

RENT GOUGING & RETROFITS



Tenants' perspective of the CIB financing deal with Avenue Living



www.acorncanada.org

ACORN CANADA 2024

EXECUTIVE SUMMARY

The 2022 \$130 million financing agreement between the Canadian Infrastructure Bank (CIB) and Avenue Living was promoted as a potential model for upgrading Canada's purpose-built rental housing stock. As Western Canada's fastest-growing landlord, Avenue Living conducts essential energy retrofits and upgrades to housing for tenants, while the federal government has backed the initiative with substantial funds to curb GHG emissions from apartments.

Regrettably, this model is severely flawed because it not only neglects tenants as stakeholders but also relies heavily on imposing excessive rent hikes on these same tenants. ACORN estimates that the rent increases tenants are getting generates \$31.5 million in annual revenue for Avenue Living. * (Footnote 1)

This report details the flaws in this deal by doing what Avenue Living and the CIB didn't do: **listening to tenants.**

This report was created by capturing the findings of an Avenue Living tenant survey conducted by Alberta ACORN, both online and in person at the door. 111 tenant responses were collected from both current and past tenants of Avenue Living in Alberta. The focus of the survey was to get the tenant perspective on the retrofit financing deal. Here are some key findings:

Exorbitant Rent Increases:

- Most tenants (50%) got rent increases recently, ranging anywhere between \$300 - \$599. Some even got an increase beyond \$600 to as high as \$800.

*Footnote 1: Avenue Living says retrofits will ultimately benefit over 10,000 residents across the Prairies. 10,000 residents divided by 1.6 persons equals 6,250 units retrofitted. Times by \$420 (ACORN estimates is the average rent increase) equals 2,625,000 per month which is 31,500,000 per year.

- More than half the tenants (55%) struggled to pay the increase (could barely pay), and 16% of tenants were forced to move out.
- 70% of tenants are concerned that energy retrofits in their apartment will raise the rent further.

Tenants will support retrofits but only if they don't lead to further rent increases:

- 78% of tenants would support retrofits in their buildings if there were rules about landlords not being allowed to make excessive rent increases.

As the findings illustrate, while the model of financing looks promising, the objective of achieving climate change targets comes at the expense of another government objective, housing affordability. Housing and climate justice need to go hand in hand. As the federal government commits more public dollars for retrofits in light of the worsening climate crisis, it is critical that financing agreements between the government and private landlords have affordability and anti-eviction covenants and deep tenant engagement.

CONTEXT

Tenants are likely most affected by the dual environmental and affordable housing crises facing Canada. Increased rent and energy costs have long been outpacing their wages and fixed incomes. At the same time, tenants are least able to mitigate the negative health impacts that come with climate change, such as wild-fire smoke, heat-waves and more.

The federal government is combating these dual crises through large publicly funded programs aimed at decarbonizing Canada's economy and solving the housing crisis.

Retrofitting Canada's apartment buildings is a crucial step towards achieving our carbon reduction goals. The vast majority of Canada's apartment buildings were built before 1990, i.e., before energy efficient building standards were put into place. Also, as ACORN often highlights, apartment buildings, especially ones that are affordable, are often poorly maintained, which leads to more energy inefficiencies, not to mention less comfortable and livable housing for tenants.

It's crucial to maximize every public dollar spent, especially as the government invests heavily in retrofits alongside federal funding for affordable housing. If done properly with tenants as equal stakeholders, the retrofitting on Canada's ageing market-rental apartment-building stock can create healthy, environmentally sustainable, and affordable housing for low-to-moderate income Canadians.

The CIB Avenue Living deal does the opposite. It attempts to solve the climate crisis in a way that exacerbates the housing crisis, and minimises the benefits of this important public investment by making tenants an afterthought.

The need for retrofits

Canada's 2030 Emissions Reductions Plan emphasizes the need for decarbonizing buildings to achieve the emission targets set for 2030 and 2050. Emissions in the building sector have been increasing, with buildings accounting for 17% of Canada's direct GHG emissions in 2019. Over 85% of building-sector emissions come from space and water heating. Out of the total building stock in Canada, 32.7% constitute apartment building, meaning a lot of important work needs to be done.

The crucial task of scaling up energy retrofitting in Canada's rental apartments is complicated by the split incentive that exists. In many cases, the entity responsible for doing the retrofit (the landlord) is not the entity who will benefit from it. The split incentive then renders basic government incentives ineffective in spurring landlords to retrofit their properties, as they do with home and business owners.

Tenants must be included to maximize benefits of public investment.

ACORN's research on retrofits clearly illustrates that beyond energy benefits, retrofits can have the potential to produce additional positive outcomes for tenants, called co-benefits, which impact health, homes, and communities. The report further concludes that deep tenant engagement is key. There is a need to build trust and engage tenants throughout the retrofit process, but this is often undervalued.

One of the worst by-products of the CIB/Avenue Living funding agreement is that it directly increases the need for more public investment in affordable housing. This would have been avoided if tenants' interests were taken into account.

Tenants paying for the retrofits:

Increasing rents appears to be central to the CIB/Avenue Living agreement.

Extrapolating from the data collected in the Avenue Living Tenant survey, ACORN estimates that Avenue Living rents have increased by a whopping \$31,500,000 annually in the 240 buildings it plans to retrofit. This new revenue stream makes paying back money owed to CIB much easier for Avenue Living (Footnote 2).

Alberta is the wild west for tenants:

Among provinces, Alberta fares worst when it comes to tenant protections. No rent control, no security of tenure, and underenforced minimum housing standards leave Alberta tenants vulnerable - all contributing to precarious housing.

Here are some facts:

- Rents in Alberta can be raised every year by as much as the landlord wants or the market allows. That's frightening, because Calgary's rents are rising as fast as anywhere in Canada. Among Canada's largest cities, as per [Rentals.ca March 2024 report](#), Calgary remained in second place with asking rents for apartments up 10.6% annually.
- Tenants who sign fixed-term leases have no guarantee they can stay in their homes when the term ends. The landlord can raise rents at the end of every lease and decide to not renew it for any reason.

The lack of tenant protections in provinces like Alberta make it imperative for the federal government to include affordability and anti-eviction covenants in all funding agreements given to landlords to retrofit their apartment buildings.

*Footnote 1: Avenue Living says retrofits will ultimately benefit over 10,000 residents across the Prairies. 10,000 residents divided by 1.6 persons equals 6,250 units retrofitted. Times by \$420 (ACORN estimates is the average rent increase) equals 2,625,000 per month which is 31,500,000 per year.

What is ACORN?

ACORN Canada or Association of Communities for Reform Now is a multi-issue, mass-based community and tenant union of low-to-moderate income people. We build power to hold the government and corporations accountable. With chapters across the country, ACORN is able to be both a local-based union winning local campaigns, as well as a national community union bringing members together from across the country to fight for national campaigns. ACORN started in 2004 and has since grown to 177,000 plus members organised into 30 chapters in 10 regions across 6 provinces in Canada.

Methodology

The survey was conducted online, by phone, and by canvassing, and filled out by current Avenue Living tenants in Alberta and those who have moved out in the last 24 months.

A total of 111 Avenue Living tenants responded, all within the month of March 2024. Given that no question was mandatory, the number of responses received for each question varies.

FINDINGS

SUMMARY OF MAIN FINDINGS

Based on the survey conducted by ACORN, the following are the key findings that emerge:

- Rents have surged since the financing deal was finalized.
- There has been a severe decline in regular upkeep and security in the building since Avenue living bought the buildings.
- Retrofits are underway, but Avenue Living is not involving tenants in, or informing tenants of, the process.
- Avenue Living is neglecting basic measures to reduce greenhouse gas emissions, such as recycling, implementing green bins, and establishing gardens.
- There are outstanding repairs needed in the buildings, such as fixing appliances, which Avenue Living is not addressing.
- Tenants are willing to contribute to retrofits and decrease their own energy expenses but are extremely concerned that their rents will increase further because of the “renovations”.
- Tenants have vacated their units due to the rent increases.

Detailed findings are provided in the charts.

FINDINGS

1. RENT, INCREASES & MAINTENANCE

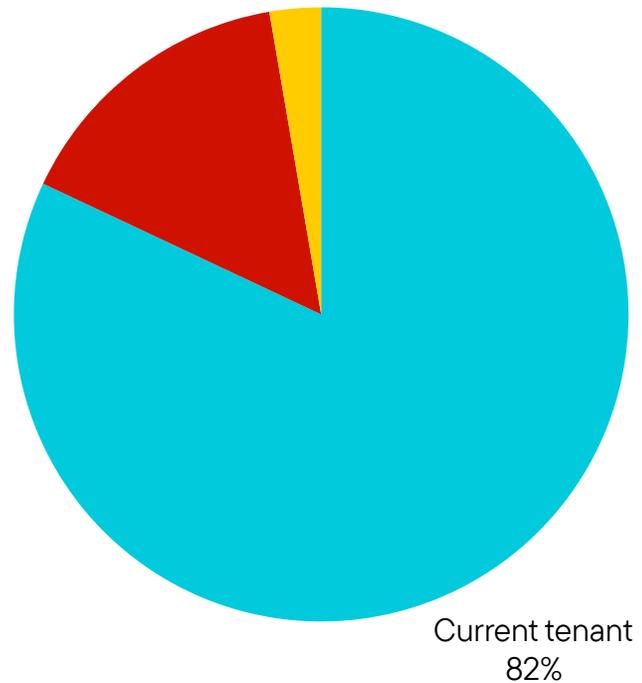
This section covers questions about the tenancy such as current rent, type of unit, rent increases and maintenance and repair.

1. Former vs. Current Tenant (Fig 1.1, N=111)

- 82% of respondents are current tenants.
- 15% of tenants moved out within the last 24 months and a few moved out more than 24 months ago.

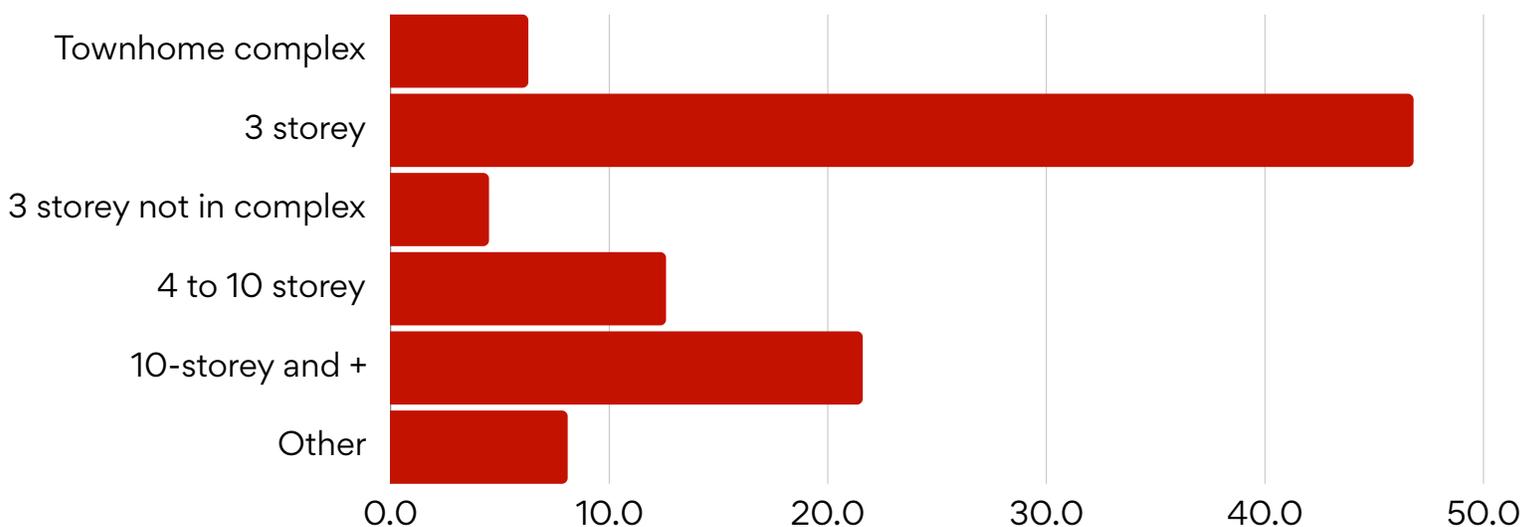
Moved within last 24 months
15.3%

Fig 1.1



2. What type of building do you/did you live in? (Fig 1.2, N=111)

Fig 1.2

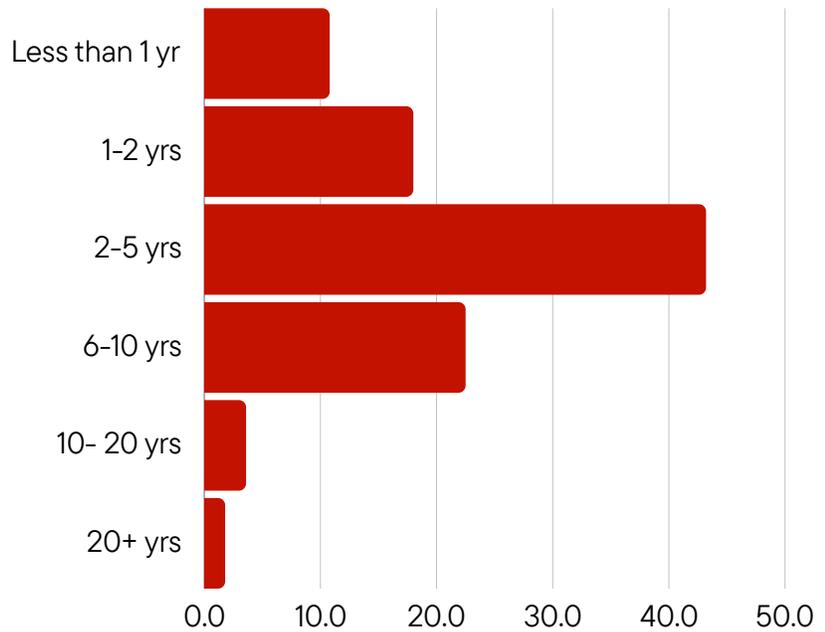


- 47% of tenants live in a 3 storey building that is part of a larger complex of buildings.
- 21% of tenants live in buildings with 10 or more storeys.

3. How long have you lived in the building? (Fig 1.3, N=111)

- 43% of tenants have lived in the unit for 2-5 years.
- 22% of tenants have lived for 6-10 years.
- Around 30% of tenants have lived less than a year or between 1-2 years.

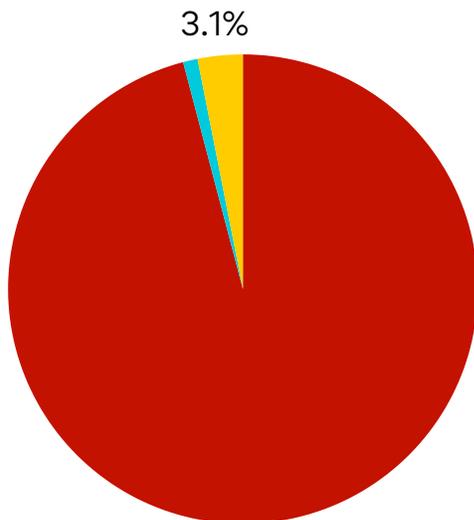
Fig 1.3



4. When did Avenue Living buy your building? (Fig 1.4, N=97)

Fig 1.4

Unsure/do not have original lease



Fixed-term (usually renewed every 12 months)
95.9%

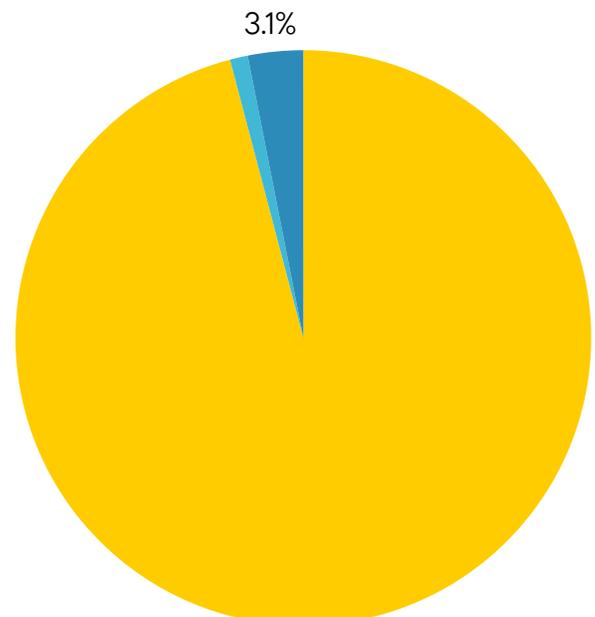
- 60% of tenants said that their building was bought less than a year or 1-2 years ago.
- 16% of tenants said that their building was bought 2-5 years ago.

5. What kind of lease do you have? (Fig 1.5, N=111)

- 96% of tenants have a fixed term lease, usually renewed every 12 months. Very few have a periodic lease (month to month).

Fig 1.5

Unsure/no original lease

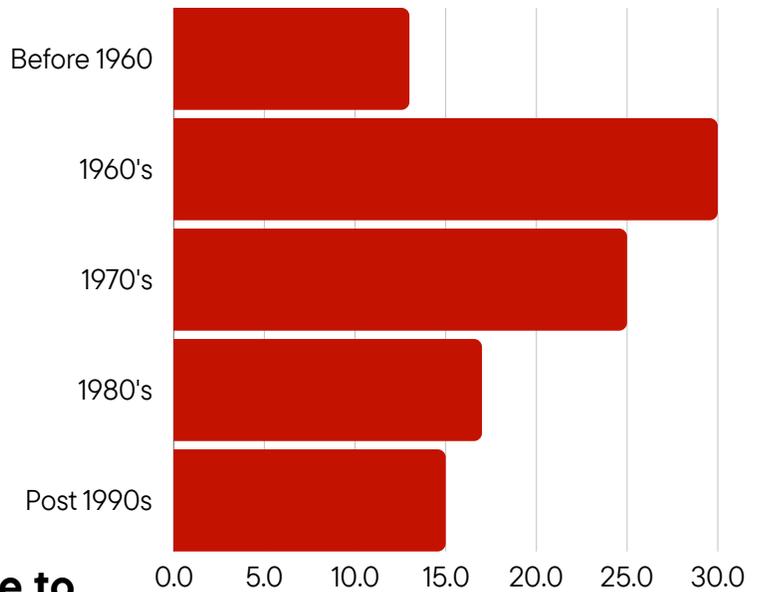


Fixed-term
95.9%

6. When was your building constructed?(Fig 1.5, N=107)

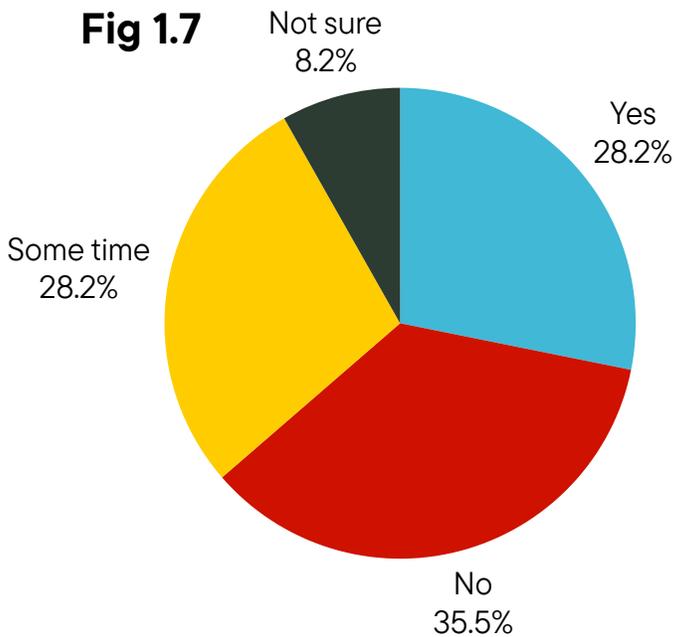
- 55% of tenants live in buildings constructed between 1960s and 70s.
- 13% of tenants live in buildings constructed before the 1960s.
- 17% live in buildings constructed in 1980s.

Fig 1.6



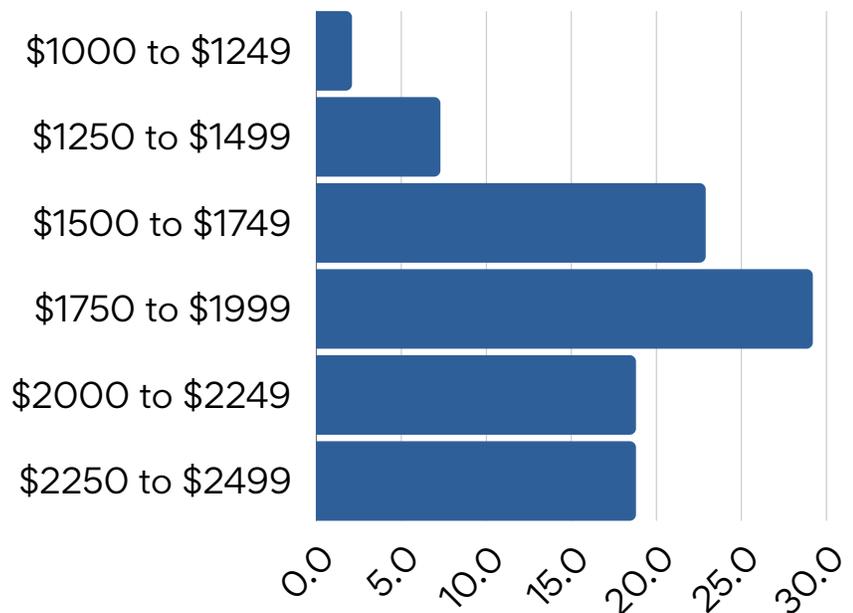
7. Was Avenue Living responsive to maintenance requests?? (Fig 1.7, N=111)

Fig 1.7



- 36% of tenants don't get maintenance done and around 30% get their maintenance requests met only some of the time.

Fig 1.8



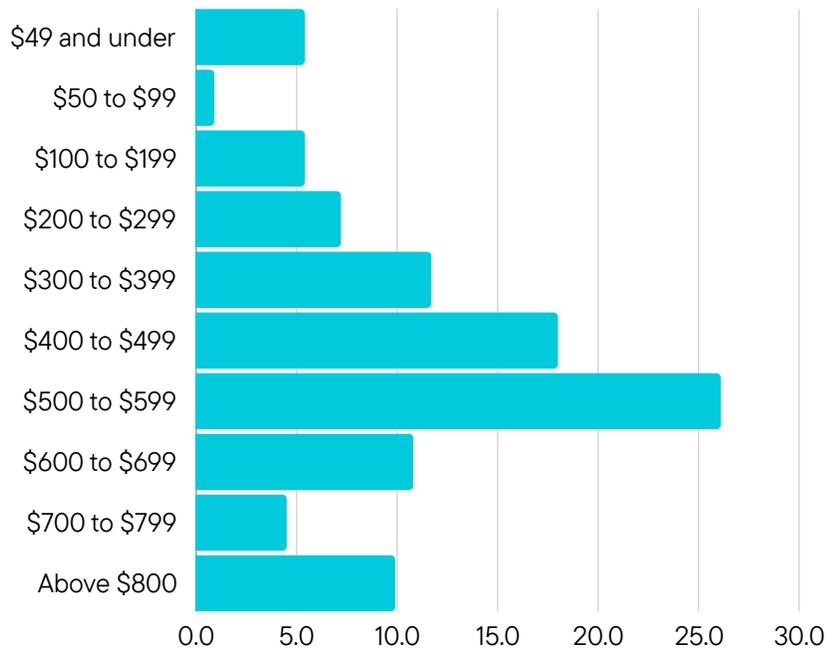
8. How much is your current rent? (Fig 1.8, N=96)

- 52% of tenants pay a monthly rent between \$1,500-\$1,999.
- Another 40% of tenants pay anywhere between \$2,000 and \$2,500.
- Very few tenants pay less than \$1,500.

9. What is the range of the largest rent increase you have received from Avenue Living? (Fig 1.9, N=111)

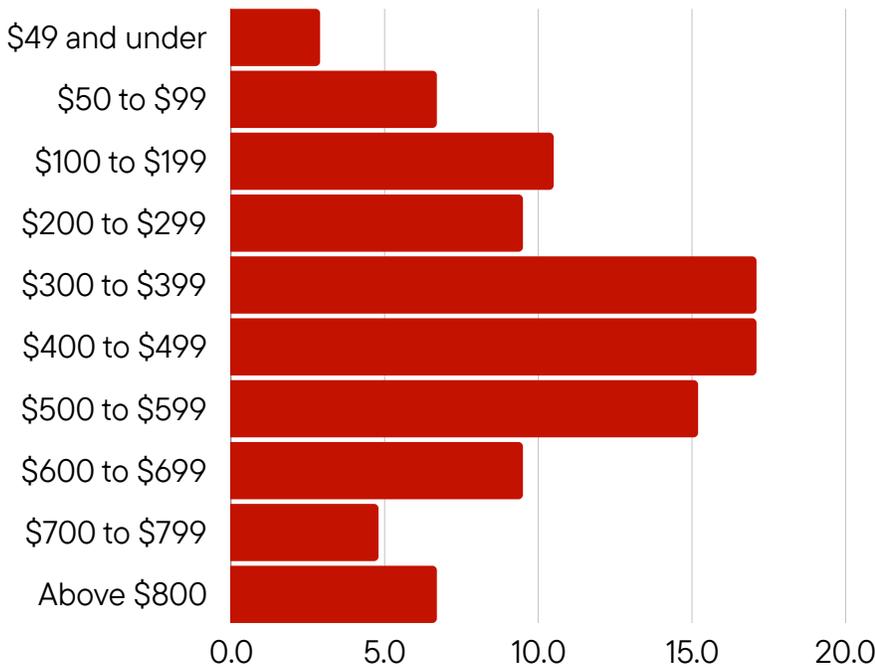
The largest rent increase received by tenants has been in the range of **\$400-\$600** for 44% of tenants. Around 15% of tenants reported getting an increase between \$600 and \$799 and some above \$800!

Fig 1.9



10. What was the range of your most recent rent increase? (Fig 1.10, N=107)

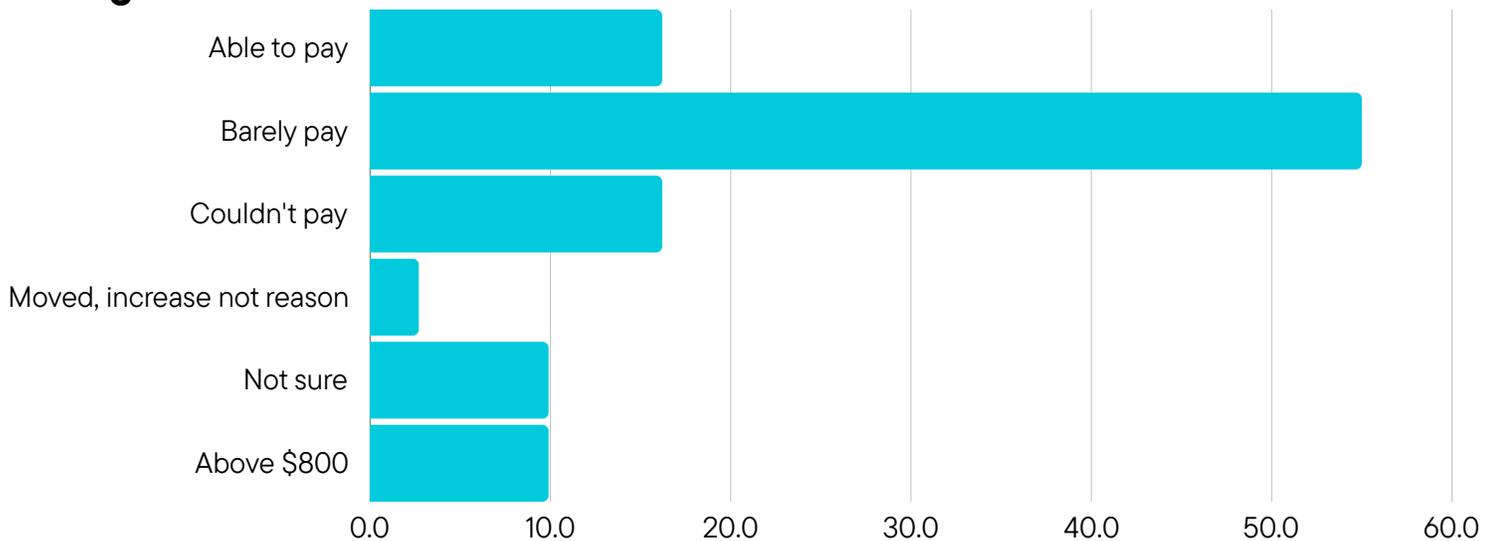
Fig 1.10



Very few tenants got a rent increase lower than \$99. In fact, most tenants (50%) got exorbitant rent increases **recently** ranging anywhere between **\$300 - \$599**. Some even got an increase beyond \$600 to as high as **\$800!**

11. If you received an increase, what was the outcome? (Fig 1.11, N=111)

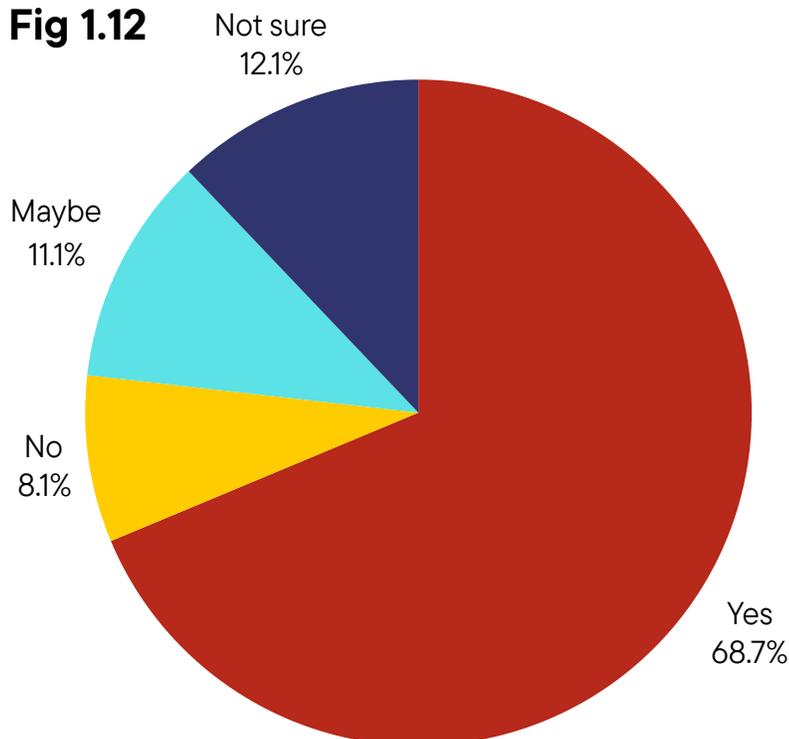
Fig 1.11



More than half the tenants (**55%**) struggled to pay the increase (could barely pay). In fact, 16% of tenants couldn't afford it and were forced to move out. None of the tenants said that they could easily pay the increase.

12. Are you concerned that energy retrofits of your apartment building will result in higher rent?? (Fig 1.12, N=111)

Fig 1.12



Around **70% of tenants** are concerned that energy retrofits in their apartment will lead to higher rent increases.

This is critical because retrofits must involve tenants in the process and ensure that it does not lead to rents going up or evictions.

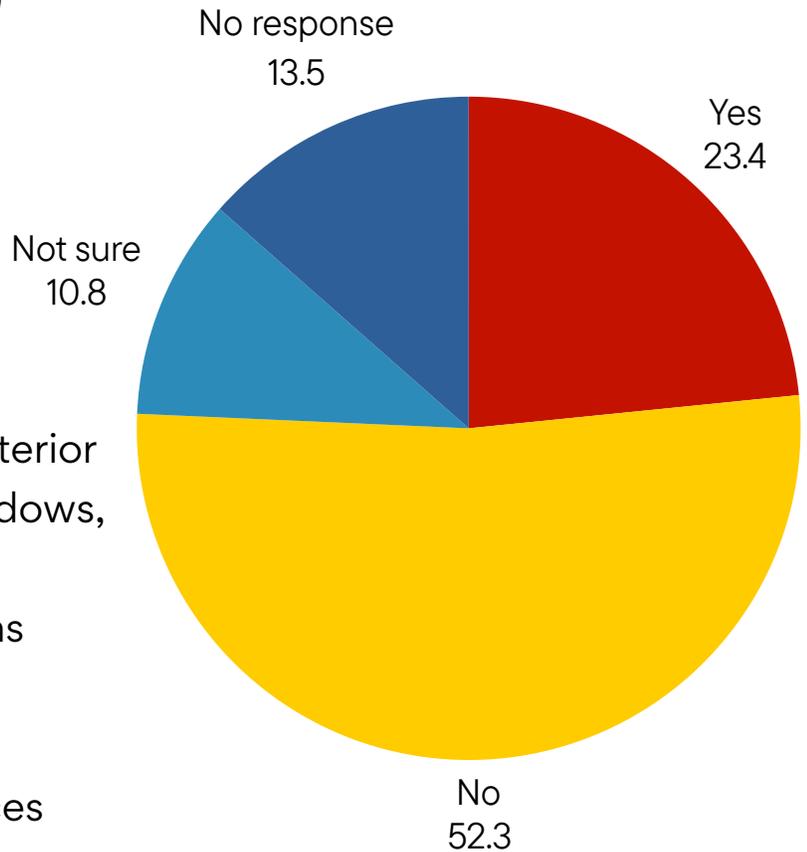
2. RENOVATIONS

This section covers questions about renovations to the current tenants in Avenue Living buildings in Calgary.

1. Are renovations being made to your building? (Fig 2.1, N=111)

23% of tenants said that renovations were happening in their building.

Fig 2.1



2. If renovations are being made to your building, what is being done? (Fig 2.2, N=26)

- 76% of tenants mentioned exterior renovations such as roof, windows, outer walls.
- 16% stated interior renovations such as common areas inside apartment units.
- Few mentioned new appliances being installed or heating system being replaced.

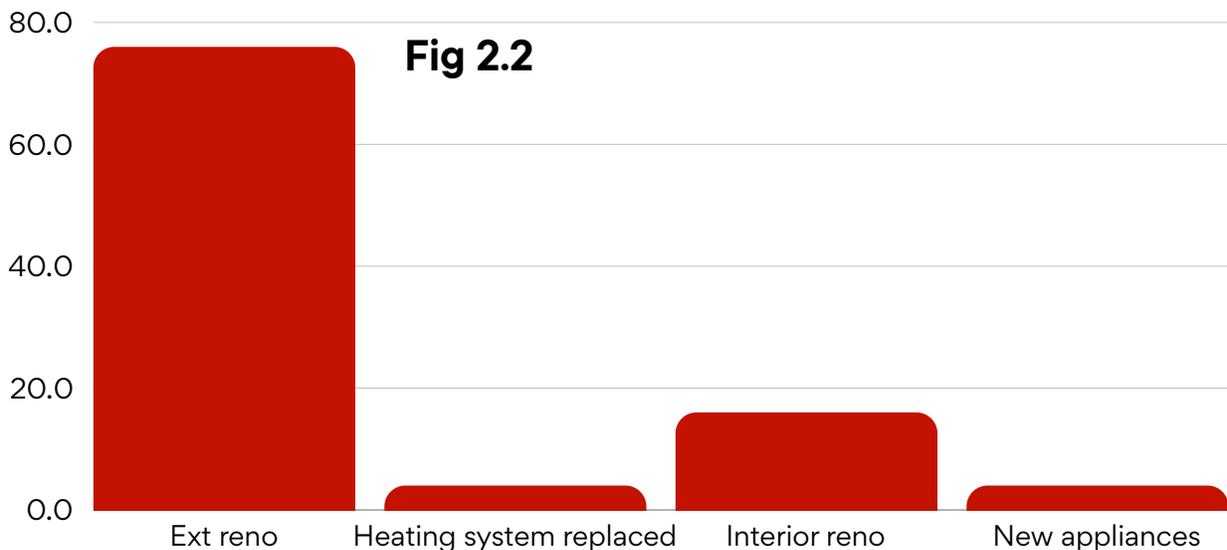
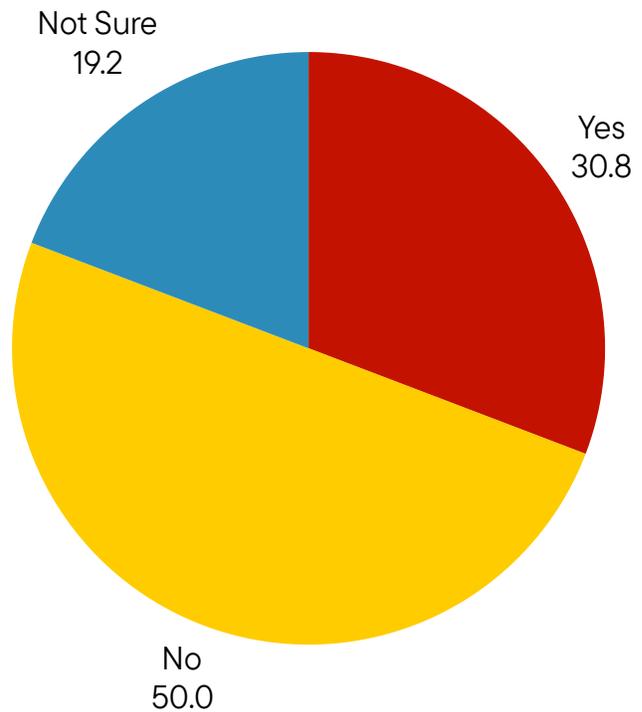


Fig 2.2

3. Are you aware if the renovations are part of an energy retrofit of your building? (Fig 2.3, N=26)

Half of the respondents are not aware that the renovations being done are part of an energy retrofit.

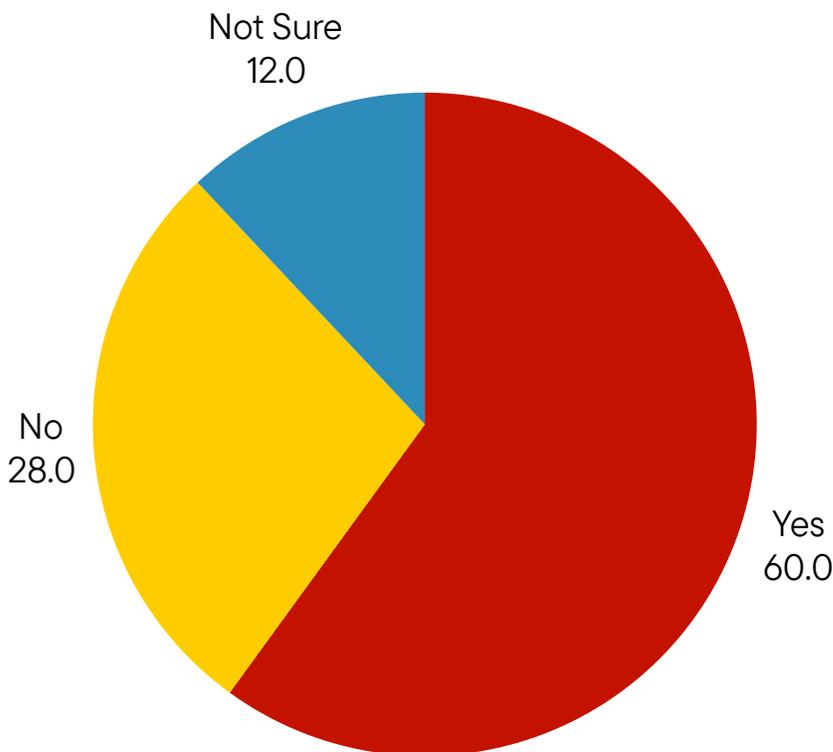
Fig 2.3



4. Have you received any written or verbal communications from Avenue Living about energy retrofits happening in your building? (Fig 2.4, N=25)

60% of tenants received some form of communication about energy retrofits.

Fig 2.4



5. With respect to the type of communication received (N=15):

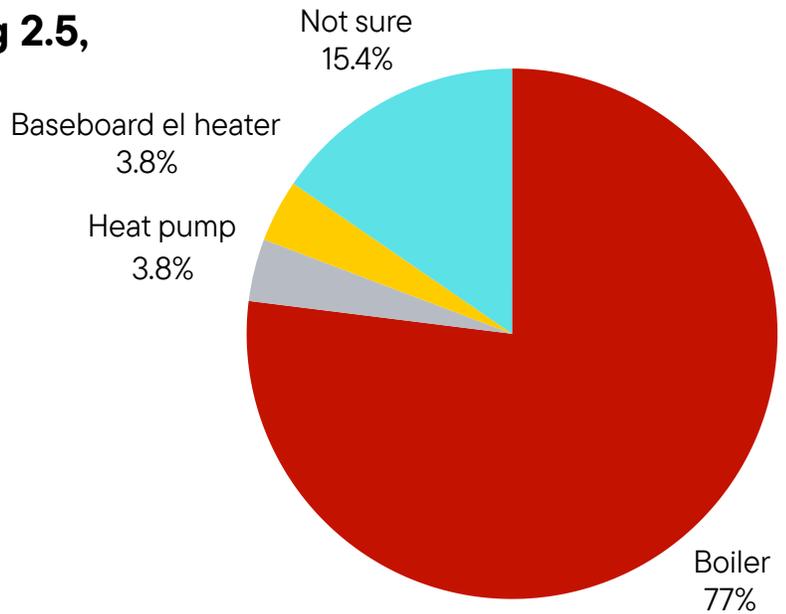
Most tenants (87%) got a letter dropped at their door.

- None of them mentioned tenant engagement in any form to discuss the renovations being undertaken.

5. Please rank your knowledge of energy retrofits happening in your building on a scale of 1 to 5. (Fig 2.5, N=25)

92% of respondents rated their knowledge about retrofits in the building between 1 and 3 (1 being the lowest).

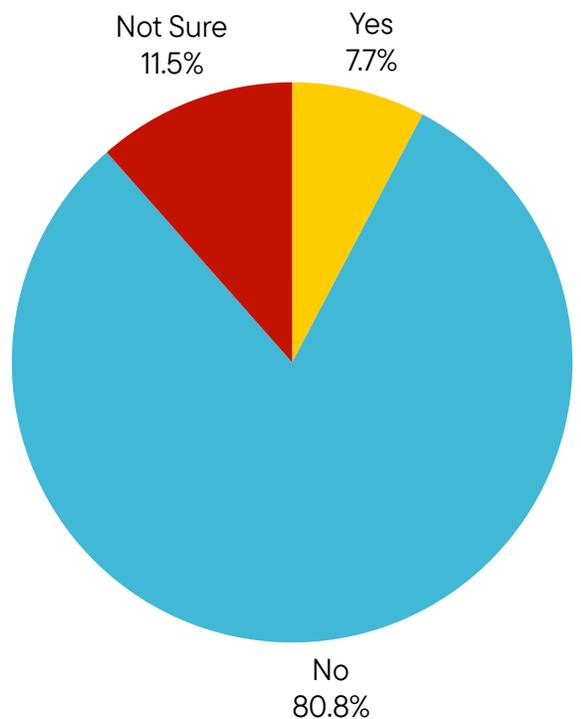
Fig 2.5



6. What is the central heating system in your building? (Fig 2.5, N=26)

- 77% of tenants have a boiler (water heater).

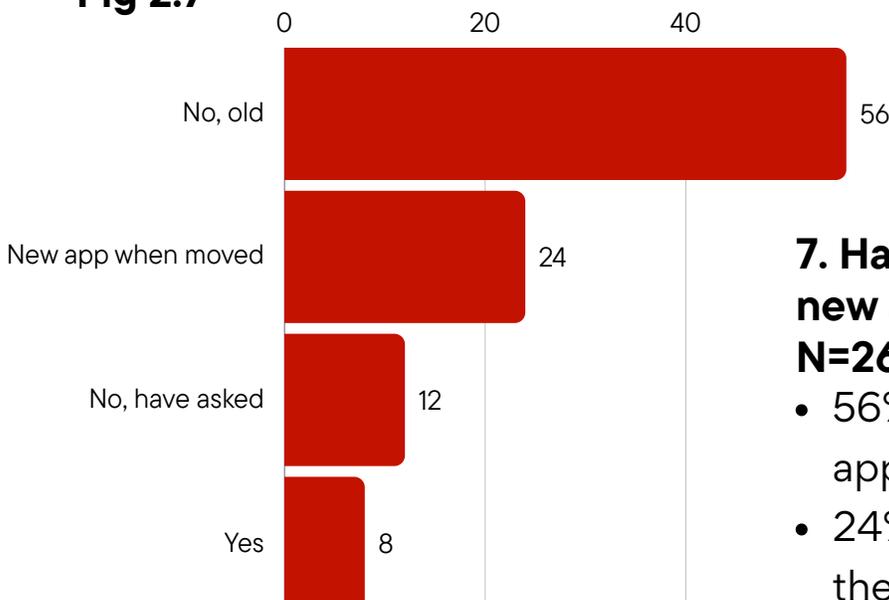
Fig 2.6



7. Do you pay your heating costs? (Fig 2.6, N=26)

- 56% have old appliances.
- 24% had new appliances when they moved in. Some have asked for replacement.

Fig 2.7



7. Has Avenue Living given you new appliances? (Fig 2.7, N=26)

- 56% of tenants have old appliances.
- 24% had new appliances when they moved in. Some have asked for replacement.

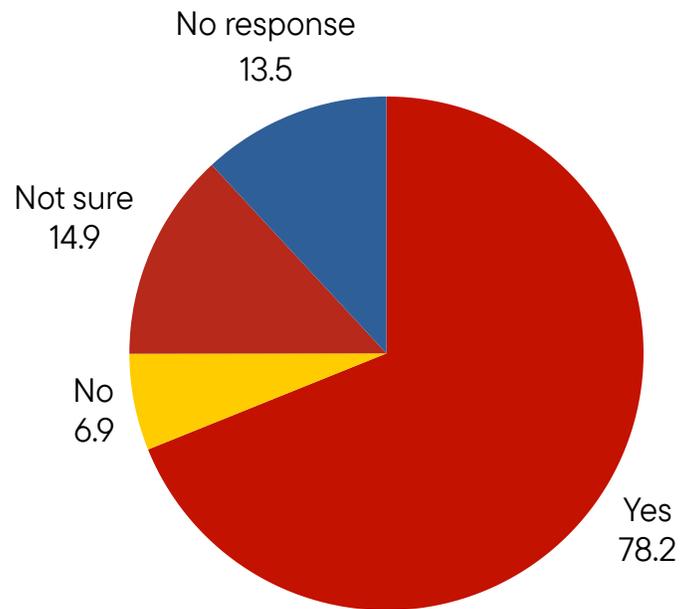
3. RETROFITS & CLIMATE CHANGE

This section covers questions about support for retrofits among tenants and the efforts by Avenue Living to address climate change.

1. Would you support an energy retrofit of your apartment if there were rules in place to prevent landlords from raising rents excessively or evicting tenants? (Fig 3.1, N=101)

- A vast majority of tenants (78%) of tenants would support retrofits in their buildings if there were rules about landlords not allowing excessive rent increases.

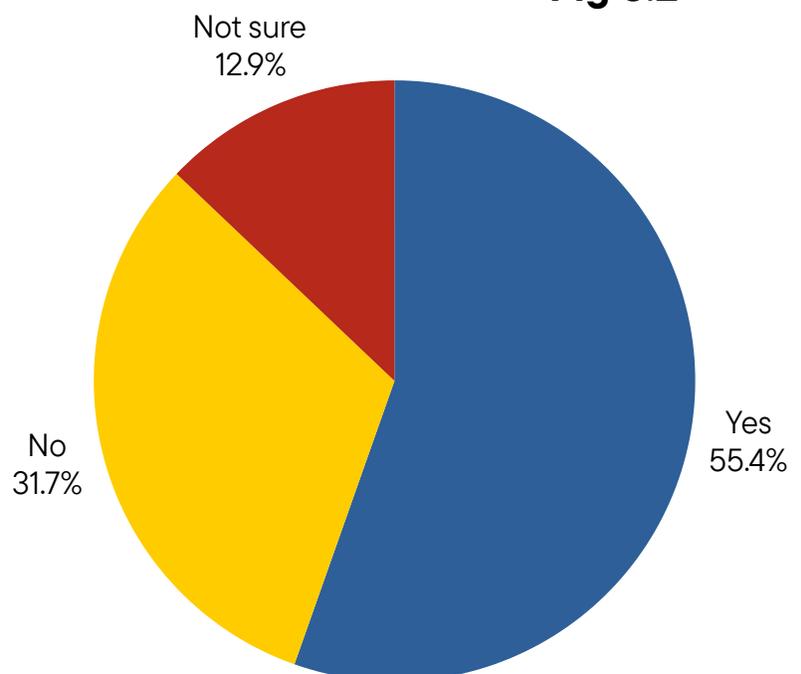
Fig 3.1



2. Is there a recycling program in your building? (Fig 3.2, N=101)

- Around a third of tenants don't have a recycling program in your building.

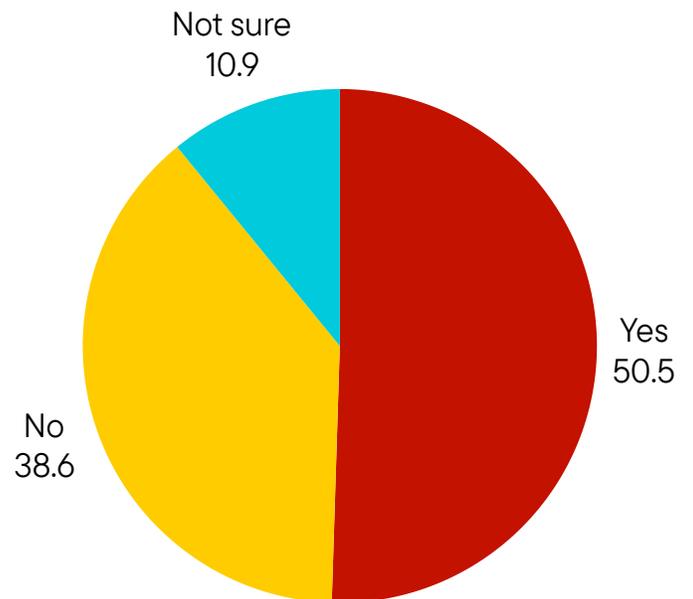
Fig 3.2



3. Is there a green bin program in your building? (Fig 3.3, N=101)

- Around 40% of tenants said there is no green bin program in their buildings,

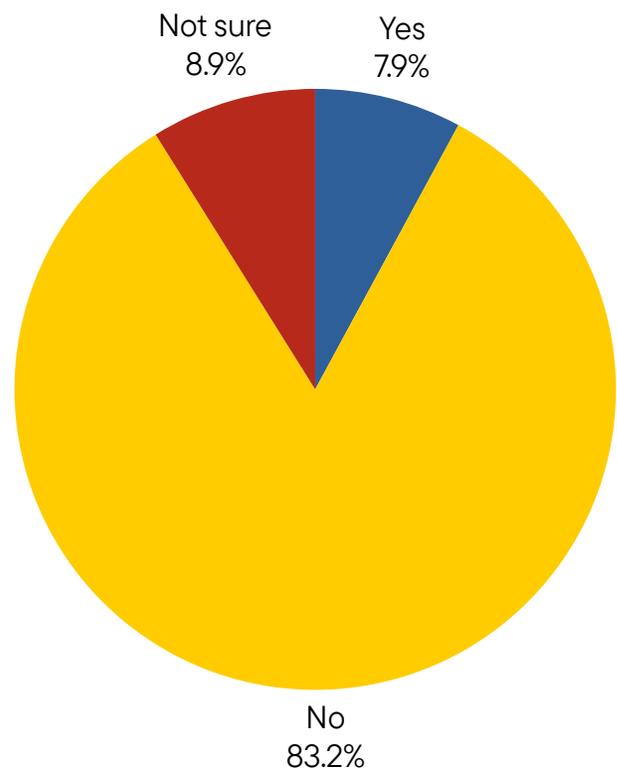
Fig 3.3



4. Does your building have a community garden? (Fig 3.4, N=101)

- Most tenants don't have a community garden in their building.

Fig 3.4



ACORN'S RETROFIT PLATFORM

All green infrastructure retrofit partnerships and agreements from the Canada Infrastructure Bank or CMHC must include:

- affordability and anti-eviction covenants in perpetuity,
- signed agreements from the landlord made transparent to the tenants in the building,
- rent controls,
- formal tenant participation where independent tenant unions receive resources to support tenant participation.

Federal intervention is needed through direct investment and design, leading by implementation and regulation to enable the adoption of Mandatory Building Performance Standards (MBPS). By integrating additional MBPS elements into the Greening Government Strategy, MBPS can serve as a model for other jurisdictions and portfolio managers. A “federal building performance standard” will act as a benchmark that local advocates can point towards and provinces and municipalities could adopt.

TENANT EXPERIENCES



Natalie

I moved into the unit in 2022 when my rent was \$1,285 monthly, but as soon as Avenue Living bought the building, it went up to \$1680, then to \$206, and now going up again to \$2122. The rent increases are terrible. I am left with \$200 after paying the rent and hydro. The notice that I got mentions all kinds of fees - pet fee, parking fee, environmental recovery fee, admin fee, etc.

They have put out the exact same unit for rent at \$1800 - a renovated unit with probably everything updated. They don't care about people who are staying here. My unit got flooded this January because the pipes froze in the unit upstairs. The fire department showed up at 2 am, as we had a big puddle in the apartment. Many tenants, including us, tried reaching out to the maintenance people but we couldn't. The next day, someone came and gave us a humidifier and a dryer and told us to leave it on for a week. I work from home, and it was too noisy, so I had put it off during the day.

I thought they would steam clean the carpet but nothing. They just said if you want to stay in a hotel, call your insurance. A contractor came and gave a quote to Avenue Living for renovations and fixing the unit but nothing happened.

We have single pane windows, wood burning fireplaces, cold air comes inside. Sometimes the unit becomes very hot, we can't control the heat.

Before Avenue Living took over, all the things were great. There was someone we could go to get things done. Now there is someone from 10 am to 2 pm, but after that there is some automatic voicemail which doesn't even work. People usually work until evening, having someone until 2 pm doesn't help.

I would never rent from Avenue Living, would never recommend it to anyone. I can't believe they got money from the federal government.



Marie

It annoys me that the federal government keeps giving money to corporations. These corporations don't care about elderly and single parents. My oldest son is moving out, currently he lives with me. There was signage outside the building complex by Avenue Living bragging about putting solar panels. I asked the management office here as to how it is going to reduce energy consumption but the staff said they didn't know. There was a memo on each door just saying sorry for the inconvenience. It just makes me think that they are going to increase. That's all I can think about.

My new lease is in May. My rent was \$1,415 when I first moved, then it went up to \$1,600 and now going up to \$2,200. They allow biweekly rent payments which is helpful for me but they charge a fee of \$20.

The rent increase notice that I got includes all kinds of fees. I asked for a parking space, and they said I will have to pay \$70 monthly, so I didn't take it. For security, they charge \$30 monthly, but there's no security.

It's a scary neighbourhood, I work night shifts. I feel unsafe.

I told Avenue Living staff that I need closet doors so that I can get a roommate because my son is moving. They were surprisingly quick. I have had a leaky sink and they changed it. But I have heard very horrific stories from other people.

It's simply corporate greed, what do you do when the government wants to keep giving money to these corporations?

I can no longer think about a holiday and travel, its food, gas, and work!



Sherry

The buildings are under major renovations. I am extremely concerned about the rent increase. Last year, my rent increase was \$500. I was in an Avenue Living building in Edmonton but I couldn't afford a \$500 rent increase, so I moved to Calgary. I saw the apartment on a video and I took it based on the condition that there will be no carpet. But the unit has carpets everywhere and they still haven't done anything about it.

I got a letter dropped at my door about redoing the roof and replacing the boiler system. This was roughly a week before they started doing the renovations.

They are now going to move to the building I am in to do the renovations and I am quite wary of it. They start working at 7 am, I work from home. I work with the film industry, how do I do voice recording under all that noise?

My lease is coming up for renewal and the only thing in my mind is rent increase. I will have to move back to Edmonton. I am a single mom.

I had black mould in my bathroom, it took months for Avenue Living to get rid of it. My daughter and I kept getting sick because of that. But for any repair work, they take forever to respond.

There's no emergency contact. The staff is not always available. They don't do any recycling. We have two garbage cans, they just get piled up with garbage. Snow removal is very poor. The building is not maintained at all. I am paying 2k in rent, we deserve basic stuff. The stairs are so dirty, there are elderly people who live in this building.

I loved the fact that these buildings had a lot of green space but unfortunately they are not being maintained. People tell me that it used to be a very nice place.



Alexandra

It will be 3 years since I moved into this building. Up until 2023, the building was owned by Quadreal. In November 2023, Avenue Living took over and it has been bad since. There are a lot of seniors in my building. When Avenue Living took over, they handed out flyers welcoming tenants and they listed a lot of commitments but none of those commitments have been met. It was -30 degrees in winter and I had no heat. When I reached out to the management, they told us that the boilers don't work! There was no prior information about this. If they had told us, we would have at least got some space heaters. There's graffiti everywhere because people are protesting high rent increases. My rent was \$1,196 in 2021 and I used to get incremental increases but when Avenue Living took over, I got a 40% rent increase.

There is no in suite laundry, I have old appliances. I am moving out very soon because I don't want to pay so much money for nothing. I kept asking them how much my rent increase will be and they kept delaying sharing that information. I saw a notice about boiler replacement but nothing has been communicated to tenants properly.

Avenue Living is a greedy landlord and what they are doing is unacceptable.



ACORN Canada

organize@acorncanada.org
416 461 5322

Alberta ACORN

403-973-5744
cgyorg@acorncanada.org
223 12th Ave SW #23
Calgary, AB T2R 0G9