dimmer. “So once I made the decision to do the final transaction with the public company I had to make that decision with myself.” The former TransGlobe chairman was a little young to retire, stating that he is just in

his "late thirties," so he did what came naturally. He started up a new multi-residential real estate company. The new company, called [Starlight](#), was unveiled shortly after his transaction with TransGlobe. It is positioned as a multi-family focused asset management company with a starting portfolio of 5,500 residential rental units in approximately 65 buildings spread across Canada and another 300,000 sq. feet in commercial properties. That base of property in the Starlight portfolio represents the real estate that Drimmer held back from the sale to TransGlobe. Naturally, Starlight plans to make future acquisitions, adding a new bidder into the mix for what is already a crowded market with plenty of hungry buyers and few sellers. "We are very active, we are trying to bid and find properties and look to have a whole bunch of new ones by the end of this year and hope by the end of next year to be at 10,000 suites," he said. "It is a very

aggressive plan but hopefully we can execute on it." Starlight has already made its first purchase since its September 1 launch: the acquisition of a 60-suite apartment building in Mississauga, Ont. For Drimmer, financing in this low-interest rate environment is easy; the main difficulty "is finding the product." He intends to focus on "off market deals" where Starlight's private status may prove to be an advantage. "It is tight, it is tough," he added. "We have two things that are going for us. Number one we are national players, we are looking in all the markets we are in and number two, hopefully we have 15 years of buying reputation and we decide quickly and we can move quickly." Just like Rome, Starlight was not created in a day. In fact it took about five months to put the plan for the new company together, about the time it took the deal with TransGlobe to move from initial board approval to completion. The deal, completed just last month, saw TransGlobe acquire 7,500 residential suites in 94 residential buildings and three townhouse complexes and 13,000 square feet of commercial space for \$740.4 million in an internal transaction from affiliated companies connected to the Drimmer family. TransGlobe in fact grew out of the Drimmer family private real estate holdings in May 2010 and the deal was something that the parties initially envisioned taking place in five years, not in just one year as it transpired. "It was really the execution of a publicly announced business plan, it just happened much quicker than sort of the five-year target that we envisioned it to take." One obvious difference between Starlight and TransGlobe, Drimmer said, is that his new company will not actively manage the properties, instead opting for a team of five different property managers, a list that could eventually rise to 10. "We picked them really by geography and product type so we have a different manager depending on if we are in Vancouver or in Halifax or in Toronto and then within markets really who we think is the best manager for the type of asset that we are bringing online." Starlight is in "probably 20 markets" stretching from Victoria to Halifax and St. John New Brunswick. **Another difference with the Starlight approach is that the asset manager is going to be aggressively branded with consumers. Within ads or signage, third-party managers will be touted but be secondary to the Starlight brand message. "What that does is gives us two streams of people being able to find us," said the Starlight president of the company's consumer-focused website.** "An apartment tenant can go through the Starlight technology and wind up at the third-party manager or they can go directly to the third-party manager."

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# Above Guideline Rent Increases in the Age of Financialization

Philip Zigman & Martine August  
February 2021



RenovictionsTO



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## 3. Landlords and AGIs

THE INCREASE in AGI applications over the past several years has happened in the context of increasing financialization in housing and the growing concentration of purpose-built rental units in the hands of large financialized and corporate landlords. This section begins with a brief introduction to financialization, before examining how financialized and corporate landlords view AGIs, the share of AGIs these landlords are responsible for, and landlord profits. This section draws on landlord annual reports and investor documents, and on discussions from industry events.

### The Rise of Financialized Landlords

In Toronto and across Canada, the ownership of apartment buildings and other rental housing has been changing in recent decades. While most properties and units are owned by independent landlords who own one building or a few, a growing number have been acquired by large corporate owners and by large financial firms.

Many large corporate owners are family-owned private firms, often third-generation firms that emerged after the Second World War. In Toronto, many of the biggest landlords are family-owned and private real estate corporations. These include companies like Medallion, Greenrock, M&R Holdings, O'Shanter, Homestead, Crestview, and Hollyburn.

Since the late 1990s, there has been a rise in financialized ownership of apartment buildings, in which financial firms acquire and manage apartments as products for investors. This trend has emerged as part of financialization in the global economy, in which finance capital has taken on an increasingly dominant role in the operations of the economy and everyday life. In terms of apartment buildings, financialization involves the acquisition of apartment properties by financialized landlords, such as private equity firms, asset management companies, pension funds, insurance companies, and real estate investments trusts (REITs). These types of firms have been actively acquiring apartments over the past two decades. As of 2019, an estimated 18% of Canadian apartments are owned by financial firms. REITs alone have risen from owning zero suites in 1996, to 194,000 in 2019.<sup>23</sup>

Financial firms have attracted attention because of their extreme focus on driving value for investors. REITs, for example, state that their main objectives are to raise the value of

their assets and deliver returns to investors. While private landlords of all types have historically pursued apartment ownership as a profit-making enterprise, financial firms appear to be more single-mindedly focused on extracting profits. In addition, these firms have advantages associated with their size, sophistication, and access to capital markets. As such, they have created new ways to extract greater profits from old apartment buildings.

To generate higher revenues and profits, financialized landlords actively manage their buildings using an approach called “repositioning.” This means that they reposition a building in the market to be more profitable. Repositioning involves reducing expenses by investing in energy efficiency upgrades, firing superintendents, harmonizing property management, and capitalizing in other ways on economies of scale. Repositioning also involves generating more revenues by charging higher fees and rents. Landlords can charge higher fees by monetizing amenities like parking, laundry, storage, party room access, sub-metering utilities, and so on. Perhaps most importantly, firms drive revenue by increasing tenants’ rents. A “value-add” strategy to repositioning, in particular, focuses on raising rents to close gaps between existing rents in a building and market rents. There are three ways this can be done in Ontario in purpose-built rental buildings subject to rent control: (1) raising rents on sitting tenants according to the guideline amount; (2) raising rents on turnover, capitalizing on vacancy decontrol; and, (3) applying for AGIs. Applying for AGIs can serve a dual purpose, not only securing rent increases above the guideline but also displacing tenants unable to afford the increase, thus achieving turnover and enabling even larger rent increases.

### AGIs as a Profit-Making Strategy

AGIs are therefore one of the revenue-generating approaches adopted by financialized landlords to drive higher profits for investors. Financial firms openly describe AGIs in this manner, as a tool to drive higher revenues. CAPREIT, one of the largest private landlords in Canada, discussed AGIs in their annual reports in the context of how they drive growth. The REIT put it this way: “In line with its focus to maximize average monthly rents, CAPREIT continues to pursue AGIs where it believes appropriate.”<sup>24</sup> AGIs are pursued not because of a need to maintain buildings or because there is a need for

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<sup>23</sup> Martine August, “The Financialization of Canadian Multi-Family Rental Housing: From Trailer to Tower,” *Journal of Urban Affairs*, 2020. Updated with current ownership figures.

<sup>24</sup> CAPREIT, 2017 Annual Report, p. 71.

certain repairs, but when it is their financial interest to do so. As they noted, “Management continues to pursue applications in Ontario for AGIs where it believes increases above the annual guideline are supported by market conditions to raise monthly rents.”<sup>25</sup>

Centurion REIT’s annual reports discussed AGIs in a section titled “Revenue Opportunities,” making it clear that the firm views AGIs as a tool for revenue generation.<sup>26</sup> Similarly, Northview REIT described AGIs as one of five “value creation initiatives.” Notably, Northview’s plan to create value by applying for AGIs was to capitalize on repair costs that they had not even spent. Northview described how “[t]he significant capital that was invested in the assets prior to [acquisition and the company’s formation] has enabled management to submit applications to the Ontario LTB to increase rents by more than the regulated annual increase.”<sup>27</sup> In Northview REIT’s case, the firm applied for AGIs to recoup costs from prior to its own formation.

InterRent REIT has similarly framed AGIs as a strategy for driving higher revenues. The firm’s 2017 annual report noted that “there are two ways to capture the upside from capital invested in the REIT’s repositioning programs. The first way is achieving market rent on suite turnover, and the second way is through AGIs for existing tenants.”<sup>28</sup> AGIs are clearly not understood in relation to the need for certain repairs or a desire to maintain buildings, but as a way to capitalize on (and profit) from investment, over and above its costs. In company reports, InterRent REIT spelled out how AGIs are a revenue-generating strategy, including detailed forecasts for rolling out planned AGI applications to deliver \$1.1 million in revenue generated from rent increases.

The decision to apply for AGIs has more to do with a firm’s investment strategy than it does with the need for repairs or the funding of vital upgrades. As the REIT documents reviewed above reveal, AGIs are seen as a tool for revenue generation. George Van Noten of Minto Properties and Minto REIT, however, described AGIs as something “to think through” in terms of “where does it fit in your investment strategy?”<sup>29</sup> Some investment strategies, such as a short-term plan to buy and then “flip” a property, may not include AGI applications, since the profits from AGIs may only be realized over a longer time frame. As he explained: “If you’re buying a value-add asset and you’re playing to a short-term hold—and [seeking] to drive up the terminal value—then doing an AGI

is not material in that equation.” These comments underline how financial firms view apartment ownership as a game to play, in which AGIs are simply one tool to increase revenues, in line with certain investment strategies.

The decision to apply for AGIs has also been discussed by landlords as a political calculation. Van Noten described how some investors, such as pension funds, are wary of the negative political attention that can occur if tenants fight back against AGI applications. He explained:

We think very carefully about that. We think about our partners, if we think it’s going to be a contentious exercise. We think about our pension partners and how this might land on them—they have a high degree of sensitivity to people showing up on their front door.

Such comments reveal that AGIs are totally optional for financial firms; they’re a tool that generates more income, but that income may not be worth the negative impacts associated with tenant protests or bad press.

Fear of negative press has not, evidently, held Minto back from applying for AGIs—the firm was among the most aggressive in applying for AGIs in our study. From 2012-2019, they applied for AGIs affecting approximately 5,100 suites, despite having only 2,300 suites in their Toronto portfolio.<sup>30</sup> In other words, the firm applied for AGIs affecting more than twice the number of suites in their portfolio. Three of Minto’s properties (111 Pacific, 740 York Mills, and 7 Richgrove) were subject to four AGI applications each in these years.

By comparison, Park Property Management—another large firm—filed only one AGI application from 2012-2019 impacting fewer than 200 units, despite owning a similarly large (1,900-suite) portfolio of aging post-war towers. This shows that landlords clearly do not *need* to apply for AGIs, and that applying is a choice based on a firm’s business strategy and appetite for negative press. The CEO of Park, Margaret Herd, underlined these points herself, explaining that: “we probably do two AGIs a year at the most. We’re very specific about what we’ll take to the LTB for an AGI.”<sup>31</sup> In particular, the firm avoids applying for AGIs to cover the costs of things that tenants would see as deferred maintenance. As Herd explained: “We don’t take cosmetic improvements because the residents will claim that those are just deferred maintenance. We want to make sure they can have no claim that what we were doing was neglect.” These comments suggest that it is a practice of other

<sup>25</sup> CAPREIT, *2019 Annual Report*, p. 25.

<sup>26</sup> E.g. Centurion Apartment REIT, *2017 Annual Report*, p. 25.

<sup>27</sup> Northview REIT, *2018 Annual Report*, p. 26.

<sup>28</sup> InterRent REIT, *2017 Annual Report*, p. 43.

<sup>29</sup> These comments were made at an event hosted by the Federation of Rental-Housing Providers of Ontario in Toronto on March 7, 2019, entitled “How to Handle Crisis, Rent Strikes, Protest.”

<sup>30</sup> We estimated the number of units impacted by each AGI. See Appendix for more information.

<sup>31</sup> These comments were made at an event hosted by the Federation of Rental-Housing Providers of Ontario in Toronto on March 7, 2019, entitled “How to Handle Crisis, Rent Strikes, Protest.”

While our data includes Toronto only, Park owns buildings elsewhere in Ontario.

landlords to apply for AGIs after making repairs resulting from neglect. This allows landlords to capitalize on saving money (while they neglect needed repairs), and then derive profits from maintenance when it is finally completed.

Park Property Management also selectively applies for AGIs based on if the company thinks tenants can afford the rent increase. While this may seem charitable, it signals that AGIs are not being used to recoup costs of needed repairs, but are a way to extract more from tenants in markets where they see that opportunity. As CEO Herd explained:

In some buildings we don't do it at all. We spent \$5 million at Thorncliffe Park putting in new windows and a [inaudible] system, but recognizing that it's considered a priority neighbourhood and that people there are the ones that could least afford having an AGI going up 3% per year, we just said, 'we're not going to do it—it's not worth having the tenants leaving because they can't afford the increase in rent.' It's not worth the media that goes along with it.

This once again underlines that, for landlords, applying for an AGI is a choice about whether to try to extract extra payments from tenants to increase profits. While Park Property Management may choose not to apply for AGIs in certain situations, other landlords may choose differently. Recall how AGIs are merely one way landlords in Ontario may try to increase revenues. Vacancy decontrol allows landlords to increase rent as high as they want when units turnover. For many landlords, the possibility that an AGI may price some tenants out is an incentive to pursue the increase, not a disincentive. Financialized landlords are driven to turnover units and maximize their profits by increasing rents.<sup>32</sup> The strategies they employ have also been adopted by many corporate landlords. For these landlords, the question is not whether tenants in the building can afford the rent increase, but whether there are tenants in the market that will pay closer to market rates.

### Types of Landlords and AGIs, 2012-2019

As discussed above, the use of AGIs in Toronto has increased substantially in recent years. A closer look reveals that this impact is driven primarily by financialized and corporate landlords, which accounted for 64% of AGI applications in Toronto between 2012-2019.<sup>33</sup>

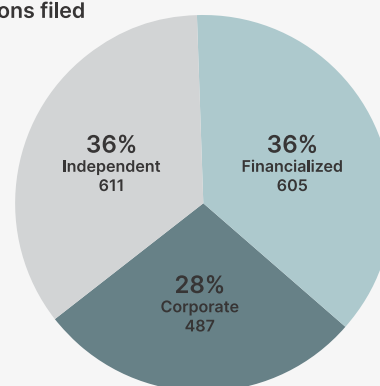
We can best appreciate the impact these landlords have on tenants and the affordability of housing in Toronto by looking at their share of AGIs in terms of units impacted. Although most AGI applications are for purpose-built rental

buildings and are intended to impact all units in a building, some AGIs apply only to particular units, to individual condos, or to houses. If we consider only applications filed, an AGI impacting a home with two rental units is equivalent to an AGI impacting hundreds of units in a high-rise apartment building.

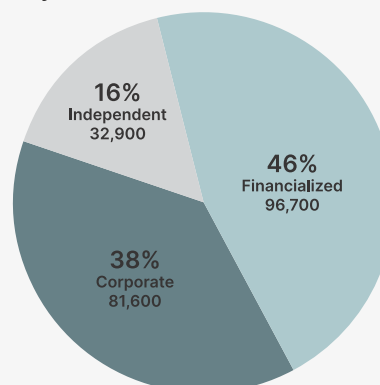
In order to calculate the share of AGIs by financialized and corporate landlords in terms of units impacted, we estimated the number of units impacted by each AGI in our data set.<sup>34</sup> Financialized and corporate landlords were responsible for 84% of AGIs in Toronto from 2012-2019, when considered as a percentage of the units impacted by AGIs. This means that of all the apartments subject to AGI applications in Toronto during this time, 84% of these apartments were owned by a financialized or corporate landlord at the time of the application. Figure 2 shows the share of AGIs by corporate and financialized landlords in Toronto from 2012-2019.

**Figure 2: Toronto AGIs by landlord type, 2012-2019**

#### AGI applications filed



#### Units impacted by AGIs<sup>a</sup>



a: Number of units impacted are estimates. See Appendix for more information.

<sup>32</sup> August, 2020.

<sup>33</sup> LTB data and publicly available information about building ownership and acquisitions. See Appendix for information about the data discussed in this report.

<sup>34</sup> L5 applications list the units an AGI is intended to apply to. Lacking access to actual L5 applications for the AGIs in our data set, we estimated the number of units impacted by each AGI in our data set, relying on information about the number of units in each building included in our data set. It is reasonable to assume that the margin of error for these estimates is consistent across applications from different types of landlords, thus does not impact the percentage reported here. See Appendix for more information about these calculations.

Major financial players and big corporate firms make up the list of top 20 AGI-filing landlords by units impacted, shown in Table 5. In fact, these 20 companies alone were responsible for over 60% of AGIs in Toronto between 2012-2019, in terms of units impacted. The list is dominated by financial firms, including CAPREIT, Starlight, GWL Realty Advisors,

Realstar, and BCIMC. Together, financialized landlords were responsible for 46% of Toronto AGIs during this time. Large corporate firms were responsible for 38% of Toronto AGIs in this time period, led by Greenrock, M&R Holdings, O'Shanter, and Homestead.

**Table 5: Top 20 landlords applying for AGIs, by units affected, 2012-2019**

|    | Landlord                    | Type      | Filings | Units Affected <sup>a</sup> |
|----|-----------------------------|-----------|---------|-----------------------------|
| 1  | CAPREIT                     | Financial | 115     | 22,600                      |
| 2  | Starlight Investments       | Financial | 205     | 16,100                      |
| 3  | Realstar <sup>b</sup>       | Financial | 32      | 9,400                       |
| 4  | GWL Realty Advisors         | Financial | 21      | 9,100                       |
| 5  | BCIMC                       | Financial | 27      | 7,200                       |
| 6  | Greenrock                   | Corporate | 14      | 7,200                       |
| 7  | M&R Holdings                | Corporate | 26      | 5,600                       |
| 8  | O'Shanter                   | Corporate | 36      | 5,300                       |
| 9  | Homestead                   | Corporate | 24      | 5,300                       |
| 10 | Minto                       | Financial | 24      | 5,100                       |
| 11 | Greenwin <sup>c</sup>       | Corporate | 28      | 4,900                       |
| 12 | Medallion                   | Corporate | 17      | 4,600                       |
| 13 | H & R / Princess Management | Financial | 20      | 4,500                       |
| 14 | Timbercreek                 | Financial | 27      | 4,300                       |
| 15 | Barney River                | Corporate | 15      | 3,600                       |
| 16 | Hollyburn                   | Corporate | 42      | 3,500                       |
| 17 | Continuum REIT              | Financial | 11      | 3,000                       |
| 18 | Oxford                      | Financial | 15      | 2,400                       |
| 19 | Centurion REIT              | Financial | 27      | 2,200                       |
| 20 | Sunlife Financial           | Financial | 10      | 2,100                       |

a: Rounded to the nearest 100. Number of units affected are estimates; see Appendix for more information.

b: This includes data for certain Realstar-managed properties, some of which may indeed be owned by separate financial firms (e.g. Hardit Corporation and Talisker Corporation). For these properties it is difficult to determine ownership.

c: Greenwin manages a number of buildings for other landlords. AGIs included here are only for buildings where we believe Greenwin has an ownership stake or is affiliated with the identified owner.



In contrast, independent landlords were unlikely to apply for AGIs. Despite owning the majority of units in Toronto, independent operators represented 36% of filings, affecting 16% of units from 2012-2019. Property management companies appear to have large role in determining which independent landlords apply for AGIs, according to our data. Briarlane, for instance, filed at least 91 AGI applications on behalf of landlords between 2012-2019. While some of these applications were on behalf of corporate clients, many were for independent landlords. Firms like Briarlane bring the expertise, scale, and know-how found in bigger firms, which allows small-scale operators to adopt their techniques.

### Landlord Profits

We have seen how financialized landlords pursue AGIs as a revenue-generation strategy. We have also seen that large financialized and corporate landlords are the most active in applying for AGIs in Toronto. As we will argue that AGIs are not needed for landlords to survive, we turn in this section to the profit margins of some of the biggest applicants for AGIs in the city.

Investor returns are one way of understanding how profitable financialized landlords can be. BCIMC manages investments for British Columbia's public sector, including public sector pensions. Their investments in domestic real estate, which includes purpose-built rental buildings in Toronto, provide investors with annual returns of around 8%.<sup>35</sup> Centurion, a private residential REIT, delivers annual returns of around 10% for its investors.<sup>36</sup> GWL Realty Advisors is part of the Great-West Life insurance company's real estate group, with a variety of real estate investment funds. Their Canadian Real Estate Investment Fund No. 1, which allows pensions, group savings plans, and individuals to invest in Canadian residential and commercial real estate, provides investors with 9% annual returns.<sup>37</sup> Akelius, which describes itself as "a long-term investor in residential real estate," has seen average annual returns of 11.5%.<sup>38</sup> Meanwhile, InterRent REIT, a publicly traded residential REIT, noted that an individual who invested in the REIT in 2014 would have tripled their money by the end of 2019.<sup>39</sup>

These kinds of returns mean that investors are seeing their wealth increase by more than 8% each year by entrusting their money to these landlords. How and when investors access their increased wealth depends on the nature of their investment (i.e. whether they own shares of a REIT, have a stake in real estate through their pension, or have invested some other way). In the case of REITs, for example, returns for investors come in the form of dividends and the increase in value of their units of the REIT—shares of a REIT are called "units," and those who own units of a REIT are called "unitholders." REITs often refer to the amount paid in dividends to unitholders over a period of time as a "distribution" made to investors.

Investors in residential real estate are receiving these considerable returns because financialized landlords are extremely profitable. In 2019, CAPREIT reported \$778 million in revenues. After paying utilities, property taxes, and other operating costs, CAPREIT had a net operating income (NOI) of \$508 million, giving it margins of 65%. REITs typically report NOI, which they view as a good measure for determining the profitability of their investments. Although REITs may differ slightly in how they calculate NOI, it is typically revenues (i.e. rent and fees charged to tenants) minus property taxes, utilities, and other operating costs like maintenance, employee salaries, and advertising. A large share of a REIT's profits are distributed directly to unitholders. In 2019, CAPREIT distributed around \$220 million to its unitholders, or around 28% of its total revenues.<sup>40</sup>

Other Canadian residential REITs report similar margins, and our review of financial reports reveals that NOI margins of 60-65% are standard for Canadian residential REITs. On revenues of \$145 million in 2019, InterRent REIT had an NOI of \$96 million and distributed around \$33 million to unitholders.<sup>41</sup> Also in 2019, Minto Apartment REIT had an NOI of \$65 million and distributed around \$20 million to unitholders, from its \$104 million in revenues.<sup>42</sup> In 2018, Northview REIT had an NOI of \$212 million and distributed \$100 million to unitholders, while reporting \$364 million in revenues.<sup>43</sup> On operating revenues of \$68 million in 2018, Centurion had an NOI

<sup>35</sup> BCIMC, *Corporate Annual Report 2018-19*.

<sup>36</sup> Centurion Apartment REIT, *Investing in Apartments for Income and Stability*, 2017.

<sup>37</sup> GWL Realty Advisors, *Canadian Real Estate Investment Fund No. 1 2019 Annual Report*.

<sup>38</sup> Akelius, *2019 Annual Report*, p. 10.

<sup>39</sup> InterRent REIT, *2019 Annual Report*.

<sup>40</sup> CAPREIT, 2019. There are a variety of metrics that may be considered to indicate the true profits of a REIT, and NOI is sometimes referred to as "gross profits." Due to the complexity of the operations of these companies, their acquisition and sale of buildings, and the nature of accounting, it can be difficult to determine precisely what their net profits are for some time period. We believe that NOI is a useful indicator of profits that provides some consistency across landlords and across time spans. A portion of NOI may go towards interest payments or funding acquisitions, and a large share goes towards paying dividends to unitholders. The amount distributed to unitholders can be seen as a floor for determining profits for a given year.

<sup>41</sup> InterRent REIT, 2019.

<sup>42</sup> Minto Apartment REIT, *2019 Annual Report*. Note: not all buildings owned by Minto are part of the REIT's portfolio or were at the time of the AGIs in our data set.

<sup>43</sup> Northview REIT, 2018.



# The Standard

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## NIAGARA REGION

# Above guideline hikes forcing tenants to pay ever-increasing rents

Landlord and Tenant Board–approved increases are stripping tenants of the ability to afford housing, namely in apartment buildings, and commodifying housing for real estate investment trusts

By **Matthew P. Barker** Standard Reporter  
Wed., Dec. 28, 2022 | ⌚ 8 min. read

🕒 Article was updated 22 mins ago

As rents soar to levels never before seen, tenants are being hit with costs leveraged by corporate landlords in the form of above guideline rent increases.

Tenants of 165 Ontario St., a 156-unit building in St. Catharines, have had to pay above guideline increases (AGI) on four occasions, ranging from two per cent to 7.4 per cent each, to pay for more than \$2.7 million in capital expenses at the building over the past 14 years, according to approved AGI from Landlord and Tenant Board tribunals.

As stated in tenant files from previous Landlord and Tenant Board (LTB) tribunal hearings for AGIs at the building, tenants saw rent increases double over the last decade.

Some tenants have run into financial difficulties as a result, said L.D. Blake, a longtime tenant and tenant advocate who has published his LTB papers online.

“Rents have increased 34 per cent due to AGIs, during the time when the province allowed about a 17 per cent increase through yearly rent increases,” he said.

AGIs, also known as L5 applications, are applied to rents after a tribunal hearing focusing on the necessity or need for construction by corporate landlords or real estate investment trusts (REIT), resulting in an assessment for which a further rent increase is added to the provincial rent increase guideline, regulated by the province based on inflation.

REITs buy real estate to extract profits, according to the federal government. One way to do that is by using AGIs to raise rents to cover costs of renovations.

For instance, if a tenant was paying \$1,000 a month in 2012, by 2022 rent could be about \$1,340 per month with both AGIs and provincial rent increases, opposed to just more than \$1,170 with only provincially approved rent increases.

Jessica Bell, MPP for University-Rosedale Toronto and Ontario NDP housing critic, said affordable rent should not be more than 30 per cent of a household’s monthly income, and for many people on fixed incomes it can mean the difference between being housed or homeless.

“They’re making impossible and difficult choices,” she said. “Which is why there is a real need for the Ontario government to make sure the above guideline rent increase process is not abused by corporate landlords.”

Bell said this process makes it more difficult for tenants to find affordable and safe housing within their budget.

“The reason why there has been such a sharp increase in rents is because (the) Ontario (government) does not do enough to protect renters from rent hikes,” she said.

Victoria Podbielski, press secretary for Steve Clark, minister of municipal affairs and housing, said the government has enacted many measures supporting and strengthening protections for tenants.

“This year, our government provided stability and predictability to the vast majority of tenants by capping the rent increase guideline below inflation at 2.5 per cent,” said Podbielski.

“Above guideline rent increases allow landlords to make capital-intensive upgrades to their units — this is a critical process to ensure Ontario’s housing stock remains safe and well-maintained.”

Use of AGIs jeopardizes a tenant’s tenure forcing them to choose between paying rent, bills or buying food, said Ottawa lawyer Leilani Farha, a former United Nations special rapporteur on the right to adequate housing.

“The biggest threats are to the affordability of the unit and to the security of tenants,” she said. “Landlords shouldn’t do anything that threatens the affordability of a unit or the security of tenure of the tenants and above guideline increases potentially jeopardize both.”

Under the LTB, corporate landlords are allowed to use AGIs to recoup costs of critical structural improvements, such as repair of foundations, water infrastructure or roofing. However, AGIs are not meant to cover cosmetic or unnecessary renovations, said Blake.

“Over the last 15 years, there has been four different owners, balconies reconstructed three times, the building’s lobby redecorated four times, multiple reworkings of many aspects, such as elevator landing areas and hallway redecorating,” he said of the Ontario Street building.

The Residential Tenancy Act (RTA) sections 126.1 and 126.7 allow corporate landlords to use AGIs to increase rent to cover eligible expenses if it maintains physical integrity of the building, including plumbing, heating, mechanical, electrical, ventilation or air conditioning systems, or providing people with disabilities access, conserving energy or water, or adding security to the building.

Between 2000 and 2012 balconies were refurbished at 165 Ontario St. three times by three REITs, for which the last balcony reconstruction cost Starlight Investments more than \$662,000, according to LTB files for which an AGI was approved.

Blake said over the same period, corporate landlords were adding cosmetic improvements including building signage and repainting the exterior and hallways.

Said Bell, “We are very concerned because we are seeing landlords get the above guideline rent increase for cosmetic renovations that should be exempt from the above guideline rent increase process.”

The LTB notes AGIs can add up to three per cent per year, up to three consecutive years, and the resulting nine per cent will ride on top of the annual provincial rent increase guideline for the lifespan of the AGI.

In most cases, as per the LTB, AGI lifespans are between five and 25 years depending on the cost of necessary repairs completed, but REITs must first go to the LTB to get approval to increase rents.

Apartment buildings bought by REITs are developed and managed as income-producing real estate, using AGIs to amortize costs to recoup capital expenses over time, said Fayez Elayan, professor of accounting and finance and chair of accounting at Goodman School of Business at Brock University.

“These expenditure renovation costs need to be amortized, meaning (the capital expenditure) needs to go on the income statement as an amortization or depreciation expense,” he said.

“This depreciation is a non-cash expense and will allow REITs to give money back to shareholders. That money is called a return on capital.”

Amortization is when the costs of a capital expenditure, such as a renovation, are divided over a longer period, sometimes a decade or more, resulting in it not being counted as a lump sum expense, said Elayan.

“Meaning it’s not included in their income statement, which is revenue minus expenses. Rather, it goes to the balance sheet, they capitalize it, and they amortize it over a long period of time,” he said.

Elayan said this motivates owners to increase expenditures — the bigger the project, the greater the return on capital for shareholders as it artificially inflates the business's worth.

According to Canadian investment and income tax laws, REITs are not taxed if a REIT gives at least 90 per cent of its profits to shareholders.

What's happening is a housing landscape controlled not by smaller landlords who need to use AGI's to afford renovations but corporate entities such as REITs that use the rules for financial gain, said Farha.

"When you have an AGI scheme in place for corporate landlords who can use it as a vehicle to make themselves more money, in the grand scheme ... (it's) to increase their valuation, which increases access to loans, so AGIs are so ripe for abuse in a financialized housing landscape," she said.

"They may have been appropriate in the pre-financial rise period, but since 2000 ... we have had a much more financialized housing sector and AGIs just feed into the financialization of housing."

The LTB recently announced it would prioritize landlord applications to deal with those specific backlogs until the end of the year.

The Landlord and Tenant Board stated between November 2020 and November 2022, it received 33 AGI applications for buildings and apartments in the Niagara region. Provincially during the same time period, the LTB received more than 1,700 AGI applications and the board has a backlog of applications with some dating back to 2018.

"We are seeing a sharp uptick in mostly corporate landlords using the above guideline rent increase process to raise rents and it's having a significantly negative effect on renters across Ontario," said Bell.

She said based on the LTB prioritizing corporate landlord AGI applications it is pushing tenants and smaller landlords to the back of the line, which will cause further delays for people who need help.

"That means corporate landlords who are using and abusing the above guideline rent increase process go to the front of the queue and get their approval, pushing back renters who just want basic maintenance requests done, or even small landlords that have their own issues needing to be addressed."

Farha said corporate landlords are using methods to determine how they are going about targeting renovations to extract the most value from a building through AGIs.

"As part of their business plan, in order to secure necessary loans to purchase or to upgrade buildings there is a plan to apply for AGIs regardless of need, necessity, etc.," she said.

"For the biggest actors, they have formulas worked out that if they apply for a certain number of AGIs across their portfolio, a certain percentage will stick."

Farha said if REITs apply for AGIs on properties where construction and upgrades are completed, about 20 per cent of applications will stick allowing landlords to recoup costs over the lifetime of the AGI application.

Blake compared the process of exploiting AGIs at the expense of the tenants to the goose that laid the golden egg, as REITs will stop at nothing to extract available wealth, if they go unchecked.

"They can come in here, they can rip our balconies up, and we can't stop them," he said.

"They (landlords) also know that under the RTA, they really need a very shallow level of proof that the work they did was necessary."

Blake said a solution to keep landlords onside and prevent abuse of AGIs would be to move hearings for construction up, before it begins, giving tenants the ability to weigh in so unnecessary work is not done, resulting in a rent hike.

"A small correction in the Residential Tenancy Act is moving the hearing to the beginning of the process instead of the end, correcting the legal imbalance, but that's not the way landlords are using this law," he said.

Blake said there is no doubt the process is heavily biased to favour the landlord.

Farha agreed, stating the burden of proof should lay with the landlords to prove AGIs are necessary and they cannot afford the capital upkeep without raising rents.

"The onus and burden should be on the landlord, not to prove the capital improvements were necessary, but rather, to prove they can't afford to pay for them without raising rents," she said.

"Landlords should be considering a moratorium on rent increases period," she said.

Unlike other businesses, corporate landlords are passing improvement costs onto the people in their buildings, and reaping the benefits, Farha said.

“Like an employer, they should have to provide a good environment and I’m not sure why landlords get to pass on the full cost of upgrades to tenants.”

For more information on Blake’s LTB papers go to “The 165 Ontario Story” at <https://the165.ca>.

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*[mbarker@niagaradailies.com](mailto:mbarker@niagaradailies.com)*

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News • CBC Investigates

## Just a few big landlords come up, again and again, in analysis of Ontario rent hikes

20 companies filed over half of the 470 applications in the first 8 months of 2022

[Aloysius Wong](#) · CBC News · Posted: Apr 17, 2024 4:00 AM EDT | Last Updated: April 17



### Who's behind Ontario's above guideline rent increases

▶ 6 months ago 3:33

A CBC data analysis looks into which corporate landlords applied most often to raise rents above provincial rent control guidelines in 2022.

Newly released data from Ontario's rental housing tribunal analyzed by CBC News shows that fewer than two dozen corporate landlords filed most of the applications to raise rents above provincial guidelines for most of 2022 — which one Toronto housing lawyer says is a sign of the increasing concentration in the province's rental market.

CBC News found that 20 landlords filed over half of the 470 applications in the first eight months of 2022, with the top five filing over a quarter.

Starlight Investments, one of Canada's largest landlords, with [54,000 residential units across the country](#), filed 46 applications, or nearly 10 per cent, which according to CBC's analysis could affect over 6,000 units.

Properties owned or managed by Realstar Corp., the British Columbia Investment Management Corporation (BCIMC), Homestead Land Holdings and Hazelview Properties accounted for an additional 76.

The findings "reflect the fact that rental housing is being concentrated ... in the hands of financial investors who have this stated and admitted purpose of generating a profit," said Philippa Geddie, supervising lawyer of the housing division at Downtown Legal Services, a Toronto legal clinic.

She says Applications for Rent Increases above the Guideline (AGIs), are a common way to pressure longtime tenants to leave, allowing landlords to raise the rent to market rates for new tenants.

Landlords can "capitalize on situations where a building has been left derelict for a period of time or where necessary maintenance hasn't been done," which can be used to justify an AGI, she said.

- **See if your building is on the list of AGIs at the [bottom of this story](#).**

Rental prices have risen sharply amid [Ontario's housing crisis](#). The average asking rent for a one-bedroom apartment in the province was \$2,199 in March, [according to Rentals.ca](#).

The data enumerates each AGI filed to the Ontario Landlord and Tenant Board (LTB) between January and August 2022. It was obtained through an access to information request, initially submitted and exclusively shared with CBC News by the Association of Community Organizations for Reform Now (ACORN), a community union of low- and moderate-income people.

#### **WATCH / Tenants at risk:**



#### **Some tenants being 'priced out' of their homes: Toronto housing lawyer**

► 6 months ago 1:04

Philip Geddie, supervising lawyer for the housing division of Downtown Legal Services, a community legal clinic in Toronto, says low-income residents can't afford rent increases above provincial guidelines, especially those relying on Ontario Works or the Ontario Disability Support Program.

Ontario's [rent increase guideline](#) for 2024 is 2.5 per cent. In most cases landlords can file to increase rent by [up to an additional 3 percentage points](#) a year under one of three conditions:

- For major capital expenditures, such as renovations of balconies or an elevator.
- When security service costs increase or are incurred for the first time.
- To offset an "extraordinary" increase of municipal taxes on a property.

AGIs affect rent-controlled units built before Nov. 15, 2018. [Newer buildings are exempt](#).

In statements to CBC News, the companies in question emphasized their commitments to their tenants, saying that they only file AGIs for essential capital projects like balcony and building repairs.



Norma-Jean Quibell, co-chair of the West Nepean ACORN chapter in Ottawa, alleges landlords are not using 'above guideline' rent increases (AGIs) in good faith. The community group says costs resulting from chronic neglect should be ineligible for rent hikes above the provincial guideline. (Matthew Kupfer/CBC)

But Geddie says that even a rent increase of \$30 or \$60 a month can be the difference of being able to afford groceries or medication for people on fixed incomes via programs like Ontario Works or the Ontario Disability Support Program, who receive up to \$733 and \$1,308 a month, respectively.

"It is impossible for someone on fixed income to give up that amount per year without having to make sacrifices that affect them in a direct and physical way," she said.

## Landlords should pay, say tenants

For Michael Cuadra, 31, who has lived with his parents in a Starlight-owned building since he was eight, the additional \$27 a month the Toronto family would have to pay if a pending AGI is approved impacts what other essentials they can afford.

"I'm still looking for work, so I'm on welfare. My parents are semi-retired," said Cuadra.

"With food prices also going up ... that is just more ways that our budget is getting squeezed out of us," he said.

"We already cut cable and phone lines with Rogers because we needed to save money for my dad's treatments."

**WATCH | How language barriers affect immigrant tenants:****Immigrant families need help navigating landlord-tenant disputes: tenant union head**

▶ 6 months ago 0:57

Speaking with CBC News at an ACORN rally, Michael Cuadra, head of a tenants' union at Starlight-owned 1465 Lawrence Ave. W. in Toronto, says his neighbours who struggle with English need help navigating negotiations at the Landlord and Tenant Board.

That AGI is for 1.54 per cent. Their rent could go up even more if a second one, for 5.27 per cent, is approved by the LTB.

In a statement to CBC News, a Starlight spokesperson said the company "made investments to ensure the aging infrastructure could continue to be a safe and welcoming place for more than 423 residents to call home."

Cuadra, who is also a local ACORN leader, argues that because landlords generate revenue from rent, it's their responsibility to pay for renovations and repairs.

"If I owned a restaurant, I would not directly charge my customers for me to fix a broken oven," he said.

Some advocates are calling for AGIs to be banned altogether.

"I don't think [landlords are] using it in good faith, not in the numbers we've seen," said Norma-Jean Quibell, co-chair of the West Nepean ACORN chapter in Ottawa.





Rental prices have risen sharply amid Ontario's housing crisis. The average asking rent for a one-bedroom apartment in the province was \$2,199 in March, according to Rentals.ca. (David Horemans/CBC)

Because of an AGI, Quibell is experiencing a 5.5 per cent increase to her rent this year, but says she and her neighbours are still in need of critical repairs to their windows and floors.

"This cuts into our budget quite a bit," she said. "It makes it more difficult for families like mine to survive in this city."

[In a report on AGIs published](#) Wednesday, ACORN Canada argues that costs related to substantive renovations stemming from a chronic lack of repairs should be ineligible.

## 'Sustainability, maintenance, safety'

CBC requested interviews with each of the five companies, and received written statements from four.

Starlight, Realstar and Hazelview said they only file AGIs for [allowable expenses under Ontario's Residential Tenancies Act](#).

"Sustainability, maintenance, safety, and overall quality and reliability" are "very important" to Hazelview, said Colleen Krempulec, the company's head of sustainability and brand.



Tony Irwin, president and CEO of Federation of Rental-housing Providers of Ontario, says AGIs are a way for landlords to maintain aging apartments in the province, 85 per cent of which were built before 1980. (Farrah Merali/CBC)

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Rental properties owned by BCIMC, an asset manager of many public servant pensions in B.C., referred questions to its subsidiary, QuadReal Property Group, which independently manages its rental properties.

A spokesperson for QuadReal and Parkbridge Lifestyle Communities, which filed AGIs for 18 of the 22 properties owned by BCIMC, said Parkbridge operates under a land lease model where residents own their houses but rent the land.

The spokesperson said that, with an average land rent of \$616 a month, most of the company's AGIs amounted to less than one per cent increase, or under \$5 a month.

Homestead acknowledged CBC's request but did not respond.

Realstar and Hazelview also referred questions to the Federation of Rental-housing Providers of Ontario (FRPO), whose members collectively own and manage about 350,000 rental homes across the province.

**WATCH | How some landlords use renovations to increase rents:****Some landlords buy, renovate older buildings to raise rents, tenant advocate says**

► 6 months ago 1:04

Philip Zigman, co-founder of RenovictionsTO, says landlords like Starlight Investments use an explicit strategy of purchasing and renovating older buildings to maximize rents, pushing out tenants who have lived there for years.

FRPO president and CEO Tony Irwin says AGIs are a way for landlords to maintain the province's aging rental stock.

"When you look at what types of repairs, what types of work is done through the AGI process, these are major capital projects, significant dollars involved to do this," he said.

Approximately 85 per cent of Ontario's apartments were [built before 1980](#), according to the Canada Mortgage and Housing Corporation.

Irwin acknowledged that "housing affordability is a big challenge for many Canadians" and said many of FRPO's members offer relief programs for residents.

Starlight, for example, lets any resident [apply for rent relief](#). A company spokesperson says 98 per cent of applicants receive compensation.

But Philip Zigman, the co-founder of RenovictionsTO, a volunteer-run project that tracks renter issues including AGIs in Toronto, says corporate landlords explicitly use them to maximize profits, often in terms such as "repositioning properties" or a "value-add strategy."

"What's notable about larger landlords driving the increase in AGIs is not that they have larger portfolios, but that they're using above guideline rent increases as a strategy to maximize profits," said Zigman.

**88% of AGIs granted**

Although tenants can dispute an AGI at the LTB, the vast majority pass. Reviewing 2,253 completed AGIs released by the LTB — both provincially since 2017 and in the Toronto area since 2010 — CBC News found that 1,978, or 88 per cent, were granted.

Zigman, who also co-authored [a recent report on AGIs in the Toronto area](#) and reviewed CBC's data analysis, says the LTB often just "rubber stamps" AGIs. He says tenants must work together if they want to see change, citing an [ongoing rent strike](#) in Toronto and a [successful one in 2017](#).

- [Certain landlord applications to increase rent rose following Ontario's rent freeze legislation](#)
- ['Explosion' of above guideline rent increases pricing out some Toronto tenants, advocates say](#)

"If you and your neighbours are concerned about [an AGI], then get organized and try to fight it outside of the LTB process," he said.

In a statement, a spokesperson for Tribunals Ontario said "only a portion of the above guideline rent increase sought in an application may be granted by the LTB," and that some cases that are considered approved are resolved by agreements between the landlord and tenant.

[LTB decisions can be appealed](#) within 30 days.

- [They've lived through 2 'horrible' years of renos. Now their landlord wants to raise the rent by 5.5%](#)
- [Another group of Toronto tenants refuses to pay rent, this time amid near 10% proposed hike](#)
- [Ontario's Landlord and Tenant Board prioritizing above guideline rent increase hearings for rest of year](#)

The number of AGIs has also steadily increased throughout the years. [In 2003-04 year](#), the LTB received 292 such applications. [By 2022-23](#), this number had more than doubled to 605.

Zigman says extensive renovations should be landlords' responsibility since they receive the long-term benefits of increased value on their properties, even when tenants move out.

"The [large landlords] that we have publicly available information for shows that on any given year they're paying out 20 to 30 per cent of their rental revenues to investors. So these are companies that could afford to pay to maintain and upgrade their buildings."

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#### **METHODOLOGY: How CBC News analyzed applications for above guideline rent increases in Ontario**

The data in this story was compiled by Ontario's Landlord and Tenant Board, released through access-to-information requests. Province-wide data was provided to ACORN Canada in two separate releases — one without landlord information from January 2017 to December 2021

with 2,990 AGIs, and another with landlord information from January to August 2022 with 470. This data was then exclusively shared with and analyzed by CBC News.

CBC News identified major corporate landlords using a combination of the available LTB data, company and address searches, as well as publicly available information about acquisitions and ownership.

To estimate the number of rental units affected by AGIs filed by Starlight Investments, CBC News aggregated information published on property management websites and third-party sites such as Apartments.com.

To calculate the percentage of AGIs granted, the two provincial datasets were combined with an earlier dataset from the LTB obtained by CBC News, which includes 1,813 AGIs filed in the Greater Toronto Area between April 2010 and March 2020. Duplicate cases were reconciled with the provincial 2017-21 data, then analyzed to determine how many AGIs were granted out of 2,253 resolved cases.

In the final table listing AGIs by property address, minor discrepancies, such as identical addresses with differing postal codes or municipalities, were reconciled using Google Maps to verify the correct locations.

*Research and data analysis: Aloysius Wong, Associate Producer (February – April 2024)*

*Additional research and data cleaning: Perry Lupyrypa (February 2024) and Molly MacNaughton (April 2024)*

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*With files from CBC's Molly MacNaughton, Perry Lupyrypa and Sarah MacMillan*

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## TRENDING VIDEOS

# Renovation History

Last Update: 2024-04-29

This is a summary of the renovations done at *The 165* by the various landlords who have owned this building. Links are provided to supporting documents when possible. At the bottom is a summary of the work done showing what has been done, when and how often it was repeated.

Question: How much of this was really necessary?

**Please note:** Since not all renovation tasks require a landlord to notify tentants or are obvious to tenants there are a number of items that may not be listed here. This list will be updated as more information becomes available.

## Renovations sorted by date

| Date                                       | Description  | Status              |
|--|--|---------------------|
| A&L Investments 1965 - 2007                |  |                     |
| 1998-1999                                  | Stairwells and hallways were re-plastered<br>All common areas were painted<br>Hallway carpets were replaced<br>The lobby was redecorated<br>The roof was repaired<br>Underground parking repaired and resurfaced<br>The boiler type furnace was replaced   | Complete            |
| 2000                                       | Balcony refurbishment (Tenant Initiated)<br>-The edges of all balcony slabs were cut back<br>-The edges were reformed with new concrete<br>-Some of the balcony guards were repaired<br>-The balcony guards were primed and painted  | Complete            |
| TransGlobe Property Management 2007 - 2012 |  |                     |
| 2008-2009                                  | The lobby was gutted and redone<br>The hallways were painted<br>All hallway carpets were replaced<br>The stairwells were cleaned and painted<br>The Elevators were lined with stainless steel<br>Our toilets were replaced<br>The roof was replaced<br>Flow restrictors were installed on all taps<br>The lobby intercom was replaced<br>The building's sign was changed | AGI SOL-26605       |
| 2008-2012                                  | Renovation of vacant units<br>- Apartment floors were sanded and varnished   | Few Units Completed |



|  |  |                      |
|--|--|----------------------|
|  | <ul style="list-style-type: none"> <li>- Kitchen counters were replaced</li> <li>- New appliances were installed</li> <li>- Bathroom cabinets and counters were replaced</li> <li>- Bath tubs and showers were upgraded</li> <li>- Walls were repaired and painted</li> </ul>  |                      |
| 2009                                     | Front sheer wall repairs <ul style="list-style-type: none"> <li>- Rows of bricks removed</li> <li>- Steel wall retainers replaced</li> <li>- Rows of new bricks installed</li> </ul>   | Complete             |
| 2010-05-07                               | Balcony refurbishment <ul style="list-style-type: none"> <li>- The edges of all balcony slabs were cut back</li> <li>- The edges were reformed with new concrete</li> <li>- Some balcony guards got minor repairs</li> <li>- The balcony guards were primed and painted</li> </ul>   | Complete             |
| <b>Starlight Investments 2012 - 2016</b> |  |                      |
| 2012                                     | Our toilets were replaced<br>Flow restrictors were installed on taps   | Complete             |
| 2012 - 2013                              | The parking lot fire system was upgraded<br>New anchors for swing stages were installed<br>Building exterior and balcony repair <ul style="list-style-type: none"> <li>- The balcony slabs were cut back and reformed</li> <li>- The balcony railings were replaced</li> <li>- The entire building exterior was painted</li> </ul> Common area painting <ul style="list-style-type: none"> <li>- The hallways were painted</li> <li>- The stairwells were painted</li> <li>- Hallway carpets were replaced</li> <li>- The lobby was painted and redecorated</li> </ul> Repairs were done to the garage entrance<br>Retaining walls were painted<br>Parking lot drains were repaired<br>The building's sign was changed | AGI SOL-40297-13     |
| 2012 - 2015                              | Remodelling vacant apartments <ul style="list-style-type: none"> <li>- Appliances were replaced</li> <li>- Apartment floors were redone</li> <li>- Counters and sinks were changed</li> <li>- Bathrooms were redecorated</li> <li>- Kitchens were redecorated</li> </ul>   | Many Units Completed |
| 2014                                     | New domestic furnaces installed<br>New hot water boilers installed   | AGI SOL-67472-16     |
| 2015                                     | Parking garage refurbishment   | AGI SOL-80883-17     |

| <b>Northview Apartment REIT 2016-2020</b>       |  |                     |
|---|--|---------------------|
| 2016-08-01                                      | The building roof was replaced<br>The lobby intercom was replaced  | AGI SOL-80883-17    |
| 2016-2020                                       | Remodelling vacant apartments<br>- Entire walls were removed from kitchens<br>- Kitchen islands were installed<br>- Kitchen cabinets were replaced<br>- Kitchen countertops were replaced<br>- Refrigerators and stoves were replaced<br>- Dishwashers were installed<br>- Bathroom counter tops were replaced<br>- Bathroom cabinets were replaced<br>- Tubs and showers were refurbished<br>- Kitchen and bathroom floors were tiled<br>- Closet doors were replaced<br>- Wood floors were replaced with vinyl planking<br>- Roller blinds were installed on windows | Most Units Complete |
| 2017-2020                                       | Common area remodelling<br>- The lobby was redecorated<br>- The lobby doors were replaced<br>- Wainscoting was added in the halls and lobby<br>- The hallway carpets were replaced<br>- The hallways and lobby were painted<br>- Apartment doors were painted  | Complete            |
| <b>Starlight Investments 2020 - 2021</b>        |  |                     |
| 2020  | Building resold immediately  |                     |
| <b>CLV Group, Interrent REIT 2021 - Present</b> |  |                     |
| Unknown   | Replaced fire alarm controller   | Complete            |
| Numerous  | Remodelling of vacant apartments   | Ongoing             |
| 2021-06-16                                      | Upgrading lighting in underground parking  | Complete            |
| 2021-07-23                                      | Balcony reconstruction<br>Replacing brickwork on exterior walls<br>Removing air conditioner housings<br>Power Washing<br>Exterior painting   | Complete            |
| 2021-08-05                                      | Lobby Construction (8th floor)<br>Replace floor, wall tiles and trim<br>Upgrade light fixtures<br>Upgrade 3 common area doors  | Complete            |



|            |  |          |
|------------|--|----------|
| 2021-08-10 | Stairwell painting   | Complete |
| 2021-09-08 | Sanding and staining door thresholds   | Complete |
| 2021-09-22 | Replacing smoke alarms   | Complete |
| 2021-09-30 | New apartment key distribution   | Complete |
| 2021-10-15 | Replacing apt. door knobs<br>Replacing apt. door locks<br>Replacing mail slot covers<br>Replacing peek holes                                   | Complete |
| 2021-11-04 | Renovated community room opened  | Complete |
| 2021-11-05 | Elevator Modernization Notice  | Complete |
| 2021-11-16 | Demolish and rebuild elevator landings<br>- Replace floor tile<br>- Replace wall panels<br>- Paint Elevator doors<br>- Install decorative trim | Complete |
| 2021-11-17 | Replace entrance canopy roof   | Complete |
| 2021-11-23 | Replace booster pump on parking sprinkler system   | Complete |
| 2021-11-26 | Removing garbage elevator and replacing cover  | Complete |
| 2021-11-26 | Renovating elevator landing at basement parking level  | Complete |
| 2021-12-16 | Painting the floor in the basement hallway   | Complete |
| 2022-01-21 | Entrance canopy reconstruction   | Complete |
| 2022-02-07 | Lobby demolition and reconstruction<br>- Replacing ceramic tiles<br>- Painting trim and walls<br>- New lighting                                | Complete |
| 2022-03-01 | Painting apartment doors<br>- door frames<br>- threshold plates<br>- door trim   | Complete |
| 2022-03-16 | Painting doors in underground parking (No Notice)  | Complete |
| 2022-03-16 | Replacing garage door (Underground parking)  | Complete |
| 2022-03-18 | Update on elevator modernization   | Ongoing  |
| 2022-03-28 | Office glass door installation (in lobby)  | Complete |
| 2022-04-05 | Replace rear building door and frame   | Complete |
| 2022-04-13 | Replace selected toilets (30 units)  | Complete |

|            |   |          |
|------------|---|----------|
| 2022-04-14 | Install Air Conditioning in lobby (No notice)           | Complete |
| 2022-04-18 | Disabled access controls at back lobby door (No Notice) | Complete |
| 2022-04-21 | Replacing hallway lights, 9th floor (No Notice)         | Complete |
| 2022-04-27 | Replacing basement exit doors                           | Complete |
| 2022-05-18 | Demolition and renovation in apt 711                    | Complete |
| 2022-06-10 | Elevator modernization                                  | Complete |
| 2022-06-21 | Painting parking lines in garage and side lot           | Complete |
| 2022-09-12 | New canopy for rear lobby entrance                      | Complete |
| 2022-09-15 | Ceilings and Plumbing near laundry room                 | Complete |
| 2022-09-28 | Replace ceiling in the laundry room                     | Complete |
| 2022-10-23 | Update on Elevator Modernization                        | Complete |
| 2022-12-20 | New heaters in lobby (no notice)                        | Complete |
| 2023-02-20 | Lobby wall renovation                                   | Complete |
| 2023-03-16 | Replace lobby intercom system                           | Complete |
| 2023-04-20 | Unit entry door replacement                             | Complete |
| 2023-04-27 | Rebuilding underground parking entrance                 | Pending  |
| 2023-08-09 | Underground parking entrance and Gym                    | Pending  |
| 2023-09-14 | Unit renovation   | Complete |
| 2023-10-04 | Unit renovation   | Complete |
| 2023-10-25 | Unit renovation   | Complete |
| 2024-02-24 | Unit renovation (5th and 7th floor)                     | Complete |
| 2024-04-04 | Hallway painting (no notice)                            | Ongoing  |

### **Renovations sorted by task**

| Task                   | Dates                  |
|------------------------|------------------------|
| Balcony Refurbishment  | 2000, 2010, 2012, 2021 |
| Elevator Modernization | 2008, 2021             |
| Elevator Landings      | 2008, 2017, 2021       |
| Exterior walls         | 2009, 2012, 2021       |

|                     |                                    |
|---------------------|------------------------------------|
| Furnace Replacement | 1998, 2014                         |
| Hallway Carpets     | 1999, 2008, 2017                   |
| Hallway Painting    | 1999, 2008, 2012, 2017, 2021, 2024 |
| Lobby Intercom      | 1999, 2008, 2016, 2023             |
| Lobby Redecoration  | 1999, 2008, 2012, 2017, 2022, 2023 |
| Roof Repairs        | 1998, 2008, 2016, 2021             |
| Starwell Repainting | 1998, 2008, 2012, 2017, 2021       |
| Toilet Replacement  | 2008, 2012, 2021                   |
| Underground Parking | 1999, 2012, 2015, 2021, 2022       |
| Vacant Apartments   | Continuous                         |

D10

2021/11/05





D11

2021/11/05



D12

2022/09/12

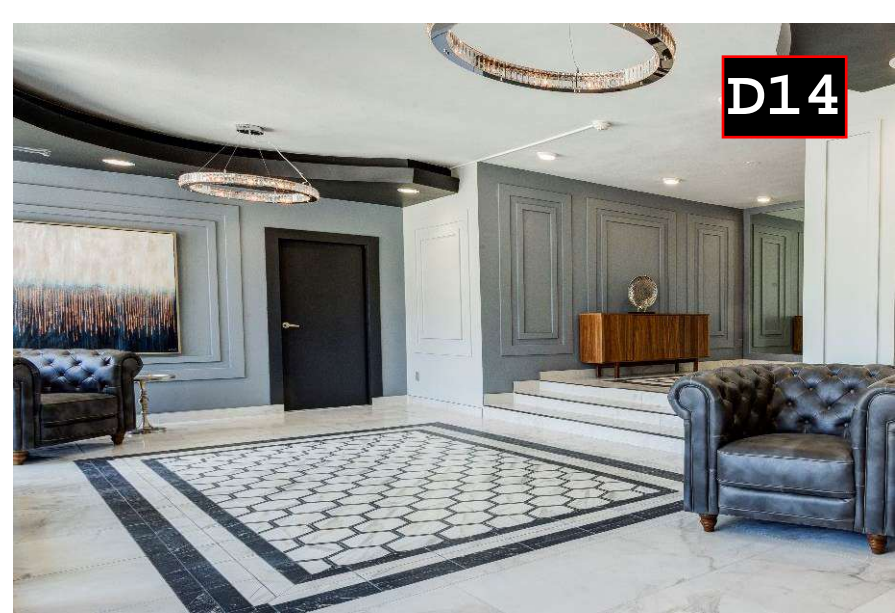
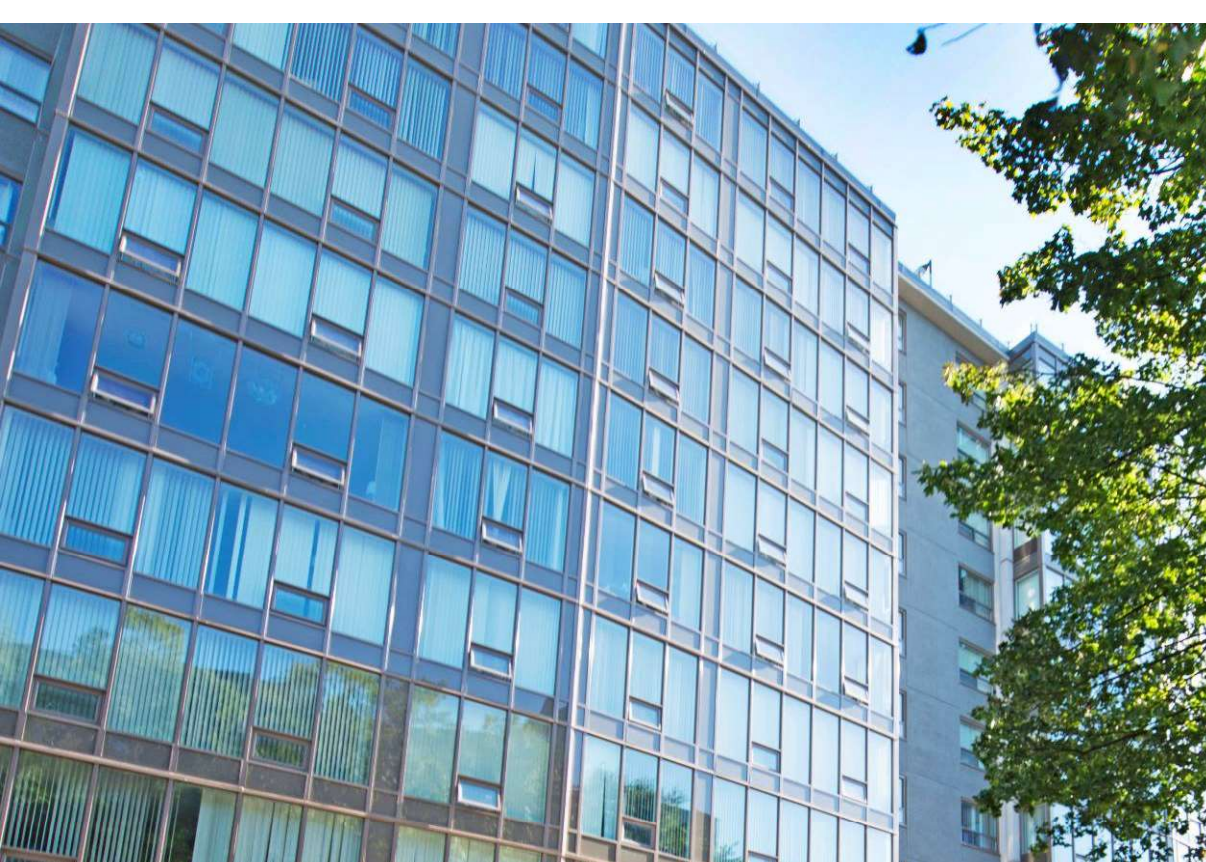


D13

2022/11/09





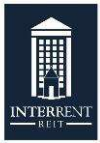


# INTERRENT REIT INVESTOR PRESENTATION

June 2021







# FOCUS ON REPOSITIONING

## EXTERIOR UPGRADES

- Complete, attractive first impression package
- Designer-influenced exterior finishes

Before



5220 Lakeshore | Burlington

After



## COMMON AREA UPGRADES

- Added functionality
- Designer finishes
- Enhanced security



New Street | Burlington



## UNIT UPGRADES

- Improving suite layout
- Upgraded bathrooms and kitchens
- Upgraded flooring



LIV | Ottawa





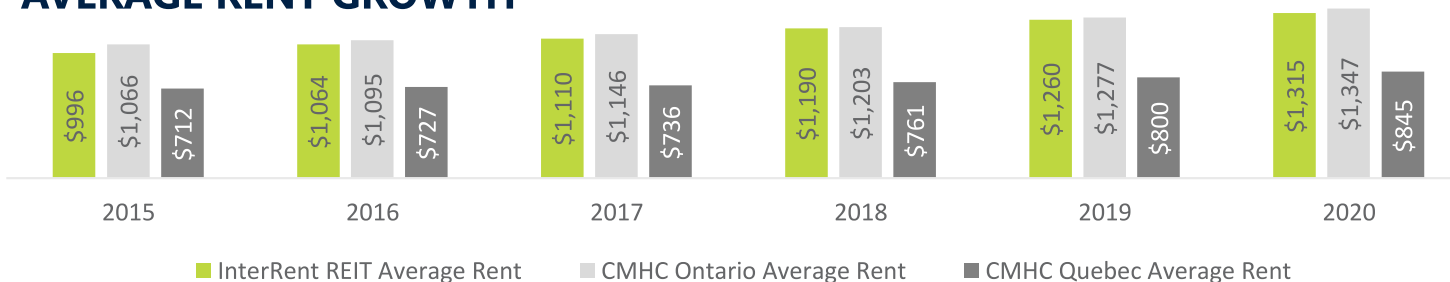


## DELIVERING THE EXPERIENCE

Exceptional amenities and best-in-class service are key components of the experience our residents are looking for in their homes.



### AVERAGE RENT GROWTH



### 5-Year Average Rent CAGR

|                |      |
|----------------|------|
| InterRent REIT | 5.7% |
| Ontario (CMHC) | 4.8% |
| Quebec (CMHC)  | 3.5% |



# SUBSTANTIAL UPSIDE IN NON-REPOSITIONED PORTFOLIO

| In \$ 000's              | 3 Months Ended March 31, 2021   |       |                                     |       |                 |       |
|--------------------------|---------------------------------|-------|-------------------------------------|-------|-----------------|-------|
|                          | Repositioned Property Portfolio |       | Non-Repositioned Property Portfolio |       | Total Portfolio |       |
| Gross rental revenue     | \$33,919                        |       | \$11,043                            |       | \$44,962        |       |
| Less: vacancy& rebates   | (3,074)                         |       | (1,680)                             |       | (4,754)         |       |
| Other revenue            | 1,772                           |       | 1,071                               |       | 2,843           |       |
| Operating revenues       | \$32,617                        |       | \$10,434                            |       | \$43,051        |       |
| Expenses                 |                                 |       |                                     |       |                 |       |
| Property operating costs | 4,754                           | 14.6% | 1,888                               | 18.1% | 6,642           | 15.4% |
| Property taxes           | 4,042                           | 12.4% | 1,355                               | 13.0% | 5,397           | 12.5% |
| Utilities                | 3,132                           | 9.6%  | 1,392                               | 13.3% | 4,524           | 10.5% |
| Operating expenses       | \$11,928                        | 36.6% | \$4,635                             | 44.4% | \$16,563        | 38.5% |
| Net operating income     | \$20,689                        |       | \$5,799                             |       | \$26,488        |       |
| Net operating margin     | 63.4%                           |       | 55.6%                               |       | 61.5%           |       |

| Region                          | Repositioned Property Portfolio |                         |                    | Non-Repositioned Property Portfolio |                         |                    |
|---------------------------------|---------------------------------|-------------------------|--------------------|-------------------------------------|-------------------------|--------------------|
|                                 | Suites                          | March 2021 Average Rent | March 2021 Vacancy | Suites                              | March 2021 Average Rent | March 2021 Vacancy |
| Greater Toronto & Hamilton Area | 2,588                           | \$1,451                 | 4.6%               | 978                                 | \$1,250                 | 12.9%              |
| National Capital Region         | 2,883                           | \$1,392                 | 10.0%              | 82                                  | \$2,168                 | 10.2%              |
| Other Ontario                   | 1,460                           | \$1,336                 | 2.2%               | 383                                 | \$1,054                 | 10.0%              |
| Greater Montreal Area           | 1,383                           | \$1,161                 | 10.4%              | 1,404                               | \$1,138                 | 15.8%              |
| Greater Vancouver Area          | -                               | -                       | -                  | 307                                 | \$1,535                 | 15.8%              |
| <b>Total</b>                    | <b>8,314</b>                    | <b>\$1,362</b>          | <b>6.9%</b>        | <b>3,154</b>                        | <b>\$1,227</b>          | <b>14.0%</b>       |