

Manitoba must pass legislation to protect tenants and keep rental housing affordable

The problem

Rent increases cause a major loss of affordable rental housing in Manitoba, severely impacting low and moderate-income tenants. This is due to loopholes in the rent control system allowing unreasonable rent increases. Maximum rent increases are regulated by an annual guideline tied to the rate of inflation. The 2025 rent increase guideline is 1.7% and was 3% in 2024 and 0% in 2023. The guideline, however, does not apply to all units. New buildings first occupied after March 2005 have no limits to annual rent increases for a 20-year period, and there are no limits for units renting at \$1,640 monthly or above. Rent control is further undermined by the landlord's ability to withdraw "rent discounts" with little notice and by "above-guideline rent increases" (AGIs), where landlords may claim an unreasonable range of expenses to get approval for rent increases without limit. AGI rules allow very large increases over short time periods, causing permanently higher rents even after the landlord's expenses are recouped. In 2022, the average increase was 9.8% but documented increases have been as high as 30%, 50% and 126% in recent years. Tenants have no real protections against these increases, which can force them to move - with limited affordable alternatives - or cut back on critical expenses like food and medicine to pay rent.

What can be done right now

The Manitoba government can strengthen rent regulations and protect affordable rental housing by amending the Residential Tenancies Act. In the fall of 2024, the NDP government introduced Bill 26, The Residential Tenancies Amendment Act, to limit above-guideline rent increases, but the Bill did not move forward. All tenants, regardless of their legal rent or the age of their rental unit, should be protected from unpredictable and unlimited rent increases and landlords should not be allowed to permanently increase their profit margins under the guise of passing temporary cost increases to tenants. The Manitoba government must keep its promise to protect tenancies and affordable rental housing by passing a strong new Bill in the Spring 2025 legislative session with the following five key elements:

- 1. Apply rent regulations to units renting for more than \$1,640 monthly;
- **2.** Replace the 20-year rent regulations exemption for buildings first occupied after 2005 with a 5-year exemption;
- **3.** Limit above-guideline rent increases to no more than 9% above the rent increase guideline and no more than 3% a year;
- **4.** Calculate rent increases for capital expenses over a 10 to 25-year amortization period, after which the rent increase should be reversed; and
- 5. Disallow rent discounts while ensuring renters keep existing discounts.

These actions are rooted in Right to Housing's <u>Social Housing Action Plan</u> for Manitoba, which was released in October 2023. The plan is based on decades of research and consultation. Its <u>five pillars</u> have been endorsed by more than 90 organizations.