



DON'T INVEST in ONTARIO RENTAL HOUSING

By Christopher Seepe

“A nation trying to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”

— paraphrased from Winston Churchill

“The more corrupt the state, the more numerous the laws.”

— Tacitus, Roman historian

“The rent crisis is not a natural disaster; it's the result of political choices.”

— unattributed

“Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly and applying the wrong remedies.”

— Groucho Marx, American comedian and actor

“If voting made any difference, they wouldn't let us do it.”

— usually attributed to Mark Twain

“All tyranny needs to gain a foothold is for people of good conscience to remain silent.”

— Edmund Burke, Anglo-Irish statesman

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Introduction

Don't purchase or build rental housing in Ontario until the financial, legal and emotional consequences of the factors briefly outlined in the list further below have been addressed by the political leadership of this province. The call to action in the title of this document for small-to-medium-sized housing providers is the only remedy left to combat the glaring and ubiquitous absence of political courage in all of Ontario's elected decision makers to take the decisive actions so desperately needed, even if those decisions and actions are unpopular.

Who created the vacant condos in the sky next to the burgeoning tent towns on the street? Not housing providers. It's not in their interest to do so.

Housing is where jobs go to sleep. When housing disappears, so does most everything else. Housing is the foundation of sustainable living without which no society can survive or grow. A shortage of housing in an established society represents a significant security threat to all residents from myriad social ills that arise from homelessness and unfulfilled home ownership aspirations.

In Ontario, politicians, tenants, social activists, housing advocates, non-profit operators, academics, civil servants and most media universally vilify and subsequently victimize all housing providers but, unlike the big residential property operators with deep pockets, lobbyists to advance their agendas, and the ear of influential politicians and civil servants, small housing providers have no voice. The best they can do is protest with their feet and invest elsewhere.

Government has demonstrated for decades that it does not know how to build, own or operate *sustainable* rental housing but it consistently has the hubris to tell seasoned and knowledgeable housing providers how to do so.

Perhaps most importantly, when an estimated 50% of rental housing is in the hands of "unincorporated individuals," the Ontario government has dramatically negatively impacted the livelihood and particularly the retirement plans of roughly 480,000 small-to-medium-sized entrepreneurial, risk-taking rental housing providers, most of whom have no pensions or other self-sustaining sources of retirement income. Here are:

101 Reasons NOT to Invest in Ontario Housing

1. Can't recover unpaid rent – no viable recourse
2. No damage/security deposit – no viable recourse
3. No late rent payment fee – tenants prioritize all other payments first
4. Province takes 9 to 12 months to return rental property possession to rightful owner after a tenancy agreement has been breached
5. Unnecessarily overwhelmed sheriff's department for evictions, etc.
6. Long-term tenants created by rent control obliterate equity – e.g. \$500/month below market wipes out \$120,000 of value (at 5% cap)
7. Tenant can re-enter renovated unit at pre-renovated rent rate

8. Small-to-medium rental operators pay 50% corporate tax. Large rental property operators pay 13%
9. Extremely difficult to sell tenant-occupied rental housing, especially with long-term rent-controlled tenants.
10. Municipalities hold housing providers responsible for tenant actions and inactions outside housing providers' control e.g. mold, pests, condensation, smoking, neighbour noise, etc.
11. Massive increase in tenant application fraud because of lengthy LTB delays
12. Double to quadruple mortgage interest rates on renewals dramatically reduce profitability, cash flow and appreciation
13. Ontario residential property values (prices) stagnant or declining, especially condos
14. Long-term tenants and non-rent-paying tenants can extort "fees for keys" (or "cash for keys") – many cases of \$20,000+ payments.
15. Since 2012, annual rent increase guideline rent capped at 2.5%, while operating cost increased exponentially.
16. Housing providers can't use same credit application criteria as lenders despite same credit qualification needs as homebuyers
17. Private sector housing providers vilified by politicians, tenants, bureaucrats, social activists, housing advocates, non-profit operators, academics, and most media
18. Potential huge emotional and legal risks – tenant death, murder, drug trafficking, death threats, slip-and-fall, frivolous/vexatious lawsuits, etc
19. Professional tenants created by legislation and Landlord Tenant Board (LTB) biases game the system. Housing providers lose tens of millions. Government ultimately loses through tax write-offs
20. Residential tenancy legislation created the "4-S" vulnerable groups – Students, Seniors, Single-parents and Social assistance (including refugees but not immigrants). All share common rental-inhibiting qualities of no work, income and residence history
21. Affordable Housing Paradox: Government cannot afford affordable housing – the lower the rent, the lower the property tax revenue
22. Rent Control Paradox – Freezing rents reduces affordable housing supply. New unit construction ROI impossible with frozen rents
23. First-time Homebuyer Paradox - creates more demand and competition for ever-shrinking housing supply
24. Negative cash flow is common in Ontario without substantial down payments. High down payments defeat using "other people's money." Reduces investor funding supply.

25. Government tax agencies (e.g. MPAC) ignore impact of rent control – applies below-market cap rates, adjusts actual below-market rents up to market level, adjusts high expense amounts down to “market average” - inflates property value
26. CMHC and lenders under-value properties with high cap rates, high expense “benchmarks,” excessive mortgage insurance premiums
27. Actual cost of housing operations not reflected in CPI, the basis of Ontario rent increase guidelines – shelter cost is 28.3% in CPI basket
28. Forced to accept pets – no practical recourse for damage
29. Excessively long capital expenditure & mortgage cost write-off periods
30. Can’t pass on cost of electrically-generated heat (e.g. electric baseboards) – huge affordability issue
31. Free LTB duty counsel for tenants, none for housing providers
32. No practical jurisdiction over, or remedies against, guarantors
33. Any person can move into a rental unit without application, approval or oversight.
34. Recoverable Capital Cost Allowance: sellers must repay all capital depreciation expenses deducted during term of ownership
35. Capital Gains tax – seller must pay 25% of increase in property value. Rate proposed to increase to 33%.
36. Heavily tenant-biased government-authored residential tenancy agreement, unfairly arbitrated by government tribunals
37. Ontario Land Transfer Tax
38. Additional Toronto Land Transfer Tax
39. Rapid increases in property taxes: Toronto increased 26% in 3 years – 9.5% (budgeted 2025), 9.5% (2024), 5.5% + 1.5% city building levy (2023)
40. Lenders will NOT fund affordable housing - spread between loan versus property value too risky, especially if property values drop
41. Many banks won’t offer amortization period longer than 25 years – severely impacts property cash flow and financial viability
42. Above Guideline Increase (AGI) application takes 1 to 4 years but rent decreases due to property tax decreases is a 90-day automated process requiring no approvals
43. Can’t recover major operating cost increases of tenant consumables including electricity, water, and gas, also property insurance
44. Excessive development charges
45. Multi-year development lead-times to approve housing projects
46. CMHC charges almost double for its mortgage insurance premium for retirement and supportive housing, almost 50% more for student

- housing, and 50 basis points more for MLI Select versus conventional private sector housing. Affordable housing is much riskier.
47. CMHC charges premium on total loan, not loan “top-up” amount despite original premium covering original amount for life of loan
 48. Municipalities cater to NIMBYism (Not In My Back Yard)
 49. Massive, unregulated and arguably profiteering increases in property insurance premiums, despite record industry profits
 50. Insurance premium holders pay for insurance company investment failures
 51. Hidden and almost universally misunderstood co-insurance scheme
 52. Municipalities empower tenants to weaponize by-law enforcement
 53. Municipalities refuse to pick up garbage if their truck must backup
 54. Parking space-to-unit ratios unrealistic
 55. Historical all-inclusive rent destroys equity, appreciative value and ROI
 56. Housing provider must pay tenant one month rent to re-possess housing provider’s property for own use
 57. Ontario municipalities’ cash-in-lieu (parklands) tax cash grab
 58. Construction costs – especially steel, glass, wood and concrete
 59. Large builders/developers lock up total annual production volumes of all concrete, steel, glass and wood – no supply for smaller builders
 60. Municipal property standards licensing programs add significant housing costs with dubious and unproven benefits
 61. Government-owned utility companies do not support private sector renewable energy initiatives
 62. Utility companies demand housing providers pay for new/upgraded transformer but keep all revenue generated by it
 63. A few large waste management companies exert powerful monopolistic influence
 64. Cities transfer waste management obligations to third parties but don’t refund property tax
 65. Unpaid tenant water bills (over which housing providers have no control or who have a tenant agreement) are charged to property tax bill by municipalities
 66. Insurance companies won’t insure many types of rental properties, or they charge disproportionate premiums versus risk
 67. Real Estate Investment Trusts in out-of-Ontario markets (e.g. Alberta Texas, etc) often provide better returns on investment
 68. Many Guaranteed Investment certificates (GIC) offer returns higher than net rental income – with zero risk and ... no tenants

69. Massive Fire Code-related potential fines – \$500,000 for a first offence, \$1.5 million for any subsequent offences. A missing fire-rated door might be a first offense
70. Human Rights Code’s brutal and obtuse housing legislation – “duty to accommodate to point of undue hardship” ... for housing provider
71. Ambiguous and obtuse privacy legislation “interpretations” by Privacy Commissioner deliberately discourages allegedly legally-permitted “bad actor” lists
72. Vacancy/Under-used tax – red herring – addresses housing crisis symptoms, not causes
73. Foreign Investment/Ownership Tax – red herring – addresses housing crisis symptoms, not causes
74. Renovation-related taxes and fines – no one asks why it’s on the rise – red herring – addresses housing crisis symptoms, not causes
75. Housing affordability definition fatally flawed – doesn’t consider housing construction and maintenance supply chains
76. Severe shortage of independent contractors (electricians, plumbers, snow plow, etc.) in Ontario
77. Not enough construction cranes despite Toronto having the highest number of cranes in North America
78. Incessant vacancy control threats (freeze all rents even after vacancy), despite massive losses from 1986 to 1997 via “Rent Registry” – spent \$610 million to save tenants \$230 million (in 2023 dollars)
79. “Housing as a right” threats
80. Housing “financialization” threats – red herring – addresses housing crisis symptoms, not causes
81. Ontario is only province that charges HST on electricity
82. HST charged on carbon tax – illegal “double-dipping” but still done
83. Ontario has the largest subnational debt in the world, more than 166 countries including Russia. About \$451 billion (2025 03 31). Interest is \$14.7 billion in 2025–26 = \$2.20/day/resident (including kids)
84. Some municipalities prevent water meter ownership – charges excessive monthly “lease fees – many times cost of the meter
85. Some municipalities install over-sized water meters to levy higher-than-needed meter leasing costs
86. Carbon tax
87. Anti-flipping legislation – red herring – addresses housing crisis symptoms, not causes – discourages renovations and upgrades
88. Anti-short-term rental by-laws (e.g. Airbnb) – red herring – addresses housing crisis symptoms, not causes

89. Only small-to-medium-sized housing providers build and offer true housing that's affordable but no incentives. Big operators receive huge financial incentives but never create housing that's affordable.
90. Government doesn't engage small-to-medium-sized rental property owners. No "voice" for over half of Ontario rental property owners
91. Housing providers must proactively ensure their properties aren't being used illegally (Ontario's Bill 10)
92. Government hides behind cloak of secrecy citing privacy despite 2018 court ruling that "*publicity is the order of things*" in judicial matters
93. Government makes it financially better for property owners to run a property into the ground rather than sell or renovate it
94. Human Rights Commission routinely conducts free repeated lectures for tenants' rights, nothing for housing providers
95. 1.5 to 2 times higher property tax mil rates for multi-family versus single family homes
96. Cap on capital cost recovery through AGI – limited to 3% of rental income per year for three years. Can't combine AGIs.
97. Backlash from "hysterical" (historical) society heritage designations
98. Significantly-aged rental stock. 82% built before 1980 (45 years). 53% built before 1970 (55 years or more). 90% of GTA over 40 years old.
99. Federal government staff payroll (and employee benefits) increased 68% (48,171) 2022 to 2024
100. In Ontario, adjacent properties must merge on title – can result in massive property tax increases, discourages housing assemblies
101. Ontario is the only province with a net loss of rental units in 2023. CMHC's Rental Market Report (2024 01) "*... woeful and saw a net decline(!) in the stock of one per cent or 6,548 units.*"

Solutions

Many of the solutions are *easy*:

- Create a CRA exception to the 50% passive income corporate tax rate for *hands-on* small-to-medium-sized rental property owner-operators
- Reinstate and restructure an affordable security deposit
- Reinstate and restructure late fee
- Scale rent control to decrease as housing supply and demand balance
- Return property to rightful owner within 30 days. This would resolve many housing crisis *symptoms*:
 - Ends fraudulent applications
 - Ends professional tenants
 - Ends lengthy vacancies

- Improves acceptance of marginal applicants
- Reduces burden of proof for good tenants
- Substantially reduces renovictions
- Notably improves government tax revenue sources
- Reduces real-world bias and prejudicial decisions
- Apply same credit requirements for tenants as for homebuyers
- Revise and balance rent increase guideline rent cap
- End the vilification of housing providers
- Exercise some political courage and leadership
- Significantly reduce capital expenditure and mortgage cost write-off periods
- Allow cost of electrically-generated heat to be passed on to tenants – also reduces carbon footprint
- Remove or reduce Recoverable Capital Cost Allowance (RCCA)
- Regulate rental housing insurance (homeowner insurance not an issue)
- Prevent insurance companies from passing on their investment failures
- Better educate, limit or end co-insurance
- Compel by-law agencies to identify good actors from bad
- Compel by-law agencies to fine multi-family bad actor tenants
- Compel municipalities to pick up garbage even if truck has to back up
- Require municipalities to use cash-in-lieu funds before any provincial funding is granted
- Eliminate first-time homebuyer incentives until supply-demand is balanced
- Eliminate municipal licensing programs
- Implement municipal certificate and rating programs that recognizes housing providers with little-to-no by-law complaints
- Compel government--owned utility companies to build out renewable energy solutions
- Balance fines of every type to reflect the true severity of civil code infractions – exactly as all upper courts do
- Publish Ontario tribunal recidivism statistics
- Objectively and unambiguously define rules for maintaining bad actor (tenants and landlords) lists
- Duplicate Montreal's trades enlistment program
- Compel CMHC, MPAC etc. to use actual rental incomes, expenses and fair cap rates to assess property values

- Update Ontario’s actual CPI shelter cost rent in rent increase guidelines
- End discussions on vacancy control
- End HST on electricity
- End HST charged on carbon tax
- Reduce Ontario’s publicly held debt
- Reduce government staff count
- Permit water meter purchase
- End practice of installing over-sized water meters
- Treat water billing the same as electricity and gas. Tenant account holders are liable for their unpaid bills
- End anti-flipping laws, etc. – balanced demand-supply will negate the benefits, and increase the risks, of flipping
- Incentivize small-to-medium-sized housing providers to build and offer truly affordable housing

What A.I. Reported

I don’t place much store in artificial intelligence (A.I.) service responses to most questions I ask. In this instance, however, I was surprised to see a balanced response that was reflective of my own life experiences and accumulated knowledge about Ontario’s housing crisis.

Do an online A.I. query (such as ChatGPT, Perplexity, Gemini, etc.) to independently corroborate the above list of causes and symptoms, and you may perhaps discover even more reasons why you should not buy or build rental properties in Ontario. Canada.

On June 07, 2025, I entered the following query into the popular A.I. application called ChatGPT, *“Is it worthwhile to invest in Ontario rental housing?”* It responded: *“Bottom Line: For most small, individual investors, Ontario’s rental market today offers low cash flow, high stress, and significant regulatory risk. That makes it less attractive than in the past.”*

ChatGPT then asked: *“Would you like a comparison with other provinces or markets?”* to which I responded, *“Yes.”* Here’s its reply.

Factor	Ontario	Alberta	Quebec	British Columbia
Rent Control	☑ Yes (strict, tied to CPI)	✗ No rent control	☑ Yes (regulated by TAL)	☑ Yes (strict in major cities)
Eviction Process	⊖ Slow & complex (LTB backlog)	☑ Relatively fast, more landlord-friendly	⊖ Bureaucratic, delays common	⊖ Slow, tenant-favouring

Factor	Ontario	Alberta	Quebec	British Columbia
Landlord-Tenant Board	⊖ Overwhelmed and tenant-friendly	☑ Quicker and more balanced	⊖ Complex & slow	⊖ Overloaded like Ontario's
Tenant Protections	🔒 Very strong	🏠 Moderate	🔒 Very strong	🔒 Very strong
Upfront Costs (Taxes, Fees)	⊖ High (land transfer tax + more)	▼ Lower (no LTT in most areas)	▲ Moderate (some fees, smaller LTT)	⊖ Very high in Vancouver
Operating Costs	⊖ Increasing fast	▼ Lower property tax & insurance	🏠 Moderate	⊖ High (utilities, taxes, strata)
Rental Demand	☑ Strong in urban areas	☑ High in Calgary & Edmonton	☑ Strong in Montreal	☑ Very strong in Vancouver
Cash Flow Potential	⊖ Often negative (esp. GTA)	☑ High with lower entry prices	🏠 OK but offset by strict controls	⊖ Poor unless bought pre-2020
Market Volatility	▲ Medium-High	▲ High (oil-sensitive, but rebounding)	▼ Lower volatility	▲ Very high in urban areas
Property Values	▲ Very high in GTA	▼ More affordable in AB cities	▲ Moderate	▲ Extremely high
Policy Stability	⊖ Unpredictable	☑ More stable for landlords	⊖ Prone to local changes	⊖ Subject to NDP-driven policy shifts

Source: ChatGPT results of queries on 2025 06 07 as stated verbatim immediately above this table

Table Summary

Ontario has a slow and complex eviction process, high upfront costs, fast-increasing operating costs, often negative cash flow, medium-high market volatility and unpredictable policy stability.

Summary

Rental housing in Ontario is a wholly thankless and unrewarding business, despite the invaluable service that housing providers supply. In such a toxic anti-housing provider environment, why would anyone want to take on the huge financial, legal and emotional risks of investing in building new rental

properties or owning and operating one for a society that has incessantly targeted housing providers for decades as “rich, greedy and immoral?”

This is the proverbial “biting the hand that feeds them.” With roughly 95% of all housing in Ontario built by the private sector and their financial resources, chase away the investors and there’s no money for any housing, which comes with it a consequent massive loss in municipal revenues.

Pragmatically, why invest in building or buying Ontario rental housing when an investor can make the same and often better returns by doing literally nothing and putting their money into other types of investments ... and not deal with government ... or tenants?

Don’t invest in Ontario’s rental housing.

About the Author

Chris Seepe currently owns and hands-on operates six small apartment buildings totaling 70 rental units in Ontario. He’s been a housing affordability advocate for a decade, published two books on “landlording” in Ontario, taught an immersive six-day landlording course for many years, has had dozens of articles published in national media, and been invited to speak at many landlord venues, realtor agencies, trade shows, and symposiums across Ontario. He was the author and driver of the petition, “We Demand Automatic Eviction Orders for Non-Payment of Residential Rent,” that garnered about 42,500 mostly housing provider signatures.

Other Works by the Author

The Dark Side of Residential Landlording

Book website: www.darksidebook.com

Landlording in Ontario

Book website: www.landlordingbook.com

Purchase the print version of either book at: www.lulu.com

Online *Landlording in Ontario* real estate course taught by the author

<https://training.openroom.ca/>

75+ additional clauses to Ontario’s Standard Tenancy Agreement

www.standardlease.ca

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