

**LANDLORDS IN THE PRIVATE RENTAL MARKET IN HAMILTON,
ONTARIO**

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ABSTRACT

While several researchers have explored the private rental sector from the tenants' perspective very little is known about landlords and their experiences. The purpose of this study was to understand more in-depth the nature, motives, and challenges of landlords. A case study of landlords in Hamilton, Ontario, is based on survey research, involving the administration of an online questionnaire and then follow-up face-to-face interviews. A local association of landlords, Hamilton and District Apartment Association, assisted in advertising and promoting this research through their registered email list and on their website. The results of the study show that Hamilton's landlords are a diverse group with mixed motives. They find many aspects of the job rewarding, including good landlord-tenant relations, opportunities for profit/investment, and the flexibility of the work involved, among other things. In contrast, they reported many concerns regarding responsibilities, tenants, the government, and the negative perceptions of them that are held by tenants, councillors and the general public.

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In closing, I'll share a quote from Jodi Picoult's book *My Sisters Keeper*: "Maybe who we are isn't so much about what we do, but rather what we're capable of when we least expect it". No truer words can be said about my graduate school experience. I was presented with many opportunities, and without the encouragement of my colleagues, friends and family, I would not have realized what I was capable of.

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CHAPTER 1: Introduction

In Canada, rental options have been important for housing a diverse group of tenants, and especially lower-income households, for a long time. In recent years, the cost of homeownership has been increasing and, even though homeownership rates have not declined, the cost increase has been pushing more middle-income and younger people to rent longer. Furthermore, while we typically associate the cost of real estate with homeownership, the rising real estate prices are also creating more difficulty for renters to access safe and affordable housing because they have a direct effect on rent increases. Though the private rental market makes up approximately thirty percent of Canada's total housing stock, very little has been done to understand or to promote it.

Two main groups constitute the private rental market, tenants and landlords. Though there are fewer landlords than there are tenants, they play a significant role in the rental market as they are the ones that are supplying the rental accommodations. While little has been written about Canada's private rental market, even less has been written about landlords. They appear to be a diverse group and no two landlords are the same. However, much of the media discussion, along with the literature on housing, treats them as an undifferentiated whole, and rather critically. It is important, therefore, to be aware of their nature, motives, and challenges. The purpose of this study is to shine light on the subject in one city, Hamilton, Ontario.

This research was conducted as a case study because housing markets are local and vary from place-to-place. While I may not have been aware of the issues surrounding the

topic, and have not studied Hamilton's landlords or tenants in the past, I know the city well. This allows me to have a feel for the city that a researcher from another city may not have.

Additionally, Hamilton is part of an overarching research project entitled the 'Neighbourhood Change Research Partnership' (NCRP), which is being carried out in seven municipalities across Canada. The NCRP's "major research initiative focused on long term trends relating to the urban impact of growing income inequality and socio-spatial polarization in Canada and in cities in similar nations" (NCRP, 2017). The private rental market has been identified as being particularly important in shaping the built form, and socio-economic make-up of Hamilton's neighbourhoods, and it is understood to provide a significant component of affordable housing options. The private market is made up of a variety of types of properties, ranging from high-rise buildings to rooming houses and because of this variety, it is reasonable to assume that landlords are operating at varying scales, from very small to very large. Considering that Hamilton's landlords play a significant role in the housing market, particularly as housing prices continue to increase, the purpose of this study is to address three main questions: Who are Hamilton's private landlords? What are their motivations for renting in the private rental market? And, what are the challenges that they face?

Following the introductory chapter, this thesis is organized into six chapters. Chapter two introduces the relevant literature relating to the private rental market and its main actors – tenants and landlords. It summarizes two Canadian landlord surveys, followed by one British and one American survey for comparison. It ends with a discussion

about landlord-tenant relations examining aspects that have been beneficial and others that have been challenging to both parties.

Chapter three frames the local setting. It begins with a brief history of Hamilton, Ontario, and how its history has created the city that exists today. An explanation is offered as to why Hamilton is going through what has been termed a “renaissance” and what effects it has been having on the economy, housing markets, and owner and rental populations. Lastly, this chapter will discuss the aspects that have created a more challenging market for Hamilton’s landlords, including rising property taxes and utilities costs, changing landlord-tenant legislation, lengthy eviction process, the possibility of licensing, and the regulations of rent increases.

Chapter four outlines the methodology used for this research, including the use of the Hamilton and District Apartment Association (HDAA) to help promote my study, the recruitment and data collection process of the questionnaires and interviews and the development of coding schemes for a variety of questions. These questions include how they acquired their property, their motivations, what they enjoy most, their main concerns, other employment, advantages of the HDAA and perceptions of the local housing market.

Chapters five and six, respectively, outline the key findings from the questionnaire responses and interviews. The main purpose of the questionnaire was to serve as the first step in gaining some understanding of Hamilton’s landlords by establishing some basic facts, whereas the main purpose of the interviews was to understand more in-depth the more subjective aspects of the experiences of Hamilton’s landlords. As such, chapter five investigates the basic findings mainly derived from the questionnaire but also includes

some from the interviews. Chapter six mainly analyzes the findings from the interviews, but also the short open-ended question from the questionnaire.

Finally, this thesis concludes with a comparison of the basic facts with the landlords' experiences. The conclusion also proposes suggestions for future research. It is hoped that, despite the relatively small sample size, the findings from this research will produce an in-depth understanding of Hamilton's landlords' motivations and challenges, and their effects on the overall private rental market.

CHAPTER 2: Literature Review

While several researchers have explored the private rental sector from the tenants' perspective and much is known about their negative perceptions of landlords – slumlords, rich, uncaring – very little is known about landlords' perspective, character and experiences. Through the course of my research, I only found two major surveys on Canada's landlords, conducted in 1997 and 2005. Considering that landlords play a significant role in the housing market, particularly as housing prices continue to increase, my research focuses on their motivations, priorities, challenges and interests in the private rental market. This chapter begins with a discussion of the literature describing the past and current character of international housing markets to frame the current trends in homeownership and renting. Followed by an examination of Canada's private rental market from the early 1970s onward, which will illustrate how the private rental market has changed over time and what it looks like today. I will delve into the relevant literature on the main actors in the private rental market and discuss the opposing perspectives academics have on tenants and landlords. Starting out with a short description of tenants followed by an in-depth discussion on landlords, their perspectives, characteristics and experiences in the private rental market. Lastly, I will look at landlord-tenant relations and how they affect the outcomes of renting in the private rental market.

THE CHARACTER OF HOUSING MARKETS INTERNATIONALLY

There is a large literature describing housing market trends around the world and it is important to briefly discuss the character of housing markets internationally as the Canadian experience has many parallels, but also because it will help us better understand

landlord's experiences in different countries in a later section. For years, academics and professionals have been writing about the shift from renting to homeownership, and more recently, in some markets, back to renting. Before we turn towards the commentaries and critiques of Canada's private rental market, we must first define relevant terms. While it is commonly understood that the housing market is made up of housing stock (i.e. houses, apartments, townhouses, condominiums) and land, and that people either own their home or rent it, what makes up the rental market is a bit murky. Canada Mortgage and Housing Corporation (CMHC; 2015) explains that the rental housing sector is comprised of two 'subcomponents', the social rental sector and the private rental sector. The social rental sector is made up of social housing, which is often used interchangeably with the term "affordable housing" (CMHC, 2017a). CMHC (2017a) explains that they are not interchangeable terms because "social housing is just one category of affordable housing and usually refers to rental housing subsidized by the government". People typically use the terms interchangeably because, similarly, affordable housing is typically funded by the different levels of governments through "up-front" capital grants, making housing costs less than 30 percent of a household's before-tax income (CMHC, 2017a; Steel & Tomlinson, 2010), however, CMHC (2017a) explains that affordable housing is a much broader term. Though some of it is funded by the government, it also encompasses housing provided by the private and non-profit sectors, while the social sector is typically owned by non-profits. The private rental sector, on the other hand, is made up of housing owned by individuals or companies for a profit. My study focused solely on the private rental

market, however for this first section, to get a full understanding of housing markets, I will examine literature describing homeownership, social renting and private renting.

Homeownership has been promoted internationally and has been a central objective of most national housing policies since World War II (Forrest & Hirayama, 2015). These policies started the rent to own tenure-shift, however it is important to keep in mind that this occurred at different times for each country, with most urban households across the globe living in rental accommodation until the 1970s (Gilbert, 2016). Gilbert (2016) states that the shift was “a direct outcome of suburban development and the growth of mortgage finance systems” (p.173). During the 1980s, many governments worked hard to develop private finance options and tax relief on mortgage payments to homeowners (Gilbert, 2016). We still see these types of incentives being promoted by governments today. Homeownership is often viewed as a natural and normal desire, somewhere an individual or family is safe and stable because it is *their* place (Forrest & Hirayama, 2015). Over time, homeownership became part of many cultures and is considered an indicator of social status (Gilbert, 2016). It is thought of as a social aspiration with economic benefits; it is an investment, and not a “waste of money” like renting (Forrest & Hirayama, 2015).

Though many view homeownership as better than renting, it does not come without problems (Gilbert, 2016). Housing is becoming more expensive in many major cities around the world while incomes are not increasing at the same rate (Gilbert, 2016). UN-HABITAT (2011) explains that “adequate land and housing is becoming increasingly unaffordable for a vast proportion of the population in European and North American countries and particularly for the young” (p.8). Therefore, affordability is a major barrier

to attaining homeownership, and is pushing more people to rent. In 2016, approximately 1.2 billion people lived in rental accommodation across the world but very little has been done to improve or promote the rental market (Gilbert, 2016). The Centre for Urban Research and Education (CURE) prepared a literature review in 2015 for CMHC on international rental housing and their policies and compared them to Canada's. The review looked at six countries: Australia, Germany, Ireland, New Zealand, the United Kingdom and the United States. In all countries, since 1999, purpose-built construction has only added a little to the rental stock each year (CURE, 2015). This means that rental housing starts have been very low. CURE (2015) also found that tenure patterns in Australia, New Zealand and the US are comparable to Canada's. Homeownership rates are in the high 60s and all countries have a large private rental sector and small social rental sector (CURE, 2015). The UK and Ireland are also comparable to Canada in that regard, however they still have a much larger social rental sector than the private rental sector (CURE, 2015). Despite the differences between these rental markets, very few new policies to encourage rental investment have been implemented to promote rental housing (CURE, 2015). The factor that contributed most to the increasing percentage of individuals renting, the weakening of the homeownership market, is far more pervasive (CURE, 2015). The Global Financial Crisis (GFC) in 2008 forced a lot of people in the six study countries into the rental market, particularly in Ireland, the US, and the UK (CURE, 2015). Much of New Zealand's private rental sector growth occurred prior to the GFC because of continued price appreciation, a trend that has been experienced in Canada more recently (CURE, 2015).

Britain's private rental market has been in transition over the years but we have seen a steady rise, particularly since the GFC (Forrest & Hirayama, 2015; Kemp, 2004). Historically, private renting had become associated with "Rachmanism", a synonym for the exploitation and intimidation of tenants by landlords (Kemp, 2004). When one thought of private renting, "...images of damp and squalid, furnished and often multi-occupied property, let at high rents on insecure terms to vulnerable tenants by greedy or even unscrupulous landlords" came to mind (Kemp, 2004, p.1). Private renting was something endured by the tenant, for the shortest amount of time possible (Kemp, 2004). The negative connotations of the private rental market in Britain resulted in its decay over the four decades after 1945 (Kemp, 2004). However, during the 1990s, this view began to change as the private rental sector underwent a modest expansion and was deemed as a lifestyle choice fit for middle-class households (Kemp, 2004). At the same time, social (council) housing was increasingly sacrificed for private homeownership (Gilbert, 2016, p.174). Therefore, a good deal of social housing was sold to its occupants through the 'right to buy' (Gilbert, 2016). Tenants were offered up to a 50 percent discount on the price of their home, resulting in 2.2 million social housing dwellings being sold in Great Britain between 1980 and 2003 (Gilbert, 2016, p.174).

Britain's private rental market is different than it is in Canada and the US, particularly because it has been viewed a lot more negatively by renters until recent years, and social housing tends to dominate the market. In the US, like Canada, most of the rental market is private (Malpezzi, 1998, p.353). The private rental market tends to house much of the country's low-income population, however, Malpezzi (1998, p.355) states that it is

not even close to being considered a “residual sector” (i.e. housing only poor people), as it dominantly was in the UK. While homeownership became the “American Dream” after World War II, the rate of homeowners increased (Malpezzi, 1998). Despite this increase, many middle-income, American households continue to rent in the private rental market, and similarly to Canada (Malpezzi, 1998).

It is evident that the housing market has endured many changes. With an apparent shift to the private rental sector in recent years, as housing costs continue to rise, it is important to explore the private rental market in more detail. Since my research focuses on landlords in the private rental market in Hamilton, I will summarize the literature on Canada’s private rental market since the early 1970s.

CANADA’S PRIVATE RENTAL MARKET

Canadians were comparatively well-housed during the 1960s, with many private renting options (Smith, 1983). As housing standards improved and condominiums were introduced in the 1970s, at the same time subsidies for the construction of apartment buildings were discontinued, housing growth shifted to the government-supported homeownership through incentives, that ultimately discouraged investment in the private rental sector (Smith, 1983). This has created a rental housing crisis because the attention has been shifted to homeowners and away from renters, despite a large proportion of the Canadian population still relying on rental housing. Private multi-family dwelling starts declined by 77 percent between 1973-74 and 1980-81 and as a result the national vacancy ratio declined from 5.7 percent to 1.2 percent during the 1970s, to below one percent in the early 1980s (Smith, 1983, p.59). The Federation of Canadian Municipalities (FCM) (2012)

explains that “a balanced vacancy rate is widely accepted as 3%, meaning that of every 100 rental units, three are physically unoccupied and available for immediate rental” (p.9). When vacancy rates drop below three percent then there is generally an upward pressure on rents (FCM, 2012). If 3 percent is a balanced vacancy rate then a vacancy rate of less than one percent is critically low and provides very few and often expensive options for those looking for rental accommodations. During the 1970s, rent-to-income ratios, rose from .18 to .22, which shows that low vacancy rates were correlated to declining affordability (Smith, 1983, p.59).

In 1991, almost three in ten people lived in the private rental sector (Miron, 1995). Miron (1995) states that “between 1941 and 1991, the number of renter households increased quickly” (p.580), from less than 1172 in 1941 to 3719 in 1991. During the same time-frame (1951-1991), rents increased fortyfold (Miron, 1995). When looking at rent as a share of the Personal Consumer Expenditure (PCE), which measures the price changes of consumer goods and services, the increase is substantial (Miron, 1995). Gross rents were 3.5 percent of the Personal Consumer Expenditure (PCE) in 1951 and 5.3 percent in 1991, however homeownership expenditures rose even faster, 7 percent to 14 percent (Miron, 1995, p.580-581). This suggests that for some people homeownership will never be attainable.

The literature discussed thus far is dated. Looking at more current literature, we see that the rental sector has been and still is the principal source of accommodation for low-income households (ONPHA, 2013; Pomeroy, 1998). Despite many critiques of the housing market in Canada over the years, very little has been done to promote the private

rental market, and the multi-unit rental sector has continued to decline (Steele & Tomlinson, 2010). The few efforts that have been made to promote it have been largely ineffective. For example, the deregulation of rent controls on new buildings erected since 1991 hoped to promote an increase in purpose-built rentals, however rental starts in Canada have only accounted, on average, for eleven percent of total new housing construction (CMHC 2014 in Pomeroy et al., 2015, p.1). As a result, housing affordability and homelessness are major problems (Steele & Tomlinson, 2010). These problems are worse in cities with productive economies characterized by high rents and low vacancy rates (Steele & Tomlinson, 2010).

With housing affordability being a prominent issue in Ontario, the Ontario Non-Profit Housing Association (ONPHA) which “...represents 760 non-profit housing providers in 220 communities across Ontario” (2013, p.2), examined the key issues facing the affordable housing sector. The results of the 2011 National Household Survey (NHS)¹ showed that there has been growing rental housing demand in Ontario as affordability problems persist (ONPHA, 2013). Interestingly, “the number of low-income renters has declined and upper income renters has increased” (ONPHA, 2013, p.3). Renters with annual household incomes below \$20,000 declined by 34,000 between 2006 and 2011, while during the same time, there was an increase of 34,000 renter households with an annual income between \$40,000 and \$60,000 (ONPHA, 2013, p.8). This decline can, in

¹ The National Household Survey (NHS) was a voluntary survey that replaced the mandatory long form census questionnaire in 2011. As a result, the NHS response rate was lower compared to the 2001 and 2006 Census and, therefore, questions about its reliability have been raised. The ONPHA (2013) states that it is generally reliable at the provincial and territorial levels with large populations and less reliable for census tracts, rural areas, or places with populations of less than 10,000.

part, “be attributed to “bracket creep””, which occurs because of inflation (ONPHA, 2013). What this shows is that homeownership is becoming an unrealistic dream for those who are typically thought of as able to afford it, meaning that affordability issues are growing. The increase in the number of middle- to high-income renters, is in turn creating a higher demand for rental units, creating competition and ultimately higher rents (ONPHA, 2013). Furthermore, to expand on Smith’s (1983) finding about the increasing rent-to-income ratio, ONPHA (2013) found that even though rents have been increasing in line with inflation, more households, within all income brackets, are paying a greater proportion of their income on rent.

The Federation of Canadian Municipalities has a Quality of Life Reporting System (QOLRS) for 27 municipalities and urban regions in Canada. The member communities include “some of Canada’s largest urban centres and many of the suburban communities surrounding them, as well as regional centres” (FCM, 2017). The QOLRS measures individuals’ quality of life based on factors ranging from affordable housing to personal safety. They account for over 50 percent of the country’s population; thus, their findings give an accurate picture of what is going on in urban housing markets across the country. In 2010, one-third of Canadians were renters (FCM, 2012), meaning that the proportion of renters had increased by three percentage points since 1991 (30 percent to 33 percent). Unfortunately, despite the growing number of renters, rental housing starts have been stagnant (FCM, 2012). Between 2001 and 2010, less than ten percent of housing starts were intended for the rental market; partly because condominium housing starts have increased during the same time, and condominium development sets the price for multi-residential

land, thus the rate of returns for rental investors has gone down significantly (FCM, 2012, p.7-8).

As homeownership costs are rising and mortgages are contributing to historically high household debt, the numbers of individuals relying on rental accommodations will continue to increase (FCM, 2012). Between 2001 and 2010, the average price of purchase for a new house in Canada almost doubled (\$234,387 in 2001 to \$454,154 in 2010) (FCM, 2012, p.6). The ONPHA (2013) explained that there has been an increase in affordable units for middle-income renters and an increase in more expensive units. If it is this difficult for middle-income households to find well-maintained rentals, then one can only imagine the difficulty lower-income households have. In Ontario, there is subsidized housing to help low-income households, which according to the National Household Survey (NHS) definition “includes rent-geared-to-income (RGI), social housing, public housing, government-assisted housing, non-profit housing, rent supplements and housing allowances” (Statistics Canada in ONPHA, 2013, p.21). However, subsidized housing only makes up 16 percent of Ontario’s rental housing stock, thus many still rely on the private rental market (ONPHA, 2013). Because of this, the private rental market has grown in importance and learning more about the private rental sector, (i.e. who is likely to live in this sector of the housing market and who is running it) is crucial.

INDIVIDUALS INVOLVED WITH THE PRIVATE RENTAL MARKET

Two groups constitute the private rental market, tenants and landlords. A tenant is an individual who occupies a rental unit, and a landlord is “a person who leases land or houses to others” (McNeill, 1985, p.ix). Furthermore, while there are a fair number of

studies on Canada's housing scene, many of them do not talk about landlords and if they do, they are only mentioned in passing. For example, *Finding Room* edited by David Hulchanski and Michael Shapcott (2004) focuses on the provision of affordable rental housing to low-income households. Landlords, the individuals providing this type of housing accommodation, are only mentioned on eleven pages of this 443-page book. While landlords have been neglected from academic research, tenants have not. Since there is a substantial literature on tenants and their perspectives on landlords and the rental market and a small literature on landlords and their perspectives on tenants and their experiences and perceptions of the rental market, I will briefly outline the characteristics of tenants and then I will describe landlords' perspectives, characteristics and experiences at length.

Tenants

Tenants are more numerous than landlords in urban agglomerations (Lehrer, 1991), but what types of people are likely to rent? Pomeroy (1998, p. 1) states that "the rental housing sector is an important part of the housing systems and the principal source of accommodation for many lower income households" in Canada. He explains that while social housing (which only accounted for approximately six percent of housing stock in 1998) has played an important role for providing low income households with affordable housing, the private rental market remains their principal source of rental accommodation (Pomeroy, 1998). Among all the people renting in 2006, 19 percent were in core housing need, meaning they were spending more than 30 percent of their income on housing, with an additional 12.4 percent in severe housing need, meaning they were spending more than 50 percent of their income on housing (Harris, Dunn & Wakefield, 2015, p.9).

Miron (1995) estimated the likelihood of individuals living in rental accommodation by using the 1986 Census data. He found that those who are married are least likely to rent, particularly as they age, though the incidence does increase when married couples are above the age of 60 (Miron, 1995). Widows and widowers are not likely to rent (Miron, 1995), likely because they purchased their home prior to becoming widowed. Singles are the mostly likely to rent, though divorcees were found to have approximately the same high incidence of renting as singles do (Miron, 1995). As singles age, some do transition to homeownership, however the majority remain renters (Miron, 1995). The latter are both likely to earn less than dual-income households.

Bierre, Howden-Chapman and Signal (2010), and Pomeroy (1998, p.10) also found that most singles are renters, however they also explained that lone-parents were likely to rent too. Furthermore, Pomeroy (1998, p.16) found that there has been an increase in the number of immigrants and visible minorities amongst the rental population since 1982. In more recent years, many researchers have also found that younger generations (i.e. Millennials) are more likely to rent (Bierre et al., 2010; Forrest & Hirayama, 2015; Gilbert, 2016). These individuals may be single or in a couple and this is related to soaring homeownership costs. Since Millennials will have more difficulty attaining homeownership than earlier generations did, perhaps renting will become more common than homeownership in the coming years.

Landlords

Though there are fewer landlords than there are tenants, they play a significant role in the rental market as they are the ones that are supplying the rental accommodations. With

landlords being the central focus of this thesis, this section of the literature review will focus on the literature, and in some cases, the lack thereof, on who landlords are and what their motivations, priorities, challenges and interests are. I will begin by outlining the different types of landlords and how they are defined. I will then discuss two landlord survey case studies conducted in Canada, followed by another two case studies conducted in Britain and the United States, respectively, for comparison. The latter two were chosen because, as noted earlier their private rental sector has certain broad similarities to that of Canada. This section will help to understand what is currently known about landlords in the private rental market and what is yet to be discovered.

The general definition of a landlord is: an individual leasing land or housing to a tenant; but there are numerous types of landlords. Allen and McDowell (1989) explain that “landlords have tended to be classified along the lines of familiar, self-evident characteristics” (p.41), such as age, sex, marital status, income, employment status and the number of dwellings or units owned, although they argue that it is not as simple as this. To better understand each individual landlord, it is critical to know specifics, such as their sex, age, marital status, employment status, and number of tenancies that they own (Allen & McDowell, 1989). The more information that one has, the easier it will be to understand individual behaviour. Thus, classifying landlords based on their familiar, self-evident characteristics is a good starting point but is insufficient (Allen & McDowell, 1989). A “typical” landlord does not exist, “they are Everyman, and, although more often male than female, Everywoman” (Mallach, 2007, p. 23).

Allen and McDowell (1989) suggest that there are many types of landlords and, therefore, we must first define some of the main terms used when describing them. Landlords can be either resident or absentee. The former refers to those whose primary place of residence is on one of their rental properties, while the latter refers to those who live elsewhere (i.e. a different dwelling, neighbourhood, city, and sometimes even country). Landlords may also usefully be classified based on the number of units they own. This is an important classification because it can give insight into the degree of professionalism or the extent to which the landlord relies on rental income, which may ultimately explain why an individual identifies as a landlord. For example, if an individual only owns a couple of units, they likely do not have the same responsibilities or professionalism as an individual who owns many more, thus they may not identify or think of themselves as a landlord. They may be small-, medium- or large-scale, however, even these terms are not as straightforward as they sound. Allen & McDowell (1989, p.42) explain that “the dubious nature of relying upon a size classification of property ownership to distinguish between different types of individual landlords is highlighted by the seemingly arbitrary way in which the terms ‘small’, ‘medium’ and ‘large’ are often defined”. They further illustrate this with the numerical inconsistency found within three different surveys provided by three different researchers: “‘small’ varies from 1-2, 1-5 and 1-9 tenancies, ‘medium’ from 3-9, 6-20 and 10-99 tenancies and ‘large’ from 10+, 21+ and 100+ tenancies”, respectively (Allen & McDowell, 1989, p.42). Recognizing that any classification is arbitrary, for the present study, ‘small’ will be defined by landlords owning 1-19 units, ‘medium’, 20-99 units and ‘large’, 100 or more units.

The term landlord has many negative connotations, which have been reinforced by the media throughout history. Speaking about the Canadian scene, Lehrer (1991) states, “the landlord is depicted as greedy, wealthy, uncaring, scheming, villainous, exploitative, murderous – and worse” (p.xi). Lehrer’s book is clearly speaking for landlords, and therefore, it is important to keep in mind his bias. He explains that historically, there have been great differences between the economic power of landlords and tenants and thus the former are understood to take advantage of the latter (Lehrer, 1991). This led to tenants reporting on their negative experiences with their landlords and ultimately the negative connotations. These stories have appeared in newspapers as articles and comics (Lehrer, 1991). For example, until at least the 1990s, the *Toronto Star* frequently wrote about the rapacity and immorality of landlords (Lehrer, 1991). “Thousands pay unlawfully high rent, probe told”, “Renters say controls don’t protect against illegally high hikes” and “Greedy owners, vicious tenants, everyone’s losing in Parkdale” are only a few of the article titles from the *Toronto Star* written about the ‘overly powerful landlord and the basically powerless tenant’ (Lehrer, 1991, p. 11-12).

According to Lehrer, the power differences between landlords and tenants have shifted over time to be more in the favour of the tenant (Lehrer, 1991). This, he suggests, is most obvious when looking at landlord-tenant boards, as landlords perceive tenants as being given many more rights than them so that they can get away with more. It is important to recognize that landlords are a diverse group. They differ based on size, they may be small-, medium- or large-scale. They differ based on type, resident or absentee. Some are good landlords who pride themselves on maintaining their property well and working

towards good landlord-tenant relationship, while others are bad landlords who neglect to maintain their properties and are unhelpful and uncaring towards their tenants. These are just a few examples, however, there are many other types of landlords that exist. However, in Lehrer's (1991) book, while he does briefly mention that landlords vary in size, there is no explicit mention of the group's diversity. The landlord is written as a victim and there is no acknowledgment of bad landlords or good tenants. Therefore, it is reasonable to assume that the public and media perceptions discussed in his book also do not recognize diversity, and stereotype all landlords as greedy, uncaring and rich individuals.

Despite the negative connotations, many people continue to self-identify as either part-time or full-time landlords. Forrest and Hirayama (2015) state, "[f]or those who can...the sensible financial strategy is to own your own home and somebody else's as well" (p.239). People become landlords for many different reasons and acquire their rental property in different ways (McNeill, 1985). For example, some purchase property to add to their investment portfolio while others may inherit the property from their parents or another family member (Wood and Ong, 2013). This further underlines the fact that landlords are diverse, as they have different motivations to become landlords, thus, stereotypical criticisms are inadequate.

Wood and Ong (2013) state that "property investment appeals to the risk-averse because it is perceived as a low-risk tangible asset" (p.3247). The reasoning behind this judgment is that property investments are believed to be a hedge against inflation and can be used by the owner as a principal residence (Wood & Ong, 2013). To do this is not as simple as it is made out to be. Those landlords probably already have a house of their own,

and therefore, would have to decide which property to sell if they cannot continue to rent. Wood and Ong (2013) also state that property investments do not require the same sophisticated economic or financial knowledge that shares and bonds might. However, there is a lot of other knowledge that is required for an individual to be a good, professional landlord. Indeed, Miron (1995) argues the opposite, as he believes that investing directly in the rental market requires the landlord to take risks. The risk occurs because typically the investor is borrowing long-term for the mortgage, while they are lending short-term through tenancy leases, which usually last between one and three years (Miron, 1995). While landlords can generally predict the profitability of rents, issues may arise because the rental market can change unexpectedly, therefore, there is a risk that rent will not be as high as they were first predicted or there may be a possibility of vacancies (Miron, 1995). Landlord risks are also related to tenant management. When a tenant signs a lease, they are agreeing to pay rent (Miron, 1995), respect the property, and be courteous of their neighbours, among other things. A landlord is taking a risk when they enter a lease agreement because although the tenant has signed the lease, they may end up in arrears, damage the property or disrupt their neighbours. While being a landlord may appeal to the risk-averse, there are always risks and work involved with renting property.

Miron (1995) states that landlords are both financiers and property managers. Their first role is a financier as they must choose to purchase a building and then determine how much they are willing to pay and how they are going to finance that cost (Miron, 1995). This then becomes an ongoing role as they must choose who to target to rent to and when to sell the building or change it to another use (Miron, 1995). Their second role is that of

property manager, which means that they must determine how to effectively operate the building on a daily basis (Miron, 1995). This typically means finding the least costly way to serve the least costly tenants (Miron, 1995). Miron (1995) explains that small-scale landlords typically take on both roles, while large-scale landlords may have a property management company on-site to deal with most of the work.

A 1997 survey of sixty of Vancouver and Ottawa's rental housing market investors, conducted by Pomeroy (1998), to find out if an increasing prevalence of low income households affected the attraction of private rental housing as an investment, revealed a few patterns. At the time of the study the two markets were substantially different, as Vancouver had been experiencing strong economic growth, and as a result the housing market was very expensive, while Ottawa had a weaker economy (Pomeroy 1998). Pomeroy (1998) conducted interviews with a sample of investors, many of whom were small-scale landlords owning only three or four small properties. He characterized them as "non-professional 'Mom and Pop type landlords'" (Pomeroy, 1998, p.25), who managed their properties themselves. He found that, generally, these investors entered the rental housing market for capital gains or a supplementary source of income, and for many it was their "retirement nest egg" (Pomeroy, 1998, p.26). Pomeroy recognized that his sample size of six, across two major Canadian cities, was very small, not enough to support a quantitative analysis. Furthermore, he did not collect any information regarding the participants' demographics, or background, therefore, it is difficult to understand why respondents gave the responses they did.

Another survey focused on “individual rental investors” in five Canadian cities (Toronto, Montreal, Calgary, Halifax and Vancouver). Conducted in 2005 by a research group, Arcturus Solutions, for CMHC, it revealed a similar pattern. The consultants conducted 410 interviews with landlords, 138, 127, 61, 48 and 36 from each respective city. Arcturus Solutions (2005, p.2) defined an individual rental investor as “a Canadian resident who owns self-contained (i.e. containing a kitchen and bathroom) residential properties in Canada for the purpose of generating rental income”. The purpose of the study was to get a more in-depth understanding of Canada’s individual landlords because Arcturus Solutions, like Pomeroy, explained that “a substantial proportion of the total stock of Canadian rental housing is owned by individuals rather than corporations” (2005, p.1). Most of the participants were male (62 percent) and over 40 years of age (Arcturus Solutions, 2005). Slightly less than half (44 percent) were employed full-time or part-time and 38.6 percent were self-employed (Arcturus Solutions, 2005). Furthermore, less than half (42 percent) relied on their rental properties as their main source of income (Arcturus Solutions, 2005). This indicates that, for many, being a landlord is not their only form of employment and that they rely on other means of income.

Most of those surveyed were small-scale investors, made evident by the fact that half of their respondents owned five or fewer rental units and more than a third owned three or less, while many managed their own properties (Arcturus Solutions, 2005), similar to Pomeroy’s findings. This was likely because it is too expensive for small-scale landlords to hire a management company. While this was the general pattern, there were local variations between cities. Montreal and Halifax landlords, on average, owned a larger

number of units than those in Toronto, Calgary and Vancouver (Arcturus Solutions, 2005). The consultants found that young investors, or those with a relatively large number of units, were most likely to buy additional units, while investors over the age of 55 were most likely to sell units within the next five years (Arcturus Solutions, 2005). Calgary-based respondents were found to be significantly more likely than those from the other four cities to decrease the total number of units they own (Arcturus Solutions, 2005, p.20). For all cities, as their retirement approached, the chance that landlords would not want to continue owning an investment property became higher.

Participants were also asked to rank the benefits of investing in the rental market and the challenges they face on a scale of one to five. Though there was some variation, most landlords agreed that 'a secure long term investment' was the most strongly endorsed benefit, while 'a high return on investment' was the least strongly endorsed (Arcturus Solutions, 2005, p.26). The other options were 'help with paying off mortgage', 'stable income', 'flexible hours', and 'an investment that is easy to manage' and they were ranked in that order (Arcturus Solutions, 2005, p.26). The question was then opened up for participants to list any other benefits and 'capital gains' and 'a form of investment' were two that continuously came up (Arcturus Solutions, 2005, p.27). There was only one prominent variation between the five cities, however variations by age and number of rental units owned were also evident, indicating that landlords are a diverse group. Montreal-based respondents did not attach weight to 'help in paying off mortgage' as strongly as those from other cities (Arcturus Solutions, 2005, p.27). Variation based on age was evident: as respondents approached the age of retirement, they did not view rental property

as ‘a secure long term investment’ as strongly as younger respondents (Arcturus Solutions, 2005, p.27). Lastly, there was “a weak but statistically significant relationship...found between the number of units owned and ‘flexible working hours’” (Arcturus Solutions, 2005, p.28). As the number of rental units a respondent owned increased, the more strongly they perceived ‘flexible working hours’ as a benefit (Arcturus Solutions, 2005, p.28). This is probably linked to the fact that most those who owned many rental units were self-employed investors, and so their daily work hours are more flexible (Arcturus Solutions, 2005, p.28).

Regarding challenges, ‘quality of tenants’ was viewed as the biggest challenge, while ‘cannot sell all the properties easily if I need a big amount of cash (lack of liquidity)’ was not viewed as a serious issue (Arcturus Solutions, 2005, p.29). The other options were ‘property maintenance’, ‘vacancies’, ‘property safety’, and ‘rent collections’, in that order (Arcturus Solutions, 2005, p.29). It is interesting that rent collection was not high on the landlords’ list of challenges, particularly because much of the literature points to this as an issue (see Desmond, 2015; Kemp, 2004; Pomeroy, 1998). Participants were also asked to list any other challenges and ‘legal issues/regulations’ and ‘general inconvenience’ were the two most often mentioned (Arcturus Solutions, 2005). Arcturus Solutions (2005, p.30) explains that “demographic [city of residence, age and number of rental units owned] factors appear to impact perceptions of challenges more than they do perceptions of benefits”. Three prominent variations between cities were found, as follows: ‘vacancies’ were viewed as a concern highest in Calgary and lowest in Montreal, ‘quality of tenants’ and ‘property safety’ were prominent in Vancouver but not in Montreal, and lastly, ‘cannot

sell the properties easily if I need cash' was viewed highest in Halifax and lowest in Calgary (Arcturus Solutions, 2005, p.30-31). Regarding age, older respondents were more likely than younger ones to view 'cannot sell the properties easily if I need cash' and 'property safety' as challenges (Arcturus Solutions, 2005, p.31-32). Lastly, as the number of rental units a respondent owned increased, their perception of 'rent collections' and 'property safety' as challenges also increased (Arcturus Solutions, 2005, p.32).

The surveys by both Pomeroy and Arcturus Solutions indicate that many Canadian landlords share similar views on their experiences in the rental housing market. However, there are variations among landlords, who differ demographically and between cities. While both surveys provide insight on landlord's perceptions and experiences in Canada, neither included Hamilton. Hamilton is a city in transition and many have been choosing it as their home because until recently it was a relatively cheap place to live. As Hamilton's private rental market remains imperative for many, it is important to get an understanding of Hamilton's landlords. Furthermore, both surveys are dated, as they were conducted over ten years ago. Considering the city's current housing scene is especially pressured, in terms of prices and rents, and therefore, there may have been a change in landlords' attitudes, motivations, priorities and experiences.

Available British research is broadly consistent with the Canadian findings as to the character and motivations of landlords. A British researcher, Peter Kemp, undertook a landlord survey because, as in Canada, little was known about their private landlords. It is instructive to compare the findings with what we know about Canada's private rental market. In Britain, investors within the private rental market are mostly made up of

individuals (or couples) (Kemp, 2004), and so again, they are largely small-scale landlords. Like Arcturus Solutions, Kemp (2004) also found that the majority are men, mostly white, however blacks and Asians are over-represented. They typically hold other full-time or part-time employment aside from being a landlord (Kemp, 2004), like landlords in Canada. Rents do not normally represent a large proportion of their income, which is a result of having a small rented portfolio and because they rely more on their other employment for income (Kemp, 2004). As in Canada, small landlords are more likely to manage their own property (Kemp, 2004), probably for the same reason, being that it is too expensive to hire out.

British landlords acquire their property in different ways, most bought, others inherited, and some received it as a gift (Kemp, 2004). Inheriting property is the second most common way of acquiring property (Kemp, 2004). Neither Pomeroy nor CMHC looked at how Canadian landlords acquired their property, which would have helped in understanding their motivations. Many British landlords perceive their rental properties as an investment and many hold a positive attitude about renting (Kemp, 2004). They agree that tenants typically take good care of the property, pay their rents on time, and that they, as landlords, can legally charge a reasonable rent (Kemp, 2004).

Similar to what Arcturus Solutions' found, when landlords were asked what the "best things" about being a landlord was, they commonly mentioned 'rental income', 'the prospect of capital growth' and 'providing a service to the local community' (Kemp, 2004). Canadian landlords also view rental income and capital growth as benefits, however providing a service to the community has not been reported. The "worst things" that were

mentioned were ‘troublesome tenants’, ‘amount of time spent on maintenance’, ‘cost of repairs’, and ‘rent arrears’ (Kemp, 2004). Canadian landlords, too, mentioned these as challenges, except ‘cost of repairs’.

Lastly, a slightly different survey was conducted nationwide in the United States called “The Property Owners and Managers Survey” (POMS) in 1995 by the United States Census Bureau. Using the 1993 American Housing Survey National Sample, questionnaires were mailed to 16,300 property owners, managers, or other agents across the country (Savage, 1998), a much larger survey than those conducted in Canada and Britain. Unlike the Canadian and British studies, POMS focused solely on multifamily properties within the private rental market. These were divided into three categories, small, medium and large (Savage, 1998). Small multifamily properties were described as those with fewer than 5 units, medium as those with 5-49 units, and large as those with 50 or more units (Savage, 1998).

This survey was later used in another study, conducted by Alan Mallach (2007, p.19). Mallach found that approximately half of all owners of single-family detached rental properties owned only one property, while one-quarter owned between two and four properties (Mallach, 2007). Thus, “the ownership of one to four unit rental properties is generally considered to be one of the few remaining economic sectors of any significance in the United States that has resisted rationalization into larger, impersonal corporate entities” (Mallach, 2007, p.19). In other words, the majority of landlords are small-scale just like in Canada and Britain.

The main reason for acquiring property was the same for owners in all three categories, to gain income from rents (Savage, 1998), a similar finding to the other studies. The second reason differed among the different types of property. Owners of small multifamily properties gave as their second reason for acquiring property their desire to use it as their residence (Savage, 1998), thus many of them are resident landlords. On the other hand, owners of medium and large multifamily properties wanted the property for long-term capital gains (Savage, 1998). As Arcturus Solutions and Kemp found, POMS reported that most multifamily property owners are older than 40 years of age, more specifically, between the ages of 45 and 64, and white (Savage, 1998).

As with the Canadian and British studies, POMS looked into the biggest challenges (i.e. the most frequent complaints) of property owners and managers. Their findings, however, were different. The most frequent complaint was directed at the local property tax followed by parking restrictions (Savage, 1998). Neither of these were concerns of Canadian or British landlords. Among small multifamily properties, the third most frequent complaint was about regulation, specifically lead-based paint requirements (Savage, 1998). While there is no indication that this specific complaint was made by Canadian landlords, they did mention that legal issues/regulations were a challenge. Rent controls were the third most frequent complaint made by medium and large multifamily property owners, again something that was not mentioned by Canadian or British landlords.

The majority of respondents from all surveys were small-scale, which further solidifies the fact that most landlords are small-scale. For this reason, it makes sense that they hold other part- or full-time employment, and view capital gains and investments as

the biggest benefits or reason why they acquired rental property. British landlords generally had more positive attitudes about renting. As previously noted, Britain's rental sector is different from that in Canada and the United States because social housing dominates. Furthermore, the private rental sector in Britain was viewed very negatively prior to the 1990s, at which point it went through a modest expansion and became a lifestyle for middle-income renters. This could in part be one of the reasons that private rental sector landlords have a more positive outlook. However, the responses from the two Canadian landlord surveys and the British survey were much more similar than those from the United States survey. Homeownership is the American Dream; therefore, renting is viewed more negatively and is typically associated with low-income households, more so in the United States than in Canada or Britain, which could explain why American landlords view rent controls as one of the biggest challenges. Other responses given by American landlords were much different from Canadian and British landlords, as well, such as their negative views of parking restrictions and regulation of the use of lead-based paint. Perhaps these concerns reflect the American car-oriented lifestyle and skepticism of government. Based on these findings it is evident that there are both similarities and differences between the four surveys and it reflects national differences, and the state of the housing market.

LANDLORD-TENANT RELATIONS

Landlord-tenant relations are at the core of the rental market and, unfortunately, they "...have always been one of the most problematic features of private renting" (Kemp, 2004, p. 157). This statement is supported by Gilbert (2016) who explained that "Many tenants criticise their landlords and the latter are not always fond of their tenants" (p.177).

However, he acknowledges that their relationships are generally quite friendly. These negative perceptions derive mainly from power differences and conflicting interests.

Power

Historically, there were huge differences in the economic power of landlords and tenants, with the landlord holding all the cards (Block in Lehrer, 1991). The term ‘landlord’ dates to “medieval days when the lord of the manor was the master of all he surveyed, and the serfs on his domain were little better than slaves” (Block in Lehrer, 1991, p.vii), indicating that the original landlords were very large-scale and *did* have all the power. The meanings originally associated with the term likely have some role in the lasting perceptions. Lehrer (1991) argues that over time the power bases available to small residential landlords have been weakened, while those of the tenant has strengthened. While this is broadly correct, one of the most important changes over the past century or more has been the development of landlord-tenant legislation to promote greater equality between the two groups, rather than to give tenants more power than landlords, a view commonly held by landlords. Lehrer (1991) also argues that their power bases have been weakened because many small landlords are elderly, ethnics, and/or members of visible minority status that struggle to meet mortgage payments, while some tenants own luxury cars, can go on nice vacations, own summer cottages, or buy expensive electronics, among other things. It is important to keep in mind that Lehrer wrote his book almost 30 years ago and people were only spending ten percent of their income on rent, his analysis only applies to landlord-tenant relations under rent control, but perhaps most importantly, he was biased towards landlords. While his observations may hold true for high-income tenants today,

low-income tenants are paying a larger proportion of their income on rent and likely cannot afford luxury purchases. Furthermore, based on Lehrer's description of small landlords in the 1980s outlined above, today's small landlords are different (i.e. majority between the ages of 45 and 64 and white).

Supporting the idea that tenants hold more power than landlords, Smith (1983) and Miron (1995) discuss how landlord-tenant legislation and increased regulation within the private rental market has changed over time to reflect the interests of the tenants. For example, the Ontario Landlord and Tenant Act (LTA) was officially announced in 1969 to take precedence over any lease agreement between a landlord and tenant (Miron, 1995), and revisions made to it have "generally increased tenant security and imposed additional restrictions on landlords" (Smith, 1983, p.69). Prior to this, there were "no distinctions in statute law" among residential or other tenancies, and tenants' rights were only protected based on what was stipulated in the lease (Miron, 1990, p.169). Miron (1995) explains that the LTA restricts the grounds for a landlord to evict a tenant and says that in most residential tenancies, an eviction can only occur with a court order. Furthermore, landlords are limited to only collecting one month's rent as a security deposit (Miron, 1995), therefore with the eviction process typically being lengthy, landlords lose out on several months of rent if a tenant is in arrears, ultimately giving the tenant more power. One thing worth noting is that enforcement is an issue and, as a result, derelict landlords, those who allow their properties to deteriorate and fail to fix problems, often go undetected. However, as the literature suggests, many parts of the legislation work to protect tenants and give them more power

than landlords. Due to this, landlord-tenant relations may become strained because of the constrained rent increases and possible experiences with bad tenants who do not pay rent.

Kemp (2004), on the other hand, argues that landlords tend to have more power than tenants because they are the ones allowing the tenant to live in their units. When there is a large supply, tenants have more options and, thus, more power, but when there is more demand, landlords have more options and, thus, they have more power (Kemp, 2004). As homeownership continues to become more difficult for people to afford, demand for rental units is growing meaning that landlords are likely gaining a little bit more power at the same time, however with the LTA protecting tenants, it is unlikely that landlords will regain the power they once had.

Roles and Responsibilities

A New Zealand study found that landlords and tenants have differing expectations on the roles and responsibilities of each party, and these differences have contributed to some of the discord between the two (Bierre et al., 2010). Kemp (2004, p.157) explains that when either (or both) party has little, or an incorrect, understanding of their rights and responsibilities, such as the landlord's responsibility to make repairs and maintain the dwelling and units, the tenant's responsibility to pay rent on time and their right to "quiet enjoyment and freedom from interference by their landlord", issues arise. Many of these right and responsibilities are written in landlord-tenant legislation, however, only a minority of landlords and tenants are familiar with them (Kemp, 2004, p.158). One issue stems from the numerous "Mom and Pop" landlords who are characterized as "non-professional", which means that they do not have a great deal of understanding of the rights

and responsibilities of landlords and tenants and often do not properly respect their tenant's privacy, for example, not giving proper notice prior to entering their unit (Bierre et al., 2010; Pomeroy, 1998). This is because there are no simplified handy references for landlords to find their rights and responsibilities (McNeill, 1985), thus they must search for the information and read through lengthy legal documents. Considering that being a landlord may not be their only job, we can speculate that they may not have time to do this. The other issue stems from the complexity of the rights and responsibilities and that they differ from place-to-place (Kemp, 2004). Furthermore, tenants are often just as ignorant of their rights and responsibilities (Kemp, 2004, p.158), and thus the ignorance on both sides can add up to a lot of misunderstanding and conflict, resulting in poor landlord-tenant relations. This is where landlord associations sometimes make a useful contribution, by helping the landlord better understand their rights and responsibilities.

McNeill (1985) argues that maintaining a good landlord-tenant relationship is important and it begins with both parties knowing and understanding their respective roles. The two parties should go through the entire rental contract together before the tenant signs the lease to ensure that there are no misunderstandings.

Tenant Selection

The ability of landlords to select tenants gives them the power to discriminate. Novac et al. (in *Finding Room*, 2004, p.135) explain that:

Housing discrimination consists of any behaviour, practice, or policy in the public or private sectors that directly, indirectly, or systematically causes harm through

inequitable access to, or use and enjoyment of housing by members of historically disadvantaged social groups.

In Ontario, tenant selection based on age, sex, ethnicity, marital status, family composition, among other factors is illegal. Pomeroy (1998) found that other researchers believe there is a difference between discrimination and selectivity. This means that some types of selectivity are morally and legally acceptable, for example, based on an applicant's credit score, while others are not, such as discriminating against a tenant of a certain ethnicity or sex. Landlords need to select a tenant who will protect their investment (Pomeroy, 1998), therefore, many of them are selective. These criteria likely vary among landlords and change over time to reflect changes in tenants and based on a landlord's experience. Miron (1995) found that selection of tenants is of great concern to landlords because some tenants are 'bad': they may waste heat or hydro, vandalize the property or otherwise cause excessive damage, fall into arrears, or be noisy, among other things (Miron, 1990). These tenants may be evicted down line but they can also cause irritation and reduce the profitability of the landlord's investment in the meantime. Because of this, landlords "...may well target particular kinds of tenants to attract to their buildings" (Miron, 1995, p. 588).

Landlords tend to pick and choose tenants, typically, the most successful applicant is the one who is resourceful and easy to house (Steele & Tomlinson, 2010). Macdonald (1986, in Bierre et al., 2010) found that landlords in New Zealand in the 1980s told undesirable tenants (i.e. those who are unemployed, have many children, etc.), typically

Maori and Pacific people, that the house was no longer available, or they increased rents and invented conditions that made the tenant ineligible to live there. Their choice to do this was to protect their investment, which supports what Miron (1995) found, therefore, this is an issue in rental markets around the world. Pomeroy (2004, p.277) further supports this by stating that a landlord will try to minimize their risk when renting out a vacant unit, thus they will prefer tenants with good jobs because they are perceived to have more capability to pay rent each month. Unfortunately, this type of tenant selection results in constrained access for low-income tenants (Pomeroy, 2004). As a result, the less desirable tenant will have more difficulty finding somewhere to live no matter where they go (Pomeroy, 1998).

Desmond conducted an in-depth study of landlords and tenants in Milwaukee's rental market. It is important to note that his work focuses on the bottom end of the market in a poor city. While it is a case study that may not be representative of all American cities, Desmond (2016) states that it is an American story because many rental markets in other cities operate in the same way. He found that within a city segregated by race, landlords tried to cluster their properties in the same neighbourhood and would focus on housing a certain demographic, whether their choice be blacks, whites, students, low-income households, or others (Desmond, 2016). This demonstrates discrimination, however certain landlords choose to house those who may be deemed as undesirable by others. It is likely that some landlords in other developed countries also choose to house a specific demographic, however the literature typically describes particular demographics they would prefer not to rent to.

In his literature review, Pomeroy (1998, p.19) found that those who typically have the most difficulty renting are those on social assistance programs (i.e. welfare) and other low-income households, immigrants/visible minorities and single mothers. The first group is usually avoided because landlords want to avoid losses (Pomeroy, 1998). Since the cost of living in cities is high, people with low-incomes sometimes must pick-and-choose what to pay for and they likely end up in rent arrears. It is possible to make arrangements whereby social assistance pays rent directly to the landlord, however a tenant can call their social assistance program and request the money be sent to them and that they will pay rent themselves. The second group is sometimes avoided because they are more likely to have many family members living together, which can lead to overcrowding; strong cooking odours that may bother other tenants and are difficult to get rid of when the tenant moves out; and language barriers making it difficult for the landlord to communicate with them (Pomeroy, 1998). The last group that is typically avoided are those with children (Pomeroy, 1998, p.38). Desmond (2016) found that many landlords do not want low-income families to move in because they do not want children living in their units or houses (Desmond, 2016). The reasoning behind this is that if a family lives in a poor neighbourhood, mothers typically keep the children inside where it is safer and so that they stay out of trouble (Desmond, 2016). However, being cooped, up inside, children find other ways to keep busy, for example, by flushing keys down the toilet, causing plumbing issues that the landlord has to deal with (Desmond, 2016). Based on the literature, discrimination does occur and that certain people have more difficulty finding a place to rent.

Rent and Rent Control

The way landlords decide what rent to charge varies between different types of landlords. They determine their rent by considering a variety of factors (i.e. tenant's income, their knowledge of the market, use of a management company) with the help of informal and formal social networks (i.e. apartment associations, organizations, other landlords, management companies) (Gilderbloom, 1989). Furthermore, different types of landlords (small- versus large-scale) will determine rents differently because their engagement in the market is not the same. Large-scale landlords are more likely to determine their rents based on a series of factors to maximize their profit (Gilderbloom, 1985), while small-scale landlords are more likely to consider the personal relationships they might build with their tenants or use evidence of market rent levels (Gilderbloom & Applebaum, 1987). Kemp (2004) found that 'informal' (i.e. small-scale) landlords would look in the newspaper to see what other landlords were charging, set it so that it would cover their costs and present it to the tenant, therefore, it is 'market determined'.

Rent control is another element that contributes to poor landlord-tenant relations. Tenants view rent control as a good thing, however Gilbert (2016) states that it has negative consequences. It favours people who are already tenants, and with secure tenancies, because it ensures that their rent can only be increased a certain amount each year (Gilbert, 2016). It also discourages landlords from properly maintaining or investing in their properties (Gilbert, 2016) because they are not necessarily receiving enough money to cover their costs. Federal and provincial governments in Canada have introduced rent controls at different times (Miron, 1995). It was first introduced by the federal Wartime

Prices and Trade Board in 1940. However, shortly after the war ended it was removed and residential rents were mostly unregulated for the following 25 years (Miron, 1995). The Residential Premises Rent Review Act (RRRRA), declared in 1975 set a guideline for an 8 percent annual increase, later reduced to 6 percent, then in 1979 RRRRA was repealed with the passing of the Residential Tenancies Act (RTA) (Miron, 1990). The RTA allowed for a 6 percent annual rent increase but it too was later reduced by 2 percent (Miron, 1990). In 1986, the Rent Regulation Act (RRA) was declared to replace the RTA (Miron, 1990) The RRA allowed for the guideline rate increases to be set annually using a formula related to the changing costs of maintaining rental properties (Miron, 1990). While it depends on its relation to the changing rate of inflation, the guideline rates of increase have been consistently lowered throughout the years, which could contribute to the difficulty for landlords to gain returns on their investments.

Today, the private rental market in Ontario continues to be relatively unregulated as rent control only applies to rentals first on the market on or after November 1, 1991 (Krovblit, 2017; Steele & Tomlinson, 2010).² For all rental properties, however, landlords are only allowed to raise rent once a year and cannot reduce the services offered at the time the tenant signed the lease until their rental agreement has been terminated (Krovblit, 2017). The main difference is that rentals that entered the rental market on or after November 1, 1991, can raise their rent more than the provincial maximum rent increase of 1.5 percent each year (Krovblit, 2017). Rent control is established by governments to deal with the gap

² In April 2017, the province extended controls to all rental unit, but this did not apply at the time of the study.

between the rise of rent costs and lack of increase in tenant's incomes (Applebaum & Gilderbloom, 1983), while rents on units not under rent control are adjusted by the landlord to match the increases imposed by other landlords in the city, to receive higher rates of return on their investment, or to cover the rising costs of doing business.

Rent Arrears

Kemp (2004, p.162) found that there were two key criteria to what landlords consider a "good" tenant, one of which was someone who pays rent regularly, promptly, and in full. Unfortunately, not all tenants do this. Many landlord-tenant disputes occur over unpaid rent (Bierre et al., 2010). Kemp (2004, p.164) states that "although only a minority of landlords experience rent arrears at any time, the number who have had such difficulties during their letting career is much higher" and of course those with large rent portfolios or those who rent to low-income tenants are more likely to experience problems with rent arrears. Rent arrears account for the most common reason as to why a landlord evicts (or attempts to evict) a tenant (Kemp, 2004).

As mentioned previously, Milwaukee is a poor American city and Desmond's (2016) work focuses on the bottom end of the market. Throughout his study of eviction, he found that many tenants are in arrears and that this causes issues for the landlord. When a tenant does not pay rent, it is very taxing to the landlord because, if they have a mortgage, they must use their own money to ensure the bank does not foreclose their property (Desmond, 2016). As one of the landlords that Desmond followed told him: "last time [she] checked, the mortgage company still wanted their money" (2016, p. 11). Landlords tend to be viewed negatively by tenants for wanting their rent when it is due, overlooking the fact

that landlords also have expenses. They are providing a service and just like providers of other services that people use, they need to be compensated. Landlords find it awkward, uncomfortable and irritating when they are forced to ask tenants about rent arrears (Kemp, 2004). With arrears being the most common reason for eviction, many landlords never obtain the money they were owed (Desmond, 2016). Desmond (2016) explains that “there were no euphemisms either: no “downsizing,” no “quarterly losses.” Landlords took the gains and losses directly” (p.11).

Gilbert (2016, p.178) states that “unfortunately, the legal system in most countries does not help most landlords or tenants because it simply does not work effectively”, however, landlords believe that it works to help tenants. If a landlord is owed money or has attempted to evict a tenant without success, they often to have resort to legal action (Kemp, 2004). Going to court is time-consuming and expensive for both parties (Kemp, 2004). One of the landlords that Desmond (2016) followed explained that she had had issues with evictions in the past. She explained that she feared the commissioners because she believed they were sympathetic to tenants and try to block landlords with technicalities (Desmond, 2016). She had filed paperwork and gone to court only to find out that her case was thrown out because there was an issue with the paperwork, therefore, she has had to go home and restart the entire process again losing out on rent for yet another month, plus legal fees (Desmond, 2016). Unfortunately, roughly 70 percent of tenants in Milwaukee do not show up to their evictions case in court because they cannot miss work, are not able to find child care, were confused by the process, could not care less or want to avoid the humiliation (Desmond, 2016).

In Ontario, if a tenant is in arrears, the landlord must serve a notice of termination of tenancy to the non-paying tenant, however the notice cannot be effective for a minimum of 20 days (Miron, 1990). To avoid termination, a tenant can pay any rent that is owed within 14 days, with no penalty or interest charge (Miron, 1990). This causes strained landlord-tenant relations because as mentioned earlier, these costs are then deducted from the landlord's own income until the tenant pays rent or is evicted. This section of legislation (Sect. 108) protects the tenant for a minimum of 20 days. However, depending on the speed of the process, it can be longer. As Miron (1990, p.171) states, there is some relief to landlords under a different section of the legislation (Sect. 110), which allows a landlord to apply to terminate a lease at the end of the term if a tenant "persistently failed to pay rent when due". However, this implies that a landlord must wait until a tenant has paid late on several occasions before they can apply to terminate the lease, thus creating tension between the landlord and tenant.

In conclusion, as homeownership costs continue to increase, more individuals and households will turn to the private rental market. We are not only seeing low-income households relying on rental options anymore, as more middle- and some high-income households are too. Landlords are continuously viewed negatively because of poor tenant perceptions most of which stems from poor landlord-tenant relations. The existing literature does illustrate some of the characteristics, motivations and challenges of landlords, such as, the fact that the majority are small-scale, and invest in the private rental market as a form of income, while many still hold other employment, but there are still missing pieces. The Canadian literature does not discuss the proportion of resident versus absentee landlords,

how landlords perceive themselves (i.e. do they think of themselves as landlords and why), whether they have considered alternative ways of investing, or engaged in informal arrangements with their tenants. Furthermore, while Arcturus Solutions' landlord survey inquired about the perceived challenges and benefits of being a landlord, there is little other Canadian research that has comments on this. Knowing that landlords are a diverse bunch, it is important to learn more about them and therefore, this present research intends to explore more about their perception and focus on their motivations, priorities, challenges and interests in the private rental market.

CHAPTER 3: The Local Setting

Hamilton, Ontario's rental market is continuously growing, particularly with the recent influx of Toronto residents moving to Hamilton for cheaper housing options. Today, approximately thirty percent of the city's households are renters (Hamilton Community Foundation, 2015). With a growing rental market, the role of Hamilton's landlords is an important topic of study. To provide some context, this chapter will outline Hamilton's rental scene. It will then briefly outline the history of Ontario's rental legislation, what it is today and who regulates it. Finally, to provide context to some of the key issues that Hamilton's landlords face, it will give a brief explanation of the process of evictions, the licensing debate, and rental increases.

Hamilton is a port city located at the western end of Lake Ontario, approximately seventy kilometers from Toronto (Figure 3.1). In 2016, it had a population of 536,917 (Statistics Canada, 2016). The city is divided into two by the Niagara Escarpment, known by locals as "The Mountain", and defines the boundary of Hamilton's "lower" and "mountain" areas (Harris, Dunn & Wakefield, 2015). A large proportion of the city's middle- and high-income households live to the south, specifically at the foot of the escarpment, and on "The Mountain", and to the east, in the suburbs of Stoney Creek, and to the west, in the suburbs of Flamborough, Dundas and Ancaster. Lower-income households are typically found in the lower city (Harris, Dunn & Wakefield, 2015, p.14).



Figure 3.1: Map of Hamilton, Ontario and Surrounding Area

(Source: created using Google (n.d.) Map data ©2017 Google)

CONTEXT OF HAMILTON’S EMPLOYMENT AND HOUSING MARKET

Until recent years, Hamilton was a blue-collar city and well-known to many as “Steel City”, because of its large manufacturing sector. It is still Canada’s largest steel producer, but in recent years it has gone through major economic shifts with the decline of manufacturing and the rise of services (Harris, Dunn & Wakefield, 2015; Weaver, 2017). To illustrate this, in 2003, the manufacturing sector, dominated by two steel companies, Arcelor Mittal (formerly known as Dofasco) and Stelco, employed nearly 22 percent of Hamilton’s workforce (Weaver, 2017). Ten years later there was a ten percentage points decline in employment (Weaver, 2017). Today, information and health services employ 25 percent of Hamilton’s workforce in total, 13 and 12 percent, respectively (Weaver, 2017).

Harris, Dunn & Wakefield (2015, p.8) explain that McMaster University and Mohawk College, along with Hamilton Health Sciences “are the major employers and have helped the city record an unemployment rate that...has frequently been lower than the provincial average”. Therefore, Hamilton has been relatively successful during its economic shift.

This positive shift is noticeable in recent newspaper headlines. Many “indeed suggest some conditions are improving and that the economic successes being generated...bode well for the apparent improving prosperity in the community” and some have been referring to this positive change as a ‘renaissance’ (Mayo, 2016, p.4). However, Mayo (2016) emphasizes that not all Hamilton residents are sharing the benefits because what is being reported is only part of the picture. Income inequality and polarization, has been an increasing trend since the 1980s (Harris, Dunn & Wakefield, 2015). This means that the proportion of middle-income neighbourhoods are declining while those with low- or high-income are increasing. Harris, Dunn & Wakefield (2015, p.11) report that “the proportion of middle-class neighbourhoods in the CMA [which includes Hamilton and Burlington] has fallen” from 69 percent in 1990 to 51 percent in 2010.

Another part of this ‘renaissance’, is increasing real estate prices (Mayo, 2016). Over the past few years, in terms of rate of change, Hamilton has been said to show the strongest performance of any Canadian city (Mayo, 2016). This has been seen particularly in the lower city, where a large majority of low-income households live (Mayo, 2016). Approximately one-fifth of interview participants from this study reported that there have

been an increasing number of investors taking advantage of the real estate “boom”³ because, as one interviewee put it “Hamilton is the place to do it”.⁴ However, the rising real estate prices are creating more difficulty for new and aspiring homeowners and renters to access safe and affordable housing (Mayo, 2016). Mayo (2016, p.13) states that “Hamilton’s renaissance is exerting substantial pressure on its rental housing market” and that while average rents typically increase each year by approximately 2 percent, in 2015, those in Hamilton rose 4.1 percent. This rate of increase is the highest of any major Ontario city within the same year. It is partially attributable to an influx of people from Toronto. Hamilton’s housing prices are significantly lower than Toronto’s, therefore many individuals from the latter are relocating to the former (Carter, 2015). For locals, this is translating into a larger gap between renting and ownership, and so there are more people continuing to rent, rather than being able to buy (Carter, 2015).

Just under one-third (32 percent) of Hamilton’s households are renters, comparable to the provincial average of 28.4 percent in 2011 (Statistics Canada, 2014), therefore, it is evident that a significant proportion of Hamilton residents have not attained homeownership for one reason or another. Half of interview participants from the current study (n=7) discussed an increasing rental population. They also explained that within the past five years, there has been a change in the types of tenants. They noted that as the cost of homeownership has increased, there has been a decrease in low-income renters and an increase in all types of renters. Furthermore, they explained that more renters are coming

³ Hamilton’s landlord interviews.

⁴ Interview with one of Hamilton’s landlords, October 12, 2016.

from Toronto and other areas within the GTA. Lastly, they reported that there has been an increase in graduate student and young professional renters, which has changed the demographic, from when it was a majority of low-income renters.⁵ This indicates that a relatively large proportion of the landlords who participated in the present study probably rent decent apartments to middle-income tenants.

With the pressures on the rental market, “vacancy rates dropped...from a “renter’s market” at 4.5% in April 2014 to an unhealthy level of 1.8%” in 2015 (Mayo, 2016, p.15). The rate has since increased to 3.8 percent (Craggs, 2016), which is slightly above a balanced rental market with a 3 percent vacancy rate. One could speculate that this could possibly be because some landlords are encouraging tenants to leave, in preparation for renovations, though the exact reason for this increase is unknown.

Though individuals who rent are diverse, many have low-incomes, the reason stemming from the city’s high poverty rates. Hamilton’s incidence of poverty is among the highest in the country (Harris, Dunn & Wakefield, 2015, p.9). Its poverty rate remains at approximately 19 percent, which indicates that there has been no change since 2001 (Mayo, 2016, p.12). Furthermore, even though the number of Hamilton residents on social assistance has fallen more quickly than any other city in Ontario, it remains higher than the provincial average (Mayo, 2016). Ontario Works is one of two social assistance supports for Ontario residents, the other being Ontario Disability Support Program (ODSP). Ontario Works provides temporary financial and employment assistance for those who experience

⁵ Hamilton’s landlord interviews.

a sustained period of unemployment (Mayo, 2016). Mayo (2016, p.13) explains that, unfortunately, the financial support Ontario Works can provide to an individual is inadequate to have a safe and minimally decent life in Hamilton.

In 2006, 21 percent of Hamilton's renter population was in "severe" housing need, which are those individuals who are spending more than half of their income on housing, while a further 23 percent were in "core" housing need, spending more than 30 percent of their income on housing (Statistics Canada, 2006 in Wetselaar & Mayo, 2010). During this time, almost 75 percent of low-income families in Hamilton, which is over 9000 families, fell into "core" housing need and 33 percent or 4500 low-income families fell into "severe" housing need (Wetselaar & Mayo, 2010, p.2). As a result, low-income families are more likely to live in deficient apartments, such as those needing roof, electrical or window repairs, among other things (Wetselaar & Mayo, 2010).

Mayo (2016) states that 18 percent of rental units are non-market, meaning they are social housing or part of other housing subsidy programs. Of this 18 percent, just under 7 percent is social housing (Ontario Non-Profit Housing Association and Statistics Canada in Mayo, 2016, p.22), 50 percent of which is owned by the City of Hamilton (CityHousing Hamilton) (Mayo, 2016). Considering social housing makes up a very small portion of the rental market, there are many people on the waiting list. Approximately 2.5 percent of the city's households are on the waiting list for social housing, an increase of almost 1 percentage point since 2003 (ONPHA and Statistics Canada in Mayo, 2016). With social housing waiting lists spanning several years, many low-income households have no choice but to depend on the private rental market. The lowest income households in the private

rental market are those “subsisting on social assistance, old age pensions, student loans and/or meager employment income”, and on average paying 69 percent of their income on rent (Mayo, 2016, p.17). Therefore, these households have very little money left over for other necessities. Unfortunately, the rental units that they are most likely to occupy, i.e. bachelor and one bedroom suites, have seen the biggest increase in rent (Mayo, 2016).

An important aspect of the rental scene is the relatively large student housing presence because of its two large post-secondary educational institutions, McMaster University and Mohawk College. These have grown rapidly throughout the years, with 27,987 full- time students enrolled at McMaster in 2015 and 16,225 at Mohawk (Harris, Dunn & Wakefield, 2015, p.8). On-campus residence accommodation has not grown as rapidly, and as a result many students from both institutions look for housing in the surrounding areas. Student housing is said to “represent one distinct niche in the private rental market” and it significantly impacts some neighbourhoods (PPPD, 2004, p.73). Students housing is largely dominated by absentee landlords, has high turnover rates and directly affects families living within the same neighbourhoods (PPPD, 2004). Despite this, student housing is an important part of the housing supply continuum and therefore, it makes sense to encourage investment and growth of student housing as part of the private rental market (PPPD, 2004).

RIISING PROPERTY TAXES AND UTILITY COSTS

Along with housing costs, Hamilton’s property taxes and utility costs have also been increasing. The Municipal Property Assessment Corporation (MPAC) mails a Property Assessment Notice to Ontario property owners every four years (MPAC, 2016). The most

recent notice assessed property values as of January 1, 2016 (MPAC, 2016). City-wide property assessments have increased on average 26.1 percent since the last property assessment in 2012 (Craggs, 2017a). While property taxes depend on where you live in the city, an average 2017 municipal increase of 2.2 percent was approved by City councillors in April (Craggs, 2017a). To ease the burden on those with higher property assessments, the City will be introducing tax increases over the span of four years (Craggs, 2017a). The increases on homes in the lower city are said to be the highest, particularly those in Wards one through three, which covers west to central Hamilton (Craggs, 2017a). The total average 2017 impact for Wards one through three is 4.5 percent in all three Wards, or \$164, \$107, and \$85, respectively (Craggs, 2017a).

On top of increasing property taxes, hydro and water costs are also rising. Hydro costs are continuously becoming too expensive for an increasing number of Hamilton residents. Based on an Ontario Energy Board (OEB) report released in the summer of 2016, Horizon Utilities, Hamilton's dominant electric utilities, seen an increase of an additional 856 customers who are thirty days or more behind on their minimum payment from 2013 to 2015 (OpHardt, 2016). A total of 11,852 customers were behind, which translates into \$1,767,196 in arrears (OpHardt, 2016). Between May 1, 2008 and November 1, 2016, hydro rates increased substantially (Figure 3.2). Most Ontarians switched to time-of-use (TOU) rates, which means that the amount you pay depends on when you use electricity (OEB, 2017a). There are three periods, off-peak, mid-peak and on-peak, and they vary depending on the day of the week and time of year. During on-peak hours, the cost for hydro is most expensive, 18 cents per kilowatt hour in November 2016, which is a 93

percent increase from its cost of 9.3 cents in May 2008 (OEB, 2017a). During mid-peak hours, the cost is slightly lower than on-peak. Its increase was also considerable: 80 percent, however it is lower than the on-peak increase (OEB, 2017a). Off-peak is when a user pays the least for hydro, however, its increase was substantially higher than both the on-peak and mid-peak increases. As of May 2008, the off-peak rate was 2.7 cents per kilowatt hour and in November 2016 it was 8.7 cents per kilowatt hour, an increase of 222 percent (OEB, 2017a). Figure 2 also illustrates a decrease in rates between November 2016 and May 2017.

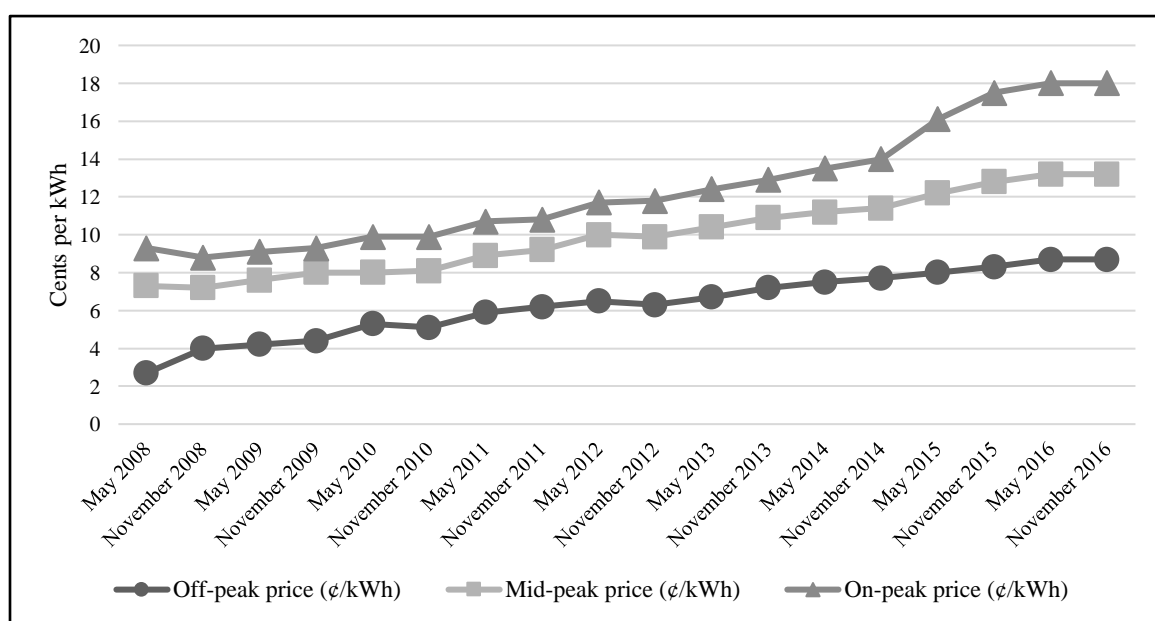


Figure 3.2: Ontario's Time-of-Use Hydro Rate Increases from May 2008-November

2016

(Source: Reprinted from *Historical Electricity Rates*, by Ontario Energy Board,

2017)

The OEB reduced electricity rates across Ontario for household, small businesses and farms who are on the Regulated Price Plan (RPP), which affects the majority (90 percent) of electricity customers in the province (OEB, 2017b; Ontario Ministry of Energy, 2017). This reduction included a portion of Ontario's Fair Hydro Plan (OEB, 2017), which is a plan proposed by Premier Wynne's government, to help Ontarians save 25 percent on their hydro bills (Ferguson & Benzie, 2017). If the legislation is passed, hydro bills will not increase more than the rate of inflation over the next four years, however, this will only provide temporary relief as it is only able to ease prices for short-term (Ferguson & Benzie, 2017). Stephen Alpin, an energy analyst believes that hydro costs will eventually stabilize, however it will be at a much higher cost than Hamiltonians are currently paying (OpHardt, 2016). This means that property owners will continue to see increases to their hydro bills.

Hamilton's infrastructure is aging and, as a result, an eighth consecutive water cost increase above four percent was approved by City council at the end of 2016 (Van Dongen, 2016). Perhaps because of the cost increases, usage has decreased, therefore people are paying more for using less (Van Dongen, 2016). Hamilton residents are projected to pay \$660 on average for water in 2017, an increase of \$60 from 2016 (Van Dongen, 2016). These property tax and utilities increasing costs are having a direct impact on Hamilton's landlords.

RENTAL LEGISLATION IN ONTARIO

Many changes have been made to landlord-tenant legislation over the years. The purpose of this section is to discuss its recent history, and especially those aspects that most affect Hamilton's landlords. The rental market was largely unregulated until the major

changes introduced as Part IV of the Landlord Tenant Act (LTA) in 1969 (Fleming⁶, 2015). Among the major changes, this extension increased security for tenants (Fleming, 2015). It allowed tenants the right to be given an opportunity for a hearing prior to being evicted and prohibited their eviction for attempting to exert their rights (Fleming, 2015). The Act was further revised twice between 1969 and 1975, and then larger revisions were made in 1975. These required landlords to give 90 days written notice regarding a rent increase (Fleming, 2015). In the same year, rent control legislation was introduced it was meant to be temporary, thought it was extended each year until 1979 (Fleming, 2015). This legislation regulated units that were occupied prior to January 1, 1976, and that had rents of \$750 or less per month, which at that time were the vast majority (Fleming, 2015). Unlike other aspects of residential tenancy law, which were dealt with in court, rent issues were to be handled by a tribunal (Fleming, 2015).

In 1979, the Residential Tenancies Act (RTA), which is different from the RTA that exists today, was enacted to cover full residential tenancies law, rather than only rent control (Fleming, 2015). The intention was to combine the two under one Act. Furthermore, the RTA wanted to put residential tenancy cases in front of a tribunal, like rent issues, and to take them out of the courts (Fleming, 2015). It had 12 parts, with only two dealing with rent control to emphasize that controls were not their main or only focus (Fleming, 2015). The two parts that did cover rent control extended previous legislation. Landlords were only able to increase rent by a certain percentage each year, unless they submitted an

⁶ Jack Fleming is the Executive Director of North Peel and Dufferin Community Legal Services and has practiced residential tenancies law for over 30 years

application with a reason justifying a higher increase, and they could only increase rent once per year (Fleming, 2015, p.5).

A few changes were made in 1986, one being the introduction of the Rental Housing Protection Act (RHPA), with the purpose of retaining affordable rental housing stock (Fleming, 2015). Units that were covered in the Act were not allowed to be converted, demolished or undergo extensive renovations without municipal approval (Fleming, 2015). The RHPA had an effect: in the ten years prior to the Act, approximately 2000 Toronto rental units were converted, whereas in the twelve years after, only 20 units were converted (Fleming, 2015, p.4). Rent control legislation was also reformed in 1986 under the Residential Rent Regulation Act (RRRA) (Fleming, 2015). A consultant committee, composed of landlord and tenant representatives, helped to create the new regulations (Fleming, 2015). Considering the RTA rent control regulation still only covered units that were occupied prior to 1976 with a rent of \$750 or less, the number of units that were covered were becoming fewer and fewer each year (Fleming, 2015). Therefore, the new regulations, under the RRRA, covered units that were first occupied post-1976 and that had rents higher than \$750 per month (Fleming, 2015). The rate of increase would also change each year and would be calculated using an equation linked to the cost of living, and would be announced every August (Fleming, 2015). The RRRA was replaced by the Rent Control Act in 1992, which covers all rental properties in existence prior to 1991 (Fleming, 2015). From then, until new legislation in 2017, rents in buildings erected after 1991 have not been regulated.

The LTA was in existence for a long time and “while Part IV of...[it]...was a dramatic step forward in 1969, it was poorly drafted, confusing and at times contradictory” (Fleming, 2015, p.6). There were many gaps in the legislation, which resulted in varying court procedures throughout Ontario, and so even bigger changes were necessary (Fleming, 2015). On June 17, 1998, the Tenant Protection Act (TPA), 1997, came into force (Fleming, 2015). Though much of the original framework remained in place, many changes were introduced. The aims of the RTA 1979, to consolidate all residential tenancies law and rent control under one act, and to shift these issues to a tribunal, were realized under the TPA (Fleming, 2015, p.6). Other changes included vacancy de-control, meaning that there was now no regulation on rent increases on vacant units, default eviction orders if a tenant fails to file a written dispute and cancels their hearing date, and the removal of the RHPA conversion controls (Fleming, 2015). To replace the RHPA controls, municipalities can create by laws for the same purpose (Fleming, 2015).

Finally, the legislation that exists today, the Residential Tenancies Act (RTA) of 2006, came into force on January 31, 2007 (Fleming, 2015). Its purpose is “to create a rental system that benefits good landlords and good tenants while promoting investment in our rental housing market” (Ontario Legislative Assembly in Fleming, 2015, p.7). The RTA is largely the same as the TPA, however there were some changes, mostly affecting evictions (Fleming, 2015). For example, default eviction orders were removed based on criticisms concerning the tenant’s requirement to file a written dispute (Fleming, 2015). It was argued that this was unfair to tenants with language or literacy difficulties, therefore, the tenant has the option to either file a written dispute or to show up to their hearing (Fleming, 2015).

The Landlord and Tenant Board (LTB)

As noted, a Landlord and Tenant Board (LTB) was established in 2007 (SJTO, 2017). It is one of eight adjudicative tribunals encompassed in the Social Justice Tribunals Ontario (SJTO) and was created to resolve disputes between landlords and tenants, to resolve eviction applications from co-ops, and to provide information to landlords and tenants about their rights and responsibilities (SJTO, 2017). Fleming (2015, p.10) reported that in 2012-13 82,000 applications were filed to the LTB. 91 percent of them were by landlords, and 73 percent of which were for eviction for non-payment of rent (Fleming, 2015, p.10). The remaining 7 percent were filed by tenants, 52 percent of which were tenant's rights applications, 17 percent pertained to repairs and maintenance issues and 19 percent some combination (Fleming, 2015). When both parties attended the hearing, approximately 37 percent of disputes were resolved, 2.6 requested for review and 62 percent received a new hearing (Fleming, 2015, p.10). Therefore, the LTB is an important and necessary mediator for landlords and tenants.

Evictions

There are various reasons why landlords try to evict tenants. For example, the landlord or one of their family members may be moving into the unit or property, or a tenant may be destructive. But non-payment of rent is by far the most common reason. From the landlord's point of view, evictions in Ontario involve a lengthy, costly, and difficult process. According to Mike Chopowick (2015), former vice president of Government and Industry Relations with the Federation of Rental-housing Providers of Ontario (FRPO), "the rent dispute process in Ontario is badly broken and unfair for landlords". The process

takes over 90 days, compared to most other provinces that resolve them within 20 to 30 days (Chopowick, 2015). Chopowick (2015) explains that landlords with delinquent tenants lose an average of \$4,400 (which includes lost rent and payment of legal fees) per dispute.

A landlord must first file an application with the LTB and then a notice will be delivered to the tenant (Chopowick, 2015). The tenant then has a 14-day grace period to pay outstanding rent from the time they receive the notice (Chopowick, 2015). Tenants are also given 30 days to prepare for the hearing (Chopowick, 2015). During the hearing, tenants may seek adjournment, giving them an additional 20-30 days, by raising other issues they may have encountered with the landlord (Chopowick, 2015). Furthermore, tenants have the right to seek a review or an appeal if they are not satisfied with the outcome (Chopowick, 2015). During the review/appeal process, the tenant has the right to remain in the rental unit with no obligation to pay rent (Chopowick, 2015).

Chopowick (2015) further explains that if, during the hearing, a tenant is found to have breached their rent payment obligation and they do not vacate the property as ordered by the LTB, the landlord “must take the order to the Superior Court of Justice Enforcement Office (Sheriff’s Office) to schedule an eviction”. To do this, the landlord has to pay a \$315 non-refundable fee plus \$0.58 per kilometer that the sheriff has to travel to serve the eviction (Chopowick, 2015). A court-appointed sheriff is the only person who can help an Ontario landlord regain their property, and therefore, the wait time for the eviction to be served is also lengthy (Chopowick, 2015). Once the eviction order has been served, the tenant has another eleven days to pay any rent owed (Chopowick, 2015). If they do pay,

the eviction order is void. Chopowick (2015) states that the eleven days was “an arbitrary and bureaucratic decision by the government” and amounts to an additional one-third month of lost rent. Therefore, landlords and their advocates believe that the current eviction process in Ontario, is then, costly and lengthy, giving tenants many opportunities to void the process.

Licensing

Another issue, which arises is about a tenth of Ontario municipalities, concerns the licensing of rental units in smaller properties (CMHC, 2016b). Licensing is an attempt to legalize non-purpose-built apartments (i.e. rental properties with six units or less), and has been a topic for debate in Hamilton, among other Ontario cities, for several years. Between 2008 and 2010, Hamilton City Council established the Residential Rental Housing Community Liaison Committee (HDAA, 2015). Its purpose was to look into the regulation of rental housing (HDAA, 2015). In September 2012, a meeting was held by the City’s Planning committee, who described the findings of the Report on Regulation of Rental Housing, which recommended that the City license rental buildings with six units or less, and to increase by-law enforcement (HDAA, 2015). Non-purpose-built rental housing accounts for approximately one-third of Hamilton’s rental units (Craggs, 2013), which would mean that a significant portion of rental housing would be affected.

Councillor McHattie explained that the main purpose of licensing was to “provide more protection for tenants” (Van Dongen, 2012). Moreover, Councillor Whitehead argued that it was necessary to track and improve safety in former single-family homes (Van Dongen 2012), an issue that is of concern particularly regarding student housing located

near McMaster University and Mohawk College. Many landlords owning properties in these areas are providing living accommodations to students in unsafe buildings (Craggs, 2015).

Licensing would cost \$100 per unit annually (Craggs, 2013). Landlords, realtors, and some affordable housing advocates expressed their concerns. Landlords claimed that they will not absorb the licensing fees and warned councillors that these would then get passed on to tenants, ultimately increasing rent (Van Dongen, 2012). A vote was held in September 2013, where a majority of councillors voted against implementing licensing and instead the City hired four employees to enforce existing by-laws (Craggs, 2013). Renée Wetselaar from the Social Planning and Research Council stated that as many as 10,000 residents could have been displaced had licensing gone through (Craggs, 2013).

The licensing issue laid dormant from 2013 to 2015, when the issue was reintroduced because the enforcement of by-laws had had little effect (Craggs, 2015). Students in west Hamilton were still living in unsafe conditions and, therefore, the McMaster University Student's Union was in favour of licensing (Craggs, 2015). Arun Pathak, President of the Hamilton and District Apartment Association, explained that it is important to understand the impact licensing would have on affordable apartments in Hamilton (Craggs, 2015). As noted earlier, rents in Hamilton have increased more rapidly than any other Ontario city (Craggs, 2015), reducing the number of affordable units. Licensing, as landlords had already argued, would be another cost passed onto tenants.

The debate has continued, with some councillors pushing to introduce licensing, but the subcommittee in charge of making a recommendation could not come to a consensus.

In January 2017, they finally agreed on a voluntary registry for landlords (Craggs, 2017). This means that landlords will have the option to license their non-purpose-built rental units, if they choose. While a decision has been made for now, it is likely that the licensing debate is not over.

Rent Increases

Licensing is an issue only in a minority of cities, but the regulation of rent increases is an issue province-wide. As mentioned previously, landlords can only raise rent for existing tenants by a specific percentage each year. The increase is determined based on Consumer Price Index (CPI), which is “a measure of inflation calculated monthly by Statistics Canada that reflects economic conditions over the past year” (HDAA, 2016). As per the RTA, rental increases cannot exceed 2.5 percent, even if the CPI calculation is higher (SJTO, 2017). The approved rent increase for 2017 is 1.5 percent, 0.5 percentage points lower than the 2016 increase (SJTO, 2017). As previously noted, rent control only applied to rental properties first on the market on or after November 1, 1991. Ontario has recently extended rent regulation onto all properties, including those built after 1991, therefore, the annual rate of increase now affects all landlords. With increasing property taxes and utility costs and perhaps above all with the rapidly-increasing price of rental property, rent increases are becoming more of a concern for Hamilton’s landlords. To help with this financial burden, landlords can apply to the LTB for an increase above the guideline (SJTO, 2017). They can do so if “their municipal taxes or utilities costs have increased by more than the guideline plus 50 percent”, if “they incurred operating costs related to security services”, or if “they incurred eligible capital expenditures” (SJTO,

2017). While approval of the increase is not guaranteed, there is at least an option for landlords to help cover their ever-increasing costs.

Hamilton and District Apartment Association

Legislation pertaining to rents, evictions and licensing helps to define the issues that are of greatest concern to landlords, but there are many others. Smaller landlords, especially, often have difficulty navigating the legal seas. Partly for that reason, the Hamilton and District Apartment Association (HDAA), a local non-profit organization, was founded in 1960, for landlords and property managers to address issues with the City of Hamilton (HDAA, 2017). It has grown and changed significantly over the years to better address the issues that landlords face. Today, its membership includes landlords and property managers who manage more than 30,000 units throughout Hamilton and neighbouring Burlington, as well as Brantford, Guelph, Mississauga, Oakville, St. Catharines and into the Niagara Peninsula (HDAA, 2017).

During my data collection, I obtained information about the HDAA by interview with Arun Pathak, the Association's President, and Diane Currell, the Association's administrator. Arun has been involved with the Association since 1991 and became President in 2003, while Diane has been involved for the past seven years. All the information in the following few paragraphs was derived from this interview⁷. The HDAA prides itself on educating members to become better landlords by providing them with a variety of services. It provides new members with a lease package that includes everything

⁷ Interview with Arun Pathak and Diane Currell, May 24, 2017.

from the tenant agreement, to tenant application, to a guarantor. It also organizes educational seminars on different issues, such as how to use basic landlord forms and how to deal with bedbugs (HDAA, 2017). Additionally, the organization provides discount programs to members. They currently have discounts for landlords with RentCheck, which is a credit bureau that specializes in tenant screening services, and with AP Reid, a home and auto insurance company. Apart from assistive services that the HDAA provides, they also hold a variety of events throughout the year that are both informative and for fun. These include monthly dinner meetings, which acts as an information session and networking event. They also host tradeshow, where landlords can find products and services, charity events and golf tournaments. When Arun first joined, it only held dinner meetings every now and then. When he became President, he knew he wanted to make changes, thus, most of the mentioned benefits are relatively new and have helped the Association grow.

The HDAA is made up of both landlords and suppliers, and some members are both. Diane estimated that approximately 60 to 70 percent of members are landlords. The size of landlords vary, and therefore, their interests in what the Association is doing also varies. Large-scale landlord companies like Effort Trust, Homestead, and Greenwin are not interested in how to fill out landlord forms. They already know how to do this and have educated their employees how to do this. They are interested in the political action and being represented at City Hall. The small-scale landlords are less interested in politics and more interested in day-to-day help with running and maintaining their investment. The diversity creates character and affects the overall environment. The Association and the

various events it organizes endorses networking, which benefits all members. Members can get experiential advice from others who have gone through similar situations.

The Association's membership was relatively small when Arun became President. To help get things done and to increase involvement he created a committee which grew over time and was formalized into a Board of Directors. As it continued to grow, committees were established below the Board. There are ten people on the Board today, made up of landlords and suppliers. Board members are elected during an election process every November and then serve a 3-year term. Elections are held each year with five Board members elected in the first year, another five in the second year, and the President in the third year. Arun explained that the Association's motivation has always been to put forward the landlord's position with the government and public. Therefore, the role of the Board is to direct the committees and Diane, and to make the final decision on all the events and speakers.

The HDAA is affiliated with numerous similar associations in other cities, as well as the provincial and federal association. The Canadian Federation of Apartment Associations (CFAA) is the national level. It is made up of association across the country, including that of British Colombia, Winnipeg, Halifax, Ottawa, London, Kitchener-Waterloo, Toronto, Hamilton, among others. The Federation of Rental-Housing Providers of Ontario (FRPO) is the provincial level, and they reach out to the regional associations in Ontario and provide information for its members and have occasional meetings to exchange ideas and views. There is a lot of communication between associations, and the HDAA has a good connection with most of them. While Hamilton is a large city, the HDAA are

interested in events that occur in other cities in order to cover as much area that they can. For example, they like to show up to Queen's Park, where the FRPO does its lobbying, when the opportunity arises. Both the CFAA and FRPO hold events and dinner meetings throughout the year. Arun explained that there is a lot of overlap in the industry because it is both a small and large industry, meaning it is made up of associations at every level, thus municipal and regional associations are members of the CFAA and FRPO. The affiliations are important because it allows networking. Considering most neighbouring City councils exchange ideas about things like licensing or bylaws, one Association can give another a heads up and share what they have been doing to deal with different City proposals.

Overall, Hamilton's private rental market is growing and the proportion of renters in the city are slightly higher, though comparable to the provincial average of 28.4 percent. This is a result of poverty rates that remain high, increasing cost of homeownership, increasing property taxes and utilities costs and more residents from Toronto moving to Hamilton for its cheaper housing options. Furthermore, with many changes having been made to rental legislation over the years and that the fact that the current Tenant Act is quite complex, it is likely that Hamilton's landlords, particularly the smaller-scale operators, are unfamiliar with all the components of legislation. As a result, the HDAA plays a valuable role in helping landlords handle their efforts, as well as lobbying to articulate and defend their interests. But who are these landlords, what are their motivations, and what are their challenges? The following chapters aim to answer these questions.

CHAPTER 4: Methodology

To explore the private rental market, and to establish some facts about who landlords are and to understand their experiences, motives and perceptions, a case study in Hamilton, Ontario was conducted. I undertook a case study of one city because housing markets are local and vary from place-to-place, and because this method was manageable, given the resources available. Hamilton was chosen for the study because it was convenient and viable. Furthermore, there is no existing census of its landlords, and so there was a need for a survey. This research was possible with assistance from the Hamilton and District Apartment Association (HDAA) in advertising and promoting the survey. This chapter outlines the methodological processes used to analyze the motivations and concerns of these landlords. The first section of this chapter will give a short explanation of why Hamilton was the city of choice, followed by who the HDAA is and how they assisted in the research process. Followed by this will be a detailed description of the research design used and how data was collected. Finally, this chapter will explain how the data was analyzed and coded.

HAMILTON

Hamilton is part of an overarching research project entitled the ‘Neighbourhood Change Research Partnership,’⁸ which is being carried out in seven municipalities across Canada. Research in Hamilton is being conducted to explore factors contributing to

⁸ Hamilton research funded by a subgrant.

changing neighbourhoods in the city. The private rental market has been identified as being particularly important in shaping the built form, and socio-economic make-up of Hamilton's neighbourhoods. The private rental market is understood to provide a significant component of affordable housing options in urban municipalities across Canada. These housing options are made up of a variety of types of properties, ranging from high-rise buildings to rooming houses. Due to the nature of this housing, it is assumed that landlords are operating on varying levels, from small- to large-scale developments. The goal of the present study is to understand who is involved in the private rental market, and what their motivations, priorities, challenges, and interests are.

HAMILTON DISTRICT AND APARTMENT ASSOCIATION

The Hamilton and District Apartment Association (HDAA) is a local non-profit organization, founded in 1960 to help landlords address property management issues and to be a voice for landlords, as and when deemed necessary. Dr. Richard Harris and I approached Arun Pathak, the Association's President, to inquire whether the HDAA would be willing to assist in promoting our research project to their members. Upon agreement, we met with him and the Association's administrator, Diane Currell, to talk about areas of interest pertaining to Hamilton's landlords. This research was not funded nor sponsored by the HDAA. They did not ask to approve the questionnaire or interview schedule. However, they did request that one question in the interview schedule ask about what participants believe are the main advantages of the Association. We were happy to oblige since this did not in any way detract from our purpose.

As mentioned in the previous chapter, the HDAA provides its members with a variety of services, including a lease package that includes everything from a draft tenant agreement; tenant application; guarantor; discounts with RentCheck (a credit bureau that specializes in tenant screening services); and with AP Reid (a home and auto insurance company). They also organize educational seminars on different issues, hold a variety of events throughout the year that are both informative and for fun, such as monthly dinner meetings, which acts as an information session and networking event, tradeshow, charity events and golf tournaments. As will be discussed below, the interview participants generally find the Association to be useful for networking opportunities, resources, and tradeshow. One landlord stated that it is useful to meet other landlords and to share experiences. Another joined specifically because of the access to RentCheck, while others appreciate the legal documents, such as the draft rental agreement. Two said that they do not particularly find that the Association has any advantages because they believe they it is more geared to large-scale landlords. However, another landlord argued the opposite and said that she is appreciative of Arun, who has been the Association's president since 2003, because he has done so much for the local industry and for small-scale landlords. In general, it is clear that the Association is well-regarded by its members.

The HDAA was used for a couple different reasons, the main one being that they have access to a cross-section of Hamilton's landlords. According to Bryman, Teevan and Bell (p.73, 2009) "it may be most efficient to send the email invitation to a person who can forward it to large numbers of potential participants". This proved to be an effective way of contacting Hamilton's landlords; indeed, it is not clear that there is any other.

Furthermore, because academics are typically perceived as liberal in their politics and sympathetic to tenants, landlords may otherwise have been unwilling to participate. Having the HDAA promote my research offered reassurance to Hamilton's landlords that their opinions would be received with an open mind.

While it is impossible to know how representative HDAA members are of all of Hamilton's landlords, they do include a variety of landlords of different sizes. Diane Currell estimated that approximately 50 percent of their members own fewer than 100 units, 25 percent between 100 and 500 units and 25 percent more than 500.⁹ As previously mentioned, the definitions of landlord size are arbitrary. For my research, 'small' is defined as 1-19 units, 'medium' as 20-99 and 'large' as 100 or more units. While their definitions of small-, medium- and large-scale differ significantly from the ones used in this study, it does indicate that they represent a variety of landlords.

Considering that the HDAA advertised my online questionnaire on their website and through their registered email list, it was reasonable to assume that most respondents would be past or present members. Indeed, 83 percent of respondents reported that they are present members and the remaining 17 percent were past members. However, only 35 of the 64 respondents, slightly more than half, answered this question, and so it is impossible to know whether these statistics are accurate. As revealed during the interviews, a portion of the respondents who did not answer this part of the questionnaire are not, and indeed have never been a member of the HDAA. Two learned about the online questionnaire

⁹ Interview with Arun Pathak and Diane Currell, May 24, 2017.

because although not a member, they registered to receive HDAA emails, while two others found the link to the online questionnaire in a blog post written by the Real Estate Investment Network (REIN) (Appendix A). Fortunately, this benefitted the research, because it reached even more of Hamilton's landlords.

RESEARCH DESIGN

Bryman, Teevan and Bell (2009, p.134) comment that "many qualitative researchers try to view the social world through the eyes of the people they study". To do this, researchers mainly use words, rather than numbers (Bryman, Teevan & Bell, 2009). While part of this study aimed to do this, it was also trying to establish some fact about who landlords are. This involves a mix of quantitative and qualitative research. The present study used survey research as the data-gathering technique. Bryman, Teevan & Bell (2009, p.62), explain that "survey research is one of the most commonly used data-gathering techniques in the social sciences", and so they are a commonly-accepted methodology. Surveys normally involve written questionnaire or structured interviews (Bryman, Teevan & Bell, 2009), and can pertain to respondents' behaviours, attitudes, norms, beliefs and values. Both questionnaires and semi-structured interviews were used for my research to achieve a full understanding of Hamilton's landlords and their experiences, motives and perceptions. Two of the strengths of this type of research is that it allows for standardization of questions that are asked and categorization of answer that are given.

DATA COLLECTION

Ethics clearance was received from the McMaster Research Ethics Board (MREB), prior to data collection. Once this was approved, I gained access to an online survey tool,

LimeSurvey, through McMaster University. While other survey tools could have been used, LimeSurvey was convenient because it included templates that had been created by MREB and were already research ethics compliant (McMaster University, 2016).

An email recruitment script (Appendix 2), along with the link to my online questionnaire were then distributed to the members of the HDAA by Diane Currell through the Association's registered email list. The link to the questionnaire was also accessible through an online posting on the Association's website. As an opportunity arose, Dr. Richard Harris and I went to the HDAA's monthly dinner meeting in September 2016 to speak to the members present about my research and to encourage them to complete the questionnaire. The only criterion that had to be met for an individual to participate was that they own rental property in Hamilton, Ontario.

The purpose of the online questionnaires was to gain some some basic facts about Hamilton's landlords. It took between 12 and 15 minutes to complete. It consisted of a series of closed-ended and open-ended questions that covered a series of topics, including the character of the rental properties owned, landlord concerns and basic demographics. Sample questions include: "*How long have you owned a rental property?*" (closed-ended), "*How many properties do you own?*" (closed-ended) and "*As a landlord what are your main concerns? (Please list)*" (open-ended). The full questionnaire can be viewed in Appendix 3. Completed questionnaires were collected over the course of four months, from September to December 2016. As they were received, they were saved to a Microsoft Excel master datasheet, a benefit of online surveys (Bryman, Teevan & Bell, 2009).

Questionnaire respondents were asked whether they were interested in meeting for a face-to-face follow up interview to discuss their experiences more in-depth. Those who were interested included their names and contact information and were contacted within a few weeks of completing the questionnaire at which time, a meeting date, place and time convenient for them was set up.

Over the course of three months, from October to December 2016, thirteen interviews were conducted with a total of fourteen participants (Table 4.1). Considering the nature of this study, each participant was given a pseudonym to protect their identity. I use names, rather than refer to them as Participant #1 or P1, to illustrate that they are human. Each participant was only interviewed once, I will not provide an in-text reference each time that I refer to someone. Instead, please refer to the list of names, demographics, and interview dates in the table on the following page.

Table 4.1: Interview Participants' Basic Demographics

| Name (Pseudonym) | Sex/Gender | Age group | Number of units owned | Resident/ Absentee | Date of interview |
|-----------------------------|-------------------|----------------------|--------------------------------------|-------------------------------|--------------------------|
| Dan | Male | 61-70 | 9 | Resident | November 12, 2016 |
| Emma | Female | 41-50 | 6 | Absentee | November 12, 2016 |
| Grace | Female | 41-50 | 5 | Absentee | November 17, 2016 |
| Josh | Male | 51-60 | 79 | Absentee | December 12, 2016 |
| Justin | Male | 51-60 | 35 | Absentee | October 15, 2016 |
| Leah | Female | 51-60 | 5 | Absentee | October 12, 2016 |
| Matt | Male | 41-50 | 2 | Absentee | October 15, 2016 |
| Nathan | Male | 61-70 | 10 | Resident | October 13, 2016 |
| Noah | Male | Under 30 | 8 | Absentee | December 2, 2016 |
| Sam | Male | 51-60 | 30 | Resident | November 12, 2016 |
| Sarah | Female | 41-50 | 2 | Absentee | October 26, 2016 |
| Thomas | Male | 41-50 | 9 | Absentee | December 7, 2016 |
| Victoria | Female | 41-50 | 9 | Absentee | December 7, 2016 |
| Will | Male | 51-60 | 1 | Absentee | October 25, 2016 |

Source: Hamilton's Landlord Interview (n=14)

Interviews were typically one-on-one, with me, the student investigator, and the interviewee. It is worth noting that for three of the interviews, both the husband and wife were present. However, in only one case did both participate. Three of the interviews were conducted on the telephone. Some of the participants did not live in Hamilton, and were unable to come to Hamilton to meet. Telephone interviews are perceived as inferior because they are “unlikely to be sustainable beyond 20 to 25 minutes” (Frey in Bryman, Teevan &

Bell, 2009, p. 66) and, because based on experiments conducted in the United States by Holbrook et al. in 2003, respondents are more likely to respond with “don’t know”, or to express no opinion (Bryman, Teevan & Bell, 2009). The former did occur in two of the three telephone interviews and the latter in one of the three. Furthermore, it was important to build a rapport with the participants, which is more difficult to do over the phone because you cannot view facial expressions. While telephone interviews were not preferred, it was better to gather some information, rather than none.

The interviews were semi-structured and on average lasted between 40 and 50 minutes. All questions were open-ended to allow participants to explain their responses in detail. Questions pertained to their experiences and views as a landlord, their perceptions and possible experiences with the secondary market, the HDAA, and their general perceptions of the local housing market. Sample questions include: *“How did you come to be a landlord in Hamilton?”*, *“What do you think of the City’s idea of introducing a licensing system for rental units?”*, and *“Are there any other local real estate issues, or rental issues that you would like to discuss?”*. The full interview schedule can be viewed in Appendix 6.

Some of the questions were of a sensitive nature, such as, *“How do you select your tenants?”* and *“Are there any particular types of tenants that you prefer to rent to?”*. Candid answers might expose respondents to criticism. ‘Selectivity’ can be portrayed as ‘discrimination’. As a result, some interviewees were reserved when asked these questions. However, as the interview proceeded, they typically loosened up. A few interviewees also asked repeatedly whether they would remain anonymous, which demonstrates that there

were questions that they may not have felt comfortable with answering. When this occurred, they were reminded that their answers would remain entirely confidential and that no identifying factors would be used. However, they were told that they could skip to the next question if they wished, after which they typically appeared more relaxed.

DATA ANALYSIS AND CODING

There were several steps taken to analyze the results and these varied according to which evidence I was analyzing. While there was some overlap between the analysis of the questionnaires and interviews, there were also significant differences. Overall, the questionnaires included more evidence that could readily be quantified while the interview evidence could not. This section will explain, separately, the processes taken for the questionnaires and interviews.

Questionnaires

As previously noted, the questionnaire data was exported from LimeSurvey into a Microsoft Excel master datasheet. Using Excel allowed for a relatively simple way to organize and analyze the data. I eliminated respondents who only responded to the first question, which is the “consent to participate” statement (see “2. The ‘Consent to Participate’ Statement in Appendix 4). While some respondents clicked “I do not agree to participate”, ultimately ending their session, several respondents clicked “yes”, and then did not respond to any other question on the questionnaire. This led to the elimination of 44 ‘responses’, leaving a total of 64 partial and complete questionnaires. Bryman, Teevan and Bell (2009, p.72) state that partially answered questionnaires are common because if a respondent is unsure of the meaning of a question or does not think it is relevant or

interesting, they are more likely to skip it than if they were asked during a face-to-face interview. However, in contrast, the authors also acknowledge that respondents are more likely to be truthful because of the absence of interviewer effects. They are more likely to answer otherwise uncomfortable or sensitive questions (Bryman, Teevan & Bell, 2009).

The next step was to calculate how many respondents chose a specific answer for each question. To do this, I used the 'COUNTIF' function in Microsoft Excel. This works by highlighting the data that you would like to analyze and including the specific response you are calculating the total of. For example, to calculate the number of respondents who selected "less than 5 years" for the question "*How long have you owned rental property?*" I inputted the following formula into Microsoft Excel: =COUNTIF(Results!C2:C65, "Less than 5 years"), at which point the program totals the number of respondents. 'Results!' indicates which Excel tab the data was found in, 'C2:C65' is the range of cells that answered the question and "Less than 5 years" was the option I was looking to calculate. I did this for all the questions that did not need to be coded or analyzed in a different way (i.e. questions 1, 2, 4, 8, 9, 10, 11, 13, 14, 15 and 16). To analyze question 3, "*How many units do you own?*" I used my definition of small-, medium- and large-scale. Unfortunately, because this question was open-ended, and did not provide those three ranges as options, I had to count the number of respondents that fit into each category manually.

To analyze question 5 "*What types of properties do you own? (Please check all that apply)*", was a more complex process. Initially, I created a table with each of the property type options along the x and y axis. I then used the simple 'COUNTIF' function to calculate the number of respondents that owned each type of property. Considering that respondents

were asked to check all that apply, I used a related function ‘COUNTIFS’. This allowed me to calculate the number of respondents who chose two different properties. For example, to determine the number of respondents who selected ‘Low-rise (less than 6 stories)’ and ‘Single-family homes’ I inputted the following formula: =COUNTIFS(Results!K2:K65,”Low-rise (less than 6 stories)”, Results!N2:N65,”Single-family homes”). This was done for each property type option so that I could see whether there were any patterns between the types of properties that Hamilton’s landlords own.

Analyzing the location of where the properties that respondents own could not be done in Microsoft Excel. For this, I used Esri Online. I chose a base map of Hamilton, Ontario and added an overlay of the city’s neighbourhoods. I then manually searched for each postal code that respondents listed. I marked these locations using a place-marker. Respondents were given the option to list postal codes or neighbourhoods, so for those who listed neighbourhood, I recorded each one that was listed and then marked them on the map.

Once the basic data analysis was complete, a list of cross-tabulations was made to see whether certain factors had a relation or influence on others. For example, I wanted to see whether the number of units a respondent owned was related to the number of properties they own. To complete the cross-tabulations, the ‘COUNTIFS’ function was used. From there, I created tables and bar charts to easily visualize any patterns. While looking through the tables and charts, it was evident that one respondent had made a mistake. The respondent clicked that rent is not their main source of income but also clicked that they derived more than 75 percent of their income from rent.

Lastly, question 12, which asked “*As a landlord what are your main concerns? (Please list)*”, was open-ended and needed to be coded to perform a thorough analysis. First, I read through all the responses to see if there was any repetition of responses given. At the same time, I made an initial coding scheme that had sixteen categories (Appendix 7). Using this, I developed a simplified scheme (Appendix 8 – ‘MAIN CONCERNS’). This consists four broad categories, ‘tenants’, ‘responsibilities’, ‘government’ and ‘negative perception (of landlords)’. While reading through the responses a second time, using both the detailed and simplified schemes, I created sub-categories that fit within the four broad themes (Appendix 8). For example, one respondent wrote “being able to find responsible and respectful tenants for our properties”. While this is coded as ‘tenants’, it is quite specific. As a result, a new sub-category, ‘good tenants’, was created. To consider a response as a concern of ‘good tenants’, a respondent would have written something about finding or retaining tenants who would pay rent on time, and respect the property, landlord and other tenants. The number of sub-categories varied for each of the broad ones, depending on the number of specific concerns discussed. Once all the questionnaire responses were coded, I counted the number of times each sub-category was reported and created a table and then two bar charts, one displaying the broad themes and one displaying the sub-categories. This completed the data analysis of the questionnaires.

Interviews

The interviews required a different type of analysis. Once they were complete, I listened to all the audio-recordings, adding to the notes that I took during the interviews. Only one participant did not agree to audio-recording the interview. I then listened to the

recordings a second time and began selective short-hand transcription. This entailed a partial transcription of the interviews, keeping in mind the questions that were asked and the responses that were given, making detailed notes for anything not transcribed verbatim, and noting time references in the event that I would need to go back to that topic of discussion. Each time that I listened to the recordings I noticed small things I missed the time before – something that they said or a change in their tone – resulting in a more thorough analysis. By the end of the analysis I had listened to most of the recordings several times and, perhaps, if I had originally transcribed each interview verbatim, it would have saved some time.

While there are merits of fully transcribing verbatim, it was felt to be unnecessary due to the many repetitions and digressions, which resulted in a good deal of information that was not relevant. For example, some landlords came into the interview with a specific agenda, such as expressing their concerns about licensing. As a result, there was a lot of repetition in their responses to several questions. When asked about their concerns, they spoke about licensing and why they thought it was a bad idea. Then when they were asked what they enjoy most, they would discuss a few things and the conversation would digress to why they were concerned about licensing. Then there was a question that specifically addressed licensing and the same concerns were discussed. As a result, it was unnecessary to transcribe verbatim each of these tangents. I did, however, make sure to make note of any new discussion topics that arose with each discussion about licensing. Other interviewees would begin answering a question and then digress into a personal conversation that had nothing to do with the interview, such as, talking about their children

and where they go to school. Finally, several interviewees owned property in other cities too and would often go on tangents about concerns they have in that other city. This information was sometimes interesting, but was not useful. I made note of it and added a time reference but did not transcribe it.

When all of the transcribed material was typed up, I read through each one and made notes of key themes and quotations. I then began coding. For some questions, a basic coding scheme was created, while others required something more complex. For example, when asked “*How did you come to be a landlord in Hamilton?*” I was inquiring about whether they purchased, inherited or subdivided their rental properties, and so those were the coding options. Other questions, such as, “*What do you enjoy most about being a landlord?*” were not so straightforward, and so I used a process similar to the creation of the coding scheme for landlords’ main concerns. The same coding scheme used for landlords’ main concerns on the questionnaire was used for the interviews. All but two of these themes were discussed during the interviews, while no new ones emerged. This is likely because the interviewees were also questionnaire respondents.

All the questions on the interview schedule were open-ended, and for some, such as what they enjoy the most and what they are concerned about, landlords may have mentioned a wide range of issues. To make it easier to visualize these and to detect patterns, a colour was assigned to each theme. I then colour-coded all the interview responses. Lastly, while not all tables and charts are included, one of each was created for every one of the coded questions to determine proportions and patterns. This completed the preliminary analysis of the interviews. All that remained was to make sense of it all.

Interviewee Representativeness of Questionnaire Respondents

It is impossible to say whether HDAA members are typical of all Hamilton landlords, or whether questionnaire respondents are typical of either. But it is at least possible to say that the interview participants were broadly representative of those who answered the questionnaire. The sex/gender composition of those who answered the questionnaire was 74 percent male and 26 percent female, whereas that of the interviewees was 67 percent male to 33 percent female. Landlord size was also similar: 63 versus 67 percent were small-scale, 29 versus 23 percent medium-scale, and 8 versus 0 percent large scale for the questionnaires and interviews, respectively. Regrettably, no large landlords agreed to be interviewed. However, it was expected that this would be the case prior to recruitment because owning 100 or more units is time-consuming and is generally reserved for the larger corporations. There is no way to verify whether the large landlord who answered the questionnaire was corporate, but it is a possibility. Lastly, the resident-absentee composition for the questionnaires were 16 percent resident and 84 percent absentee, compared to 27 percent resident and 73 percent absentee during the interviews.

Relations of Questionnaire and Interview Results

The overall distribution of concerns was similar between the questionnaire respondents and interviewees, further indicating that the interview participants were broadly representative of those who answered the questionnaire (Figure 4.2 and 4.3). While the overall pattern of concern was similar, it is worth noting that a couple of the concerns reported in the questionnaires, ‘lack of incentive’ and ‘being informed (of policies, laws, bylaws, etc.)’, were not discussed during the interviews. Furthermore, the reported

concerns were broadly consistent across types of landlords, as illustrated by their gender distribution (Figure 4.2) and by resident status (Figure 4.3).

Table 4.2: Comparison of concerns identified by males and females in the questionnaire survey and interviews

| Concerns | Questionnaires | | | Interviews | | |
|--------------------------------|----------------|---------------|-------|------------|--------------|-------|
| | Male (n=38) | Female (n=15) | Total | Male (n=9) | Female (n=5) | Total |
| Tenant selection | 21% | 7% | 13% | 22% | 0% | 17% |
| Bad tenants | 16% | 33% | 47% | 44% | 60% | 21% |
| Good tenants | 8% | 0% | 60% | 67% | 60% | 6% |
| Relations | 11% | 13% | 20% | 11% | 40% | 11% |
| Rent collections and increases | 29% | 47% | 27% | 33% | 20% | 34% |
| Maintaining quality | 24% | 27% | 7% | 11% | 0% | 25% |
| Tenant safety | 8% | 13% | 7% | 0% | 20% | 9% |
| Evictions | 8% | 13% | 7% | 11% | 0% | 9% |
| Increasing utilities fees | 13% | 20% | 27% | 22% | 40% | 15% |
| Advertising vacancies | 11% | 0% | 7% | 11% | 0% | 8% |
| Bugs | 8% | 7% | 7% | 0% | 20% | 9% |
| Being informed | 2% | 0% | 0% | 0% | 0% | 2% |
| Taxes | 18% | 13% | 20% | 11% | 40% | 17% |
| Licensing | 8% | 20% | 13% | 0% | 40% | 11% |
| Regulations | 24% | 33% | 33% | 33% | 40% | 26% |
| Lack of incentives | 5% | 7% | 0% | 0% | 0% | 6% |
| Negative perceptions | 8% | 7% | 20% | 11% | 40% | 8% |

More frequently reported by
males

More frequently reported by
females

Source: Hamilton's Landlord Questionnaires and Interviews

Table 4.3: Comparison of concerns identified by resident and absentee landlords in the questionnaire survey and interviews

| Concerns | Questionnaires | | | Interviews | | |
|--------------------------------|----------------|-----------------|-------|----------------|-----------------|-------|
| | Resident (n=9) | Absentee (n=46) | Total | Resident (n=3) | Absentee (n=11) | Total |
| Tenant selection | 33% | 13% | 16% | 33% | 9% | 14% |
| Bad tenants | 11% | 22% | 20% | 100% | 36% | 50% |
| Good tenants | 0% | 7% | 5% | 33% | 73% | 64% |
| Relations | 0% | 13% | 11% | 0% | 27% | 21% |
| Rent collections and increases | 67% | 26% | 33% | 0% | 36% | 29% |
| Maintaining quality | 44% | 20% | 24% | 0% | 9% | 7% |
| Tenant safety | 11% | 9% | 9% | 0% | 9% | 7% |
| Evictions | 22% | 7% | 9% | 0% | 9% | 8% |
| Increasing utilities fees | 22% | 13% | 15% | 0% | 45% | 36% |
| Advertising vacancies | 0% | 9% | 7% | 33% | 0% | 7% |
| Bugs | 22% | 9% | 11% | 0% | 9% | 8% |
| Being informed | 0% | 2% | 2% | 0% | 0% | 0% |
| Taxes | 22% | 15% | 16% | 0% | 27% | 21% |
| Licensing | 22% | 9% | 11% | 0% | 18% | 14% |
| Regulations | 22% | 26% | 25% | 100% | 18% | 36% |
| Lack of incentives | 11% | 4% | 5% | 0% | 0% | 0% |
| Negative perceptions | 11% | 7% | 7% | 0% | 27% | 21% |

More frequently reported by resident landlords

More frequently reported by absentee landlords

Source: Hamilton's Landlord Questionnaires and Interviews

CHAPTER 5: Who are the Landlords

The purpose of the questionnaire was to serve as the first step in gaining an understanding of Hamilton's landlords by establishing some basic – but until now unknown – facts. The interviews, which had the main purpose of understanding more in-depth the motives and views of Hamilton's landlords, also provided some important basic facts that will be outlined in this section. This chapter has been organized into four sections to describe the results of the questionnaire. The first section outlines some basic demographic findings about the landlords, including their gender, age and occupation. The second explores the character of the rental properties that they own, by outlining where their rental properties are located, what types, how long and how many properties and units they own, how they acquired their properties, and what proportion of their income is derived from rent. The third section compares two major types of landlords, resident and absentee, while the fourth sketches inter-ethnic and gender differences.

BASIC DEMOGRAPHICS

Because the questionnaires were distributed by the Hamilton and District Apartment Association (HDAA), the great majority (83 percent) are present members and 17 percent are past members. It is important to note that only 35 of the 64 respondents, slightly more than 50 percent, answered this question, and so it is difficult to know whether these statistics are typical of all respondents. During the face-to-face interviews, it emerged that some (n=3) respondents were not and had never been members of the HDAA, while one was unsure whether they were a member or not. One interview participant found out

about the questionnaire because they are on the HDAA's email list, while the other two were unsure of how they accessed the questionnaire. During one of the interviews it was revealed that an blog post written by the Real Estate Investment Network (REIN) about the City's proposal to introducing a licensing system had attached the link (Appendix 1).

Most people probably have a stereotype of the typical landlord as a man. In Hamilton, this is broadly accurate. Approximately three-quarters (74 percent) of respondents were male and 26 percent were female. It is unclear whether this is typical of the membership. Diane Currell, the Association's administrator, suggested that although there are more male landlords in Hamilton, the gap is not as large as people might think¹⁰. She indicated a 60:40 percent split. On balance, it seems likely that the actual ratio is about 2:1. Respondents varied in age, with the majority (86 percent) over the age of 40 (Figure 5.1). Few were under 30. The number of respondents per age group increases with each subsequent category, peaking at 51-60 years of age, after which time the number of respondents per group begins to decline. Thus, the most frequently reported age group was "51-60", while "under 30" and "older than 70" tied for the least reported age group.

¹⁰ Interview with Arun Pathak and Diane Currell, May 24, 2017.

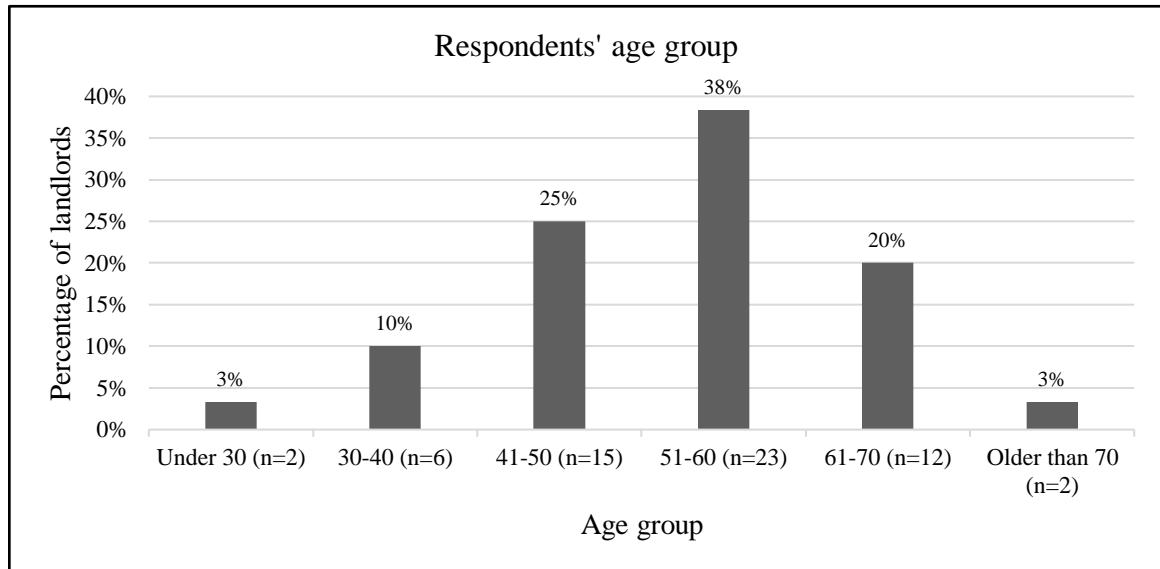


Figure 5.1 – Distribution of respondents' age groups

Source: Hamilton Landlord Questionnaire (n=60)

Research in five Canadian cities, Toronto, Montreal, Calgary, Halifax, and Vancouver conducted by Arcturus Solutions (2005), as well as a national survey undertaken by the United States Census Bureau (Savage, 1998), as well as in Britain by Peter Kemp (2004) found that the majority of landlords were white. The same is true in Hamilton. Three-quarters (75 percent) of respondents identify as “white/Caucasian” with the remaining 25 percent identifying as “other”. This is almost twice the proportion (13 percent) of Hamiltonians who reported identifying as a visible minority in the 2006 census (Wayland, 2010, p.5). Those who chose “other” were asked to specify with which racial or ethnic group they most identify. Considering the latter was an open-ended question, the responses varied. Three respondents reported “Asian”, two “black”, one “European”, one “multicultural”, one “West Indian”, one “Indian”, one “Chinese” and one, intriguingly, as “all”. Therefore, although a clear majority identified as “white/Caucasian”, there is still

some diversity within the group. This finding is consistent with the impression of Diane Currell who commented: "...it's pretty white around here...I don't think it's something where there's more Asians or more white people that own properties...I think it's just a balance of what's in society".¹¹ However, it appears that respondents are slightly over-represented in the landlord community than in Hamilton as a whole. This relates to the belief of Arun Pathak, HDAA president, that "the East Indian community is, maybe not in Hamilton but in Toronto and across the country, over-represented in this industry"¹². It is worth noting that Arun, himself, is of South Asian heritage. This is similar to Kemp's finding in Britain about blacks and Asians being over-represented.

Both Arcturus Solutions (Canada) and Kemp (UK) found that many landlords also hold other full- or part-time employment, so that income from rent is used as a supplement. This was found to be true in Hamilton, as well. At the time of the questionnaire, slightly under three-quarters (71 percent) of respondents reported that they held other full- or part-time employment. Based on the open-ended responses that respondents gave, five broad occupational categories were defined: professional (53 percent), real estate (31 percent), entrepreneur (8 percent), retired (6 percent) and other (3 percent) (Figure 5.2). Many stated that they were involved in real estate, including builders, developers, agents, but the largest employment sector category was professional, which included teachers, engineers, administrators and managers. This might indicate that, for many, the purpose of investing

¹¹ Interview with Arun Pathak and Diane Currell, May 24, 2017.

¹² Interview with Arun Pathak and Diane Currell, May 24, 2017.

in one or more rental properties was to earn supplementary income. Again, though, it is important to note that over half of respondents did not respond to this question.

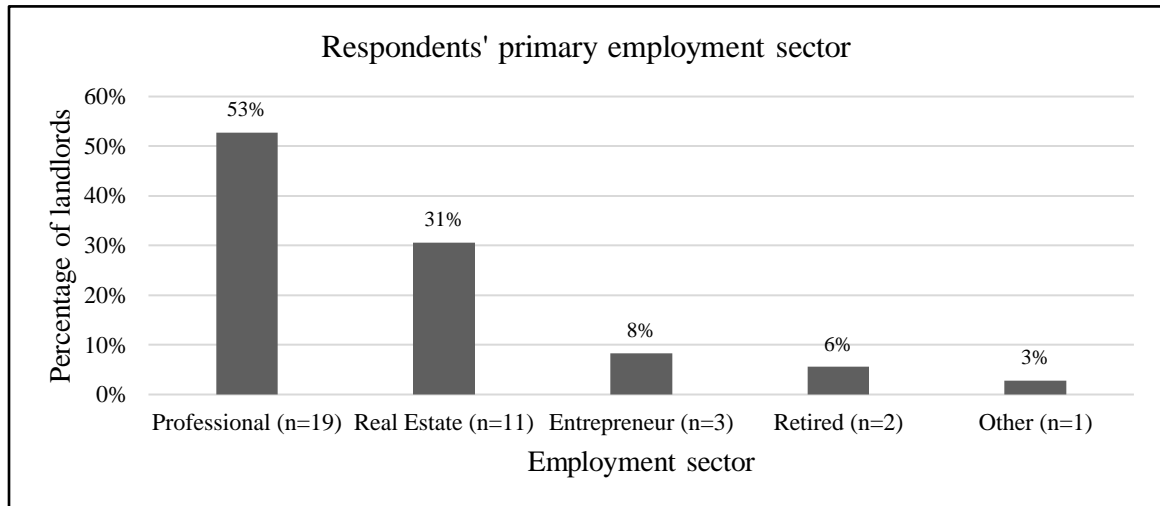


Figure 5.2 – Respondents' primary employment sector

Source: Hamilton Landlord Questionnaire (n=36)

Identifying as a landlord is subjective. For some people their full-time occupation is being a landlord, while for many others it is something they do as an investment or for extra income. Then there are others who only own one property, and while they are technically a landlord it may become trickier to identify as one. Most (n=12) of the interview participants think of themselves as landlords, but some (n=3) do not. It was hypothesized that defining oneself as a landlord would be based on whether respondents perceived that there are connotations to the label. However, only one of the three who does not think of themselves as a landlord gave this as her reason. The other reasons stemmed from a negative self-perception as himself as a landlord and the other was because he had

not planned to rent property but a situation had arisen and he and his wife thought that they would try it out.

Many of Hamilton's landlords explained that they had considered alternative ways of investing in the real estate sector. These included becoming a real estate agent, investing in building developments, and offering second mortgages. However, only one interviewee stated that they had gone through with one of these possibilities. She and her husband had investments in syndicate mortgages from working with developers, meaning that they have been investing in development companies.

CHARACTER OF HAMILTON'S LANDLORDS AND THEIR RENTAL PROPERTIES

Respondents were asked to list the postal codes for the rental properties they own or the neighbourhood in which they are located. The black dots in Figure 5.3 illustrate the approximate locations of the properties owned by landlords who listed six-digit postal codes, while the stars represent the centroids of the neighbourhoods that respondents listed. Most properties are in the lower city, consistent with where most rental property is located and where most low-income households are found. There are two main clusters: west Hamilton, where McMaster student housing is found, and downtown Hamilton. Rental properties located elsewhere are dispersed across the Hamilton Mountain, and in the suburbs of Stoney Creek and Ancaster.

A similar pattern was found among respondents who did not list postal codes or neighbourhoods but rather the part of the city their rental properties are located. Roughly 12 percent reported that they also own rental properties in other cities, including, Toronto

(n=1), other parts of the GTA (n=3), or elsewhere (n=7).¹³ Based on these findings, then, most landlords confine their activity to Hamilton, but a few have wider regional investments.

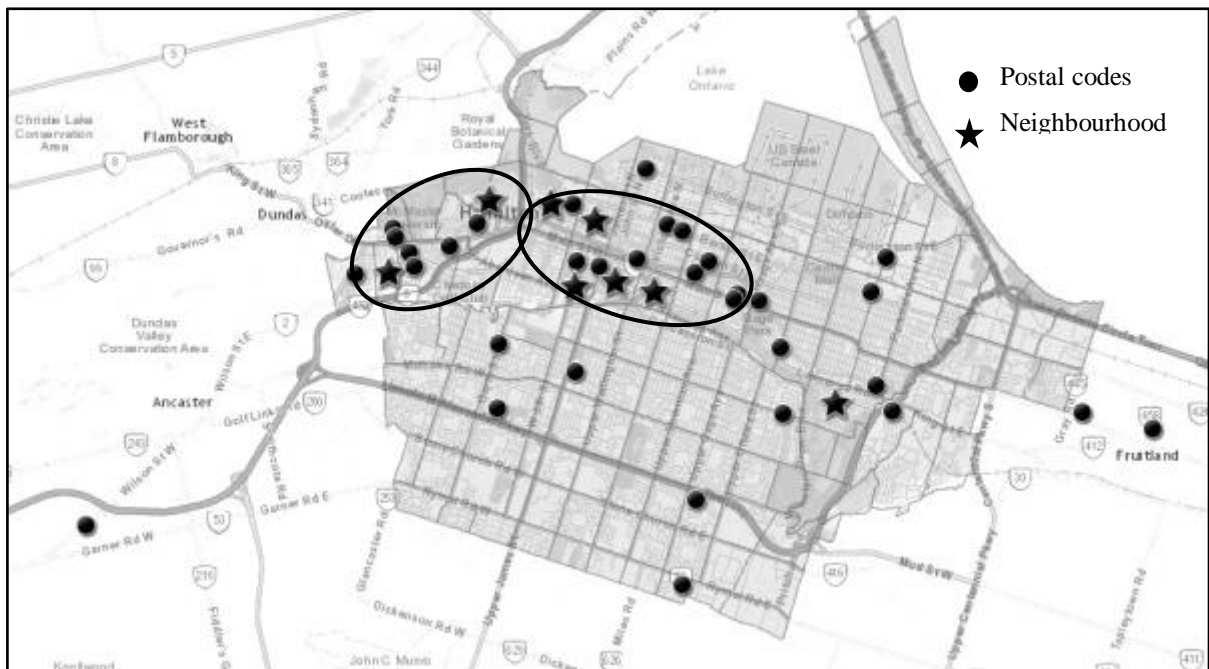


Figure 5.3 – Map of respondents’ rental properties

Source: Hamilton Landlord Questionnaire (n=53)

Respondents were asked to identify *all* types of rental properties that they own. The percentages in Table 5.1 in the boxes that are highlighted in grey represent the percentage of respondents that own that type of property. The most frequently reported property type is the low-rise apartment building (45 percent) with less than six stories, while the least

¹³ Please note that more than one participant reported owning property in more than one other city.

reported is the rooming house (3 percent), which is a room or house available for renting temporarily. Other commonly reported property types were single-family-homes (39 percent) and duplexes (30 percent). Respondents were not asked to indicate the number of each type of property they own, therefore, none of the percentage totals equal 100 percent. Using the rows and columns connected vertically or horizontally to each grey box indicates what percentage of respondents also own each of the other types of properties. For example, of those who own high-rise buildings, 33 percent also own low-rises and duplexes, and 17 percent also own townhouses and commercial buildings. While there are few relationships between the types of buildings Hamilton's landlords own, one exception is that no landlords own both high-rises and single-family-homes. This is plausible, since these types of properties call upon rather different management skills. Overall, these findings indicate that Hamilton's landlord respondents own a diverse range of properties.

Table 5.1 – Types of rental buildings respondents own

| % of landlords | Bldg type | H-R | L-R | S-F-H | DP | TP | TH | RH | MU | C |
|-----------------------|------------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 9% | H-R | 100% | 33% | 0% | 33% | 0% | 17% | 0% | 0% | 17% |
| 45% | L-R | 33% | 100% | 34% | 17% | 17% | 14% | 3% | 17% | 14% |
| 39% | S-F-H | 0% | 34% | 100% | 40% | 32% | 20% | 8% | 12% | 12% |
| 30% | DP | 33% | 17% | 40% | 100% | 53% | 21% | 5% | 16% | 11% |
| 20% | TP | 0% | 17% | 32% | 53% | 100% | 13% | 6% | 13% | 19% |
| 14% | TH | 17% | 14% | 20% | 21% | 13% | 100% | 11% | 11% | 22% |
| 3% | RH | 0% | 3% | 8% | 5% | 6% | 11% | 100% | 50% | 50% |
| 8% | MU | 0% | 17% | 12% | 16% | 13% | 11% | 50% | 100% | 20% |
| 6% | C | 17% | 14% | 12% | 11% | 19% | 22% | 50% | 20% | 100% |

| | | | |
|--------------|-------------------------------|-----------|--------------------------------------|
| H-R | High-rise (≥ 6 stories) | TH | Townhouse |
| L-R | Low-rise (< 6 stories) | RH | Rooming house |
| S-F-H | Single-family-house | MU | Mixed use (Residential + Commercial) |
| DP | Duplex | C | Commercial |
| TP | Triplex | | |

Source: Hamilton Landlord Questionnaire (n=64)

NOTE: Row and column percentages do not sum to 100 because many landlords own more than one type of property.

Hamilton has many secondary suites in older homes that have been subdivided to create two or more rental units. Interview participants were asked how they refer to these and it was found that there is no consensus. While several of Hamilton's landlords refer to them as duplexes and triplexes, those were just two terms out of fourteen named overall. Others include 'fourplex', 'multi-unit', 'illegal duplexes', 'slum', 'apartments', 'student rental', and 'rooming house'. Some of the interesting responses given were "a great opportunity", "an opportunity, that's exactly what I like", and "excellent". Evidently, many people perceive the secondary rental market as a good thing although words that were used for these buildings had negative connotations.

Approximately one-third of interview participants reported that they own properties that fall into this category. One said that they own them in Toronto but not Hamilton, and one had owned them in the past. All but one reported that they either knew or had inquired about whether the building conformed to zoning or other municipal regulations. In this manner two landlords had learned that even though their properties were listed and sold as a triplex and duplex, they were recognized by the City as a duplex and a single-family-home, respectively. As other research has indicated, the status of secondary suites is often ambiguous.

The length of time that a respondent has owned rental property varied a great deal, further exemplifying the differences among landlords (Figure 5.4). Approximately half (51 percent) of Hamilton's landlords are relatively new to the business, having owned rental property for less than ten years. The percentage of landlords decreases with the two subsequent categories, with 28 percent owning rental property between eleven and twenty

years and 21 percent for more than twenty years. This is important because duration of ownership is something that might be expected to influence the number of properties and units a respondent owns; an issue that will be addressed later in this section.

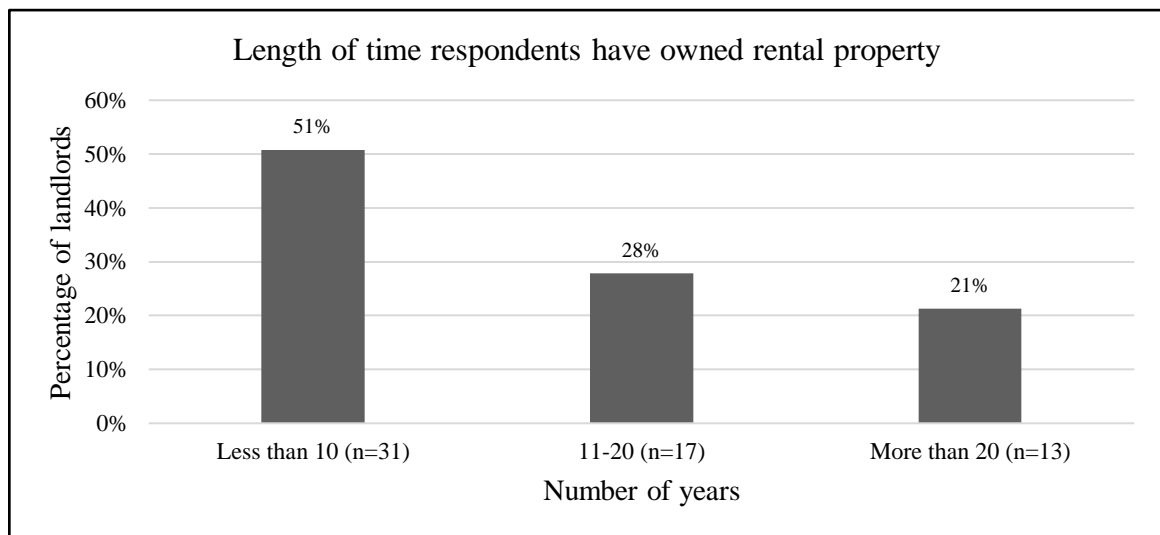


Figure 5.4 – Length of time respondents have owned rental property

Source: Hamilton Landlord Questionnaire (n=61)

A common stereotype is that a typical landlord owns very few properties, which is true. Previous studies conducted in other Canadian cities by Pomeroy (1998) and Arcturus Solutions (2005) found that most landlords are small-scale. The same was found in Hamilton. The number of a properties a landlord owns is important because it can give some indication of their size: more properties is likely to mean more units. Approximately two-thirds (62 percent) of Hamilton's landlords reported that they own fewer than four properties; therefore, it is likely that the greatest number of respondents are small-scale. It

is possible, however, that one or more of these landlords are medium- or large-scale and perhaps own low- or high-rises with a greater number of units.

While the number of properties a landlord owns does give some insight, a more meaningful way of identifying the size of a landlord is by the number of units they own. As previously noted, any classification is arbitrary, but for the present study ‘small’ is defined by landlords owning 1-19 units, ‘medium’ as 20-99 units and ‘large’ as 100 or more units. The lowest reported number of units a respondent owns is one and the most is 4000, presumably an approximate figure. Approximately two-thirds (63 percent) of respondents reported that they own 1-19 units, 29 percent own 20-99 units, and 8 percent own more than 100 units. The proportion of respondents who own four or less properties (62 percent) and of those who own 1-19 units (63 percent) is almost identical.

To verify whether the number of properties owned were associated with the number of units, the two variables were cross-tabulated. Not surprisingly, there is a close relationship between the two. Table 5.2 shows that 81 percent of respondents with less than four rental properties own less than 20 units, and approximately 2 percent own more than 100 units. Therefore, the great majority of those who own less than four rental properties are small-scale landlords. In contrast, none of the respondents who own eight or more rental properties own less than 20 units. Both respondents who have between eight and ten properties own between 20 and 99 units. Furthermore, slightly more than half (55 percent) of those who own more than ten properties own between 20 and 99 units, while the remaining 44 percent own more than 100 units. Therefore, all the respondents from the latter two categories are medium- or large-scale.

Table 5.2 – Number of units owned based on number of properties

| Number of rental properties owned | Number of units | | | | | | Total | |
|-----------------------------------|---------------------|-----|-------------|------|---------------------|-----|-------|------|
| | Fewer than 20 units | | 20-99 units | | More than 100 units | | | |
| Fewer than 4 | 30 | 81% | 6 | 16% | 1 | 2% | 37 | 100% |
| 4-7 | 7 | 63% | 4 | 36% | 0 | 0% | 11 | 100% |
| 8-10 | 0 | 0% | 2 | 100% | 0 | 0% | 2 | 100% |
| More than 10 | 0 | 0% | 5 | 55% | 4 | 44% | 9 | 100% |
| Total | 37 | 63% | 17 | 29% | 5 | 8% | 59 | 100% |

Source: Hamilton Landlord Questionnaire (n=59)

Previous Canadian research found that small-scale landlords are likely to manage their properties themselves because it is not worthwhile hiring a management company. As expected, then, all interviewees said that they manage their own properties, while some contract out on an as-needed basis. One couple reported that they had looked into a management company but found that it was too expensive. While it was expected that the small-scale participants would manage their own properties, it was surprising to find that the medium-scale participants did the same.

We might expect that those who have been landlords for a long time will own more properties, and this is in fact the case. The longer a respondent had owned rental property, the more likely they were to own more. This is most obvious for those who own fewer than four properties and those who own more than ten. Exactly half of respondents who own fewer than 4 properties have owned rental property for less than ten years. This number decreases to 36 percent for those owning rentals between 11 and 20 years, and to 14 percent for those owning them for more than 20 years. As for those who own more than ten

properties, only eleven percent have owned theirs for less than ten years, 33 percent between 11 and 20 years and 56 percent for more than 20 years. The greatest proportion of respondents owning less than four units have only owned rental property for less than ten years, while the greatest proportion of those owning more than ten properties have owned rental property for more than 20 years. The pattern is less obvious for those owning between four and seven, and eight to ten properties.

A similar pattern is observed when comparing the number of units a respondent owns with the length of time they have owned rental property (Figure 5.5). The proportion of respondents owning less than 20 units is greatest among those who have owned rental property for less than ten years and decreases the longer they have owned property. Those owning 20-99 units are least common for those who have owned rental property for less than ten years and equal for those owning property for 11-20 years and more than 20 years. Interestingly, contrary to what was expected, the greatest proportion of those who own more than 100 units are respondents who have owned rental property between 11 and 20 years, rather than those owning property for longer than 20 years. In general, however, it seems that many landlords acquire properties progressively over the course of their career as property owners.

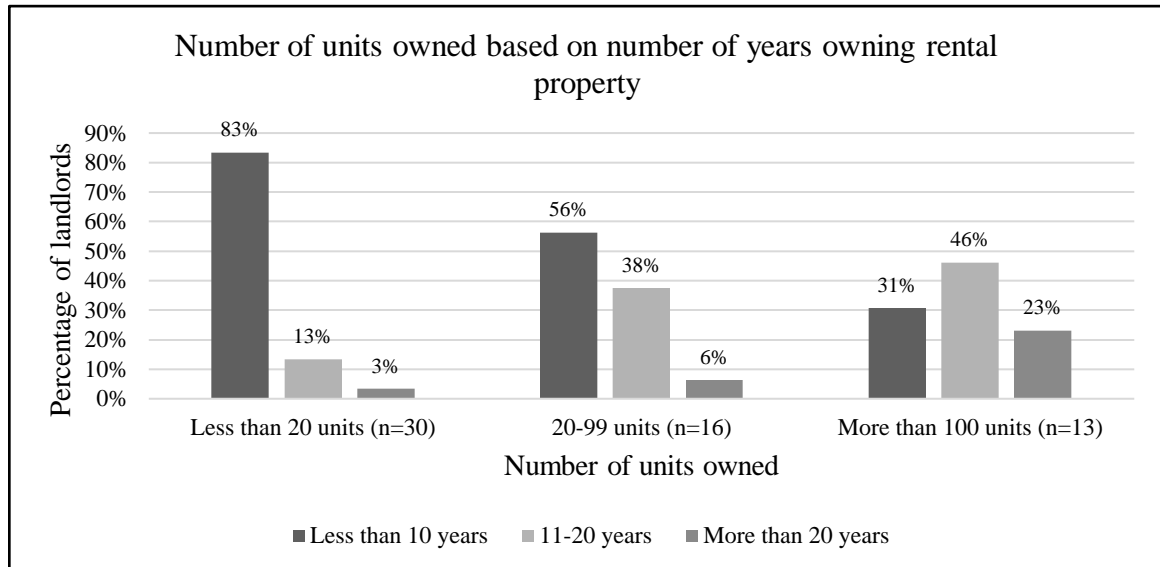


Figure 5.5 – Number of units respondents own based on the number of years they have owned rental property

Source: Hamilton Landlord Questionnaire (n=59)

Regarding how respondents acquired their rental properties, 93 percent (n=60) stated that they purchased at market price, 2 percent (i.e. one landlord) inherited, and 5 percent (two landlords) acquired it in some other way. None indicated that they owned a rental property that had been a “former primary residence”. If a respondent chose “other”, they were asked to specify what they meant; of the three respondents, only one did. He wrote: “Owns 6 personally and Property [sic] Manage [sic] many more”. Evidently, he invests in rental properties in more than one way. Based on this data, it is evident that purchasing rental properties is by far the most common way that respondents acquire them, indicating that they had made a deliberate decision to become landlords.

As previously noted, 29 percent of respondents did not report whether they held other full- or part-time employment. We can speculate that some of these respondents have

no other employment. Consistent with what one might expect, by cross-tabulating this data with the proportion of their income they derive from rent (Table 5.3), 81 percent of those who hold other full-time employment derive less than 25 percent of their income from rent and none derive more than 51 percent. In contrast, the most frequently reported rent income category chosen by those who did not specify whether they hold other part- or full-time employment, was more than 75 percent (55 percent). While it is not clear whether this means that all their income comes from rent, they are in effect full-time landlords.

Table 5.3 – Proportion of income derived from rent based on employment status

| | Proportion of income derive from rent | | | | | | | | Total | |
|------------------|---------------------------------------|-----|--------|-----|--------|----|---------------|-----|-------|------|
| Other employment | Less than 25% | | 25-50% | | 51-75% | | More than 75% | | | |
| Part-time | 4 | 36% | 2 | 18% | 1 | 9% | 4 | 36% | 11 | 100% |
| Full-time | 26 | 81% | 6 | 19% | 0 | 0% | 0 | 0% | 32 | 100% |
| No answer | 3 | 27% | 1 | 9% | 1 | 9% | 6 | 55% | 11 | 100% |
| Total | 33 | 61% | 9 | 17% | 2 | 4% | 10 | 19% | 54 | 100% |

Source: Hamilton Landlord Questionnaire (n=54)

As briefly mentioned earlier when analyzing the proportion of respondents who hold other full- or part-time employment, most respondents (61 percent, n=52) derive less than 25 percent of their income from rent (Figure 5.6). We might expect that the proportion of income a landlord derives from rent would be associated with the number of units they own, but upon cross-tabulation no relation was found.

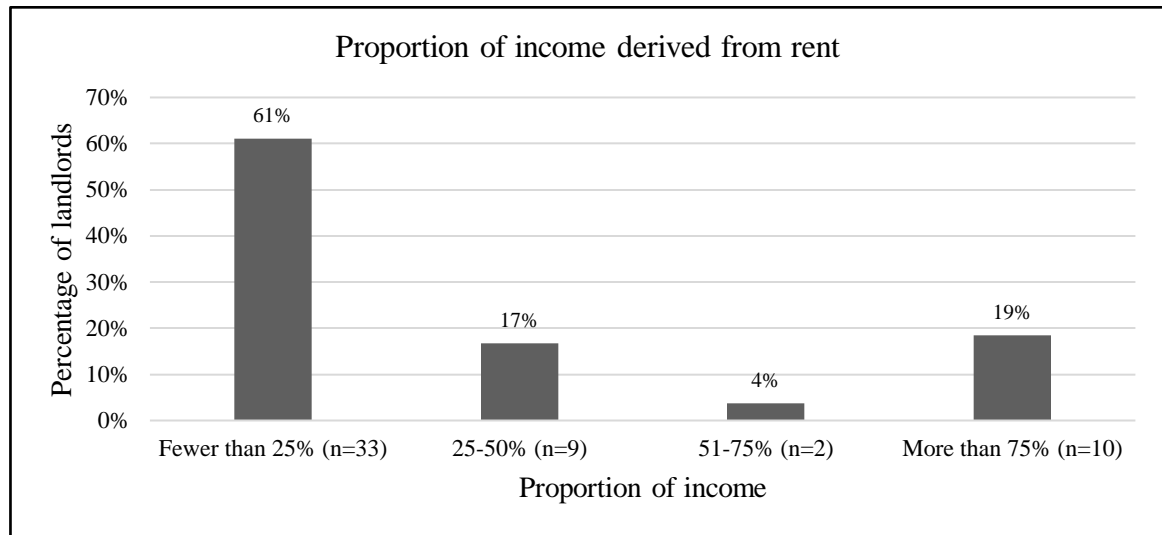


Figure 5.6 – Proportion of income derived from rent

Source: Hamilton Landlord Questionnaire (n=54)

However, there is an association between the number of properties a respondent owns and whether they report that rent is their main source of income (Figure 5.7). As expected, rent is not the main source of income for most respondents who own seven or fewer properties. This is likely because seven or fewer properties will not generate enough net income. A similar pattern is observed based on the number of units a respondent owns. Consistent with what was expected, the large majority (83 percent) of Hamilton's small-scale landlords reported that rent is not their main source of income, whereas 67 percent of large-scale landlords reported rent is their main source of income.

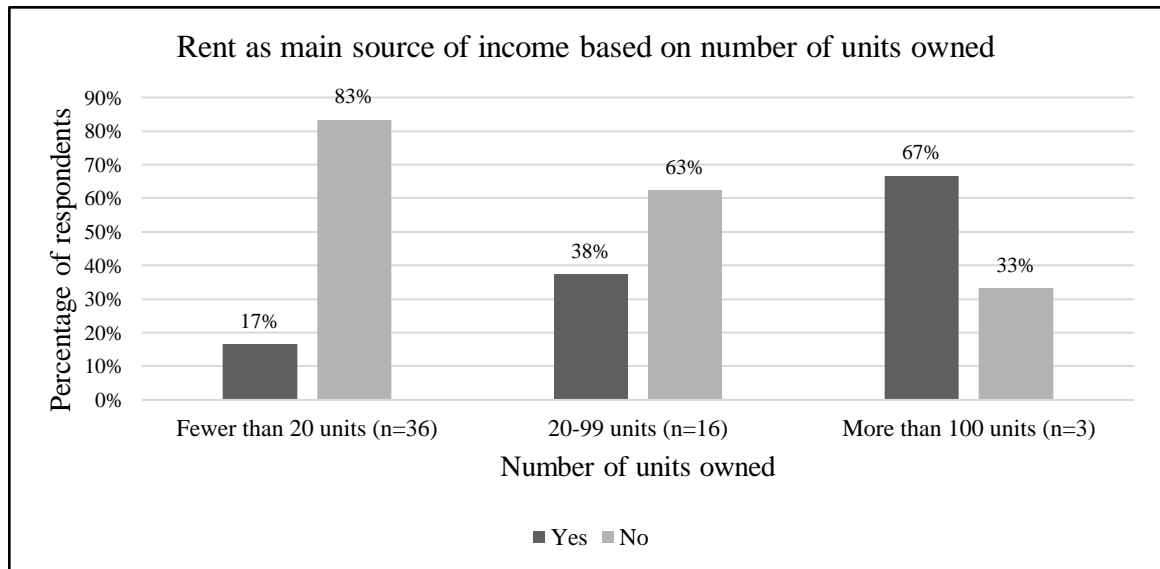


Figure 5.7 – Rent as main source of income based on the number of units a respondent owns

Source: Hamilton Landlord Questionnaire (n=55)

RESIDENT VERSUS ABSENTEE LANDLORDS

Respondents were asked whether their primary residence is located on one of their rental properties. It is important to determine whether a landlord is resident on one of their rental properties or an absentee on all of them because it might give some insight into their motives, concerns, and their relationships with tenants. For example, a resident landlord may be more likely to rent for supplementary income, may be more concerned about better maintaining their property, and may be choosier when selecting tenants, while also having a stronger and more personal relationship with their tenants than their absentee counterparts. The vast majority (84 percent; n=57) of respondents are absentee landlords and the remaining 16 percent are resident landlords. This is something that was not explored in previous Canadian landlord surveys. Some Canadian research regarding landlord types

has been conducted in British Columbia and Calgary, however Patterson and Harris (2017) comment that there is no assurance that it is representative and that it is likely that the proportions would vary from place to place. Patterson and Harris (2017) found that in Hamilton exactly 60 percent of Hamilton's landlords providing secondary suites are absentee, therefore, they are the majority. Their research focused on only one type of landlord, those providing secondary suites. Given that these are all in smaller buildings, it is likely that the 60 percent figure is an underestimate for landlords as a whole. Therefore, along with the fact that there have not been any other previous studies on Hamilton's landlords, it is not possible to verify whether this is representative of all the city's landlords, however, it can give some insight into what those proportions may look like.

Among those who were interviewed, almost 30 percent (n=4) said they are resident landlords. During the interviews, they were asked how their relationship with those tenants differs compared to tenants who live at the other properties they own. It is plausible to speculate that resident landlords have a different, more personal, and perhaps more positive relationship with their tenants than absentee landlords do. Living in the same dwelling as their tenants, they would have more interaction, resulting in a stronger landlord-tenant relationship. Interestingly, all but one landlord reported that their relationship was no different. The landlord who did believe the relationship was different simply stated that they are "a whole different class of tenant". However, it is important to consider that this is based on a very small sample size.

In many ways, judging from the questionnaire results, resident landlords are very similar to absentee landlords. Both groups vary in the number of years that they have owned

rental property, both are likely to hold other employment, most are male and range in age. However, one might expect that resident landlords are likely to own fewer properties and units than their absentee counterparts, are more reliant on their rental income, and have lower incomes. Several cross-tabulations were made to verify whether there were differences between resident and absentee landlords, and while differences were observed between the two types of landlords, these were only slight. A cross-tabulation between landlord type and the number of properties they own showed that resident landlords were more likely than absentee landlords to own very few properties, but the difference was not as large as expected. Resident landlord respondents are approximately 20 percentage points more likely to own fewer than four properties than absentee landlords, and resident landlords are more likely to own only one rental property.

There was no association between the number of years a respondent has owned rental property and whether they are resident and absentee. It would not make sense, therefore, to assume that resident landlords are newer to the business, resulting in them owning fewer properties. Respondents owning fewer than four properties was the only category where a respondent was more likely to be a resident landlord than absentee. As shown in Figure 5.8, in all other categories, absentee landlords are only slightly more dominant.

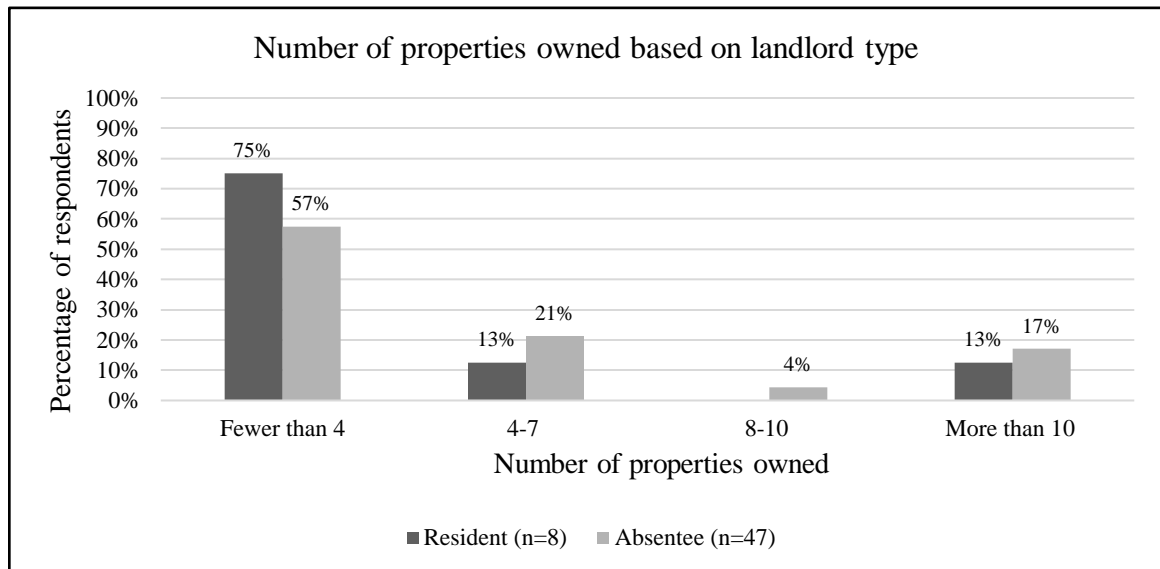


Figure 5.8 – Number of properties a respondent owns based on whether they are a resident or absentee landlord

Source: Hamilton Landlord Questionnaire (n=55)

Regarding the number of units owned, resident landlords only dominate in one category (Figure 5.9). Four-fifths (78 percent) of Hamilton’s resident landlords reported owning fewer than 20 units, compared to 62 percent of their absentee counterparts. While only slightly, higher percentages of absentee landlords own 20-99 units than resident landlords (30 percent compared to 22 percent, respectively). As expected, none of Hamilton’s resident landlords own more than 100 units, while approximately ten percent of absentee landlords do.

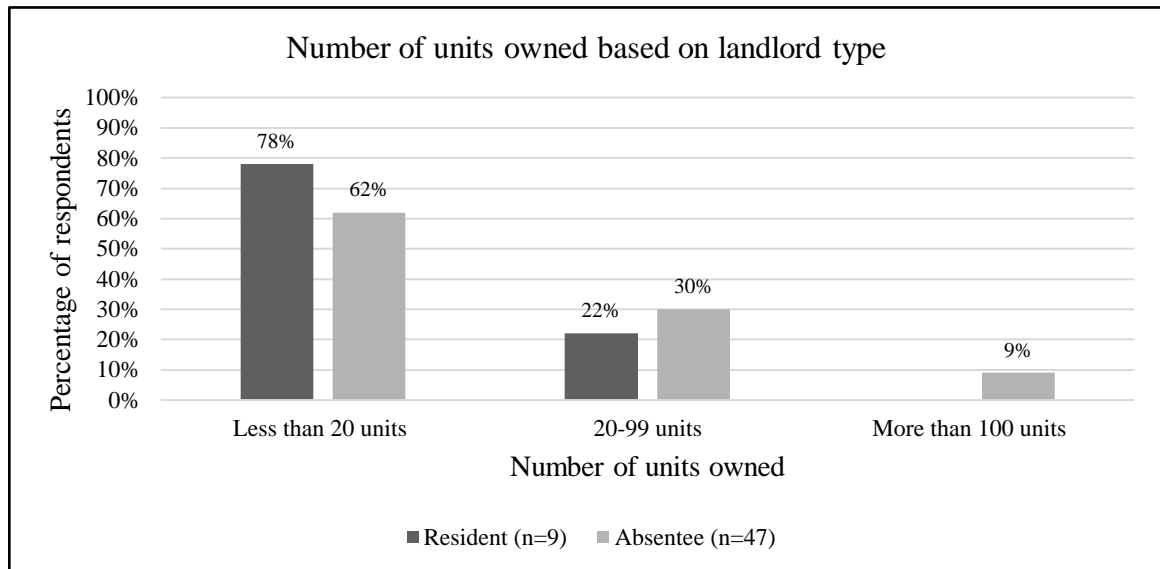


Figure 5.9 – Number of units a respondent owns based on whether they are a resident or absentee landlord

Source: Hamilton Landlord Questionnaire (n=56)

Although resident landlords owned fewer properties and rental units, they were more likely to depend on their rental income. Contrary to what might be expected, rent was reported as the main source of income for slightly more resident landlords (33 percent) than absentee landlords (23 percent). Not surprisingly, this was also true when comparing what proportion of income, a respondent derives from rent (Figure 5.10). Resident landlord respondents are more likely than their absentee counterparts to derive more than 50 percent of their income from rent. They are also more likely to draw upon other part-time, as opposed to full-time, employment (Figure 5.11). The differences are subtle, rather than

striking, but suggest that resident landlords have lower incomes: owning fewer units, they are nonetheless more reliant on rental income and other part-time employment income.

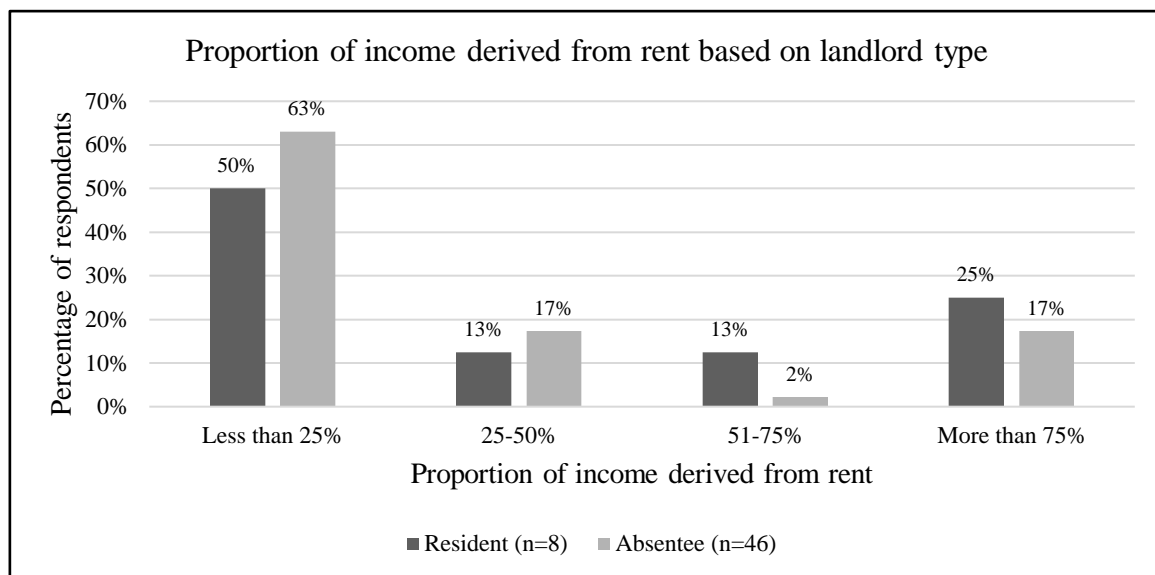


Figure 5.10 – Proportion of income a respondent derives from rent based on whether they are a resident or absentee landlord

Source: Hamilton Landlord Questionnaire (n=54)



Figure 5.11 – Other full- or part-time employment based on whether they are a resident or absentee landlord

Source: Hamilton Landlord Questionnaire (n=45)

ETHNIC AND GENDER DIFFERENCES

Most of the existing literature on immigrants and ethnic minorities focuses on their role as renters or homeowners rather than as landlords. However, a generation ago Lehrer (1991) indicated that they were more likely to be small-scale. While there were more white respondents to the questionnaire than those from different racial/ethnic backgrounds, there were no major differences between the groups. Both groups ('white' and 'other') were about as likely to be an absentee as opposed to a resident landlord: the proportions were 17 percent and 14 percent, respectively. They were also almost equally as likely to have rent as their main source of income, 29 percent of other respondents versus 24 percent of white respondents. Note that, in both respects, given the sample size, these are not significant differences.

Some slight variation is evident when comparing the two groups based on the number of properties they own. As illustrated in Figure 5.12, ‘non-white’ respondents reported more frequently that they own fewer than four properties, and between eight and ten properties, whereas white respondents reported more frequently that they own between four and seven properties, and more than ten properties. It is possible that, on the average, minorities have lower incomes and less capital with which to invest.

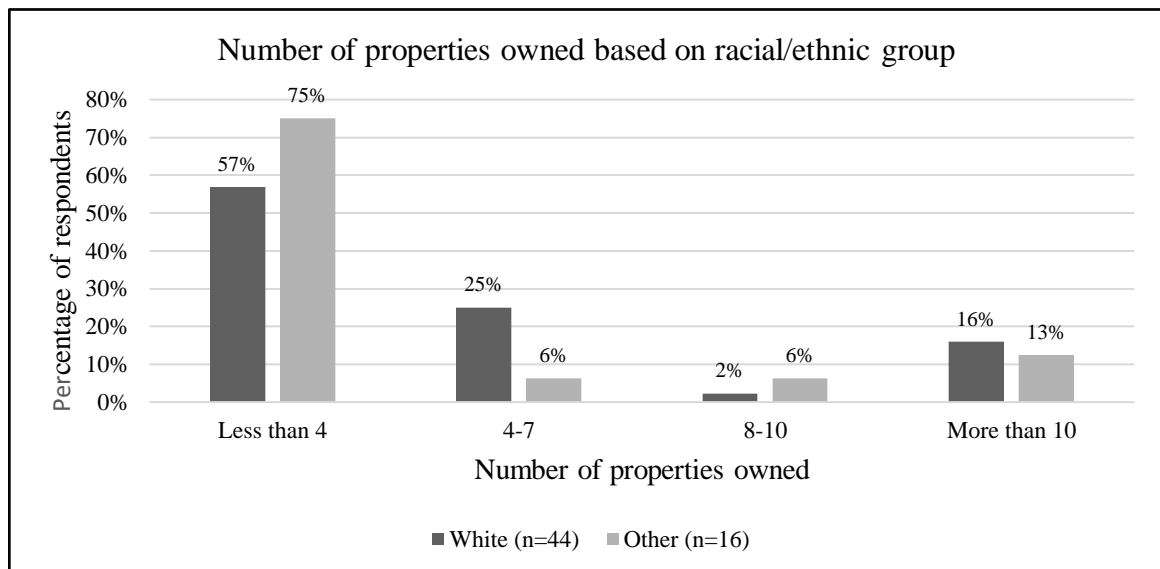


Figure 5.12 – Number of properties a respondent owns based on their racial/ethnic group

Source: Hamilton Landlord Questionnaire (n=60)

Similarly, when comparing male and female respondents, other than the fact that there were more males than females, there are no significant differences between the two groups, other than a slight variation based on the number of properties. Female respondents more frequently reported owning fewer than four properties, while male respondents more

frequently reported owning more than ten properties, however even these differences are minor. The full distribution is illustrated in Figure 5.13. During the interview with Arun Pathak and Diane Currell, Diane said “I don’t think that owning property has anything to do with your sex or race”.¹⁴ The analysis of the collected data discussed in this section confirmed this is broadly true.

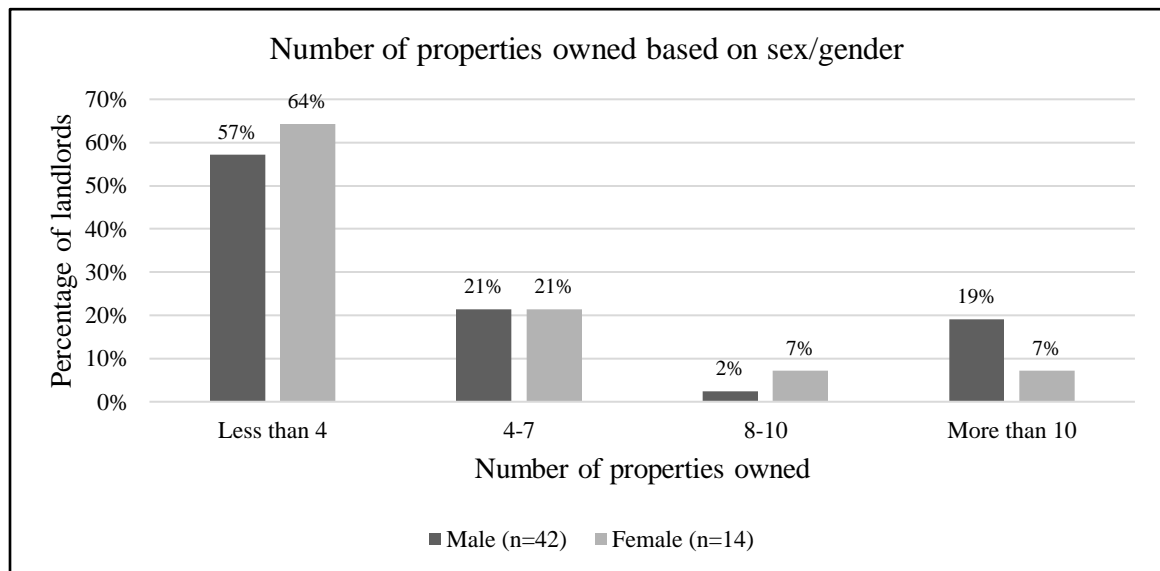


Figure 5.13 – Number of properties a respondent owns based on their sex/gender

Source: Hamilton Landlord Questionnaire (n=56)

In summary, the questionnaire results indicate that landlords in Hamilton, as elsewhere, are very diverse in terms of size, absentee status, gender and ethnicity. That said many have strong connections to the real estate industry. The questionnaires proved to be a crucial first step in gaining some understanding of this group and provides a basis for

¹⁴ Interview with Arun Pathak and Diane Currell, May 24, 2017.

understanding the motivations and challenges that a subset of them reported in the interviews. Considering Hamilton's landlords are so diverse and because they vary widely in terms of how reliant they are on rental income, we need to explore their motives.

CHAPTER 6: The Motives and Challenges of Landlords

The first results chapter outlined some basic facts about Hamilton's landlords. While some of that information was derived from the interviews, the main purpose of the interviews was to understand more in-depth the more subjective aspects of the experiences of Hamilton's landlords. As noted in chapter 4, because each participant was only interviewed once, I will not provide a reference each time I refer to someone. Instead, please refer to the list of names, demographics and interview dates in the methodology section (Table 4.1). The findings have been organized into two main sections to predominantly describe the results of the interviews, however, it will also present the results of one of the questionnaire's open-ended question regarding concerns. The first section explores what motivates Hamilton's landlords and what they enjoy most, while the longer, second section explores their challenges. While it is impossible to say whether the HDAA members are typical of all Hamilton landlords, or whether questionnaire respondents are typical of either, the interview participants were broadly representative of those who answered the questionnaire and most topics covered in the questionnaire were discussed more in-depth during the interviews.

MOTIVATIONS

As with any other type of employment, there are motivations associated with becoming a landlord. In previous Canadian research, Arcturus Solutions (2005) found that 'capital gains' and 'a form of investment' were the most frequently reported benefits of being a landlord. The same was found in Hamilton. Approximately 70 percent (n=10) of

interview respondents reported that profit was their main reason for purchasing and renting in the private rental market, while 33 percent (n=5) viewed the investment factor as theirs. There was some overlap as several individuals mentioned both ‘profit’ and ‘investment’.

While profit and investments were the main motivators, some landlords (n=4) mentioned other reasons. For example, Nathan explained that before becoming a landlord he had been renting but he had been forced to move frequently because his landlords were selling their properties. So, he decided to buy a house:

I had moved...uh...five times in one year...uh...because...uh...I’d get into a place and...uh...the landlord was selling and...uh...you know things changed so...uh...I just decided to buy a place and...I couldn’t afford a property at the time but I could afford it if I had...uh...support from...uh...a tenant

Therefore, his main goal was to find a primary residence with a second rented unit. Reasons mentioned by others included: purchasing a detached house for use by a family member who was potentially going to study at McMaster University, while also renting to other students; being helpful to others, particularly low-income tenants; and becoming a landlord was their passion. Justin, the participant who enjoys renting to low-income tenants, confirms that some of Hamilton’s landlords prefer to rent to a demographic that is often viewed as “less desirable”, which parallels Matthew Desmond’s (2016) finding in Milwaukee. This will be discussed further in the challenges section.

While relatively little research has been done on landlords and their experiences, most of what does exist focuses on their challenges. To understand more of the positives, a related question asked what interviewees enjoy most about being a landlord. Among the rewards, Hamilton's landlords most frequently reported the building of strong relationships with their tenants, followed by profit/investment, flexibility, development, provision of homes, and ownership. As with motivations, many participants mentioned more than one thing that they enjoy.

Landlord-tenant interaction is a regular occurrence and an unavoidable part of the job. As stated by Kemp (2004), their relations are at the core of the rental market. Most interviewees (n=8) reported that building good landlord-tenant relations is enjoyable. Leah explained that she loves getting to know her tenants. She stated that, when she has a good relationship with her tenants, "they'll come back, you know two years later or whatever. I've done lots of sibling rentals so like 'oh my brother used you, can you find me a place?'".

Landlords are not always able to create a positive relationship with tenants. As Emma said, "I've met some interesting people over the years...um...some really good people, [but] there's obviously been a handful of challenging people". Of course, on the other side, tenants may have a negative experience with their landlord, but if the tenants are able to create a positive relationship with their landlord, it is a benefit to them too. Husband-and-wife team, Thomas and Victoria, acquired a building from a landlord who "battled heads with everybody". As a result, at first there was tension between them and their tenants. Thomas recounted:

...when we first took over the building there was, not confrontation, but you could tell the distrust. So...um...as time goes by, you know, and you do little things like...um...if I'm knocking on her [one of their tenants] door, for whatever reason, whether it's to collect the rent or to go do something for her in the unit, she'll always have her garbage ready for me and I'll take it out to the back for her, you know, it's just stuff like that.

Building good relationships with tenants creates an overall more positive environment for both parties. While creating and maintaining relationships is important, Dan emphasized that it was important to keep the connection distant: "you always gotta stay a little bit of an arm's length away". Therefore, building good landlord-tenant relationship is important but it is also important not to get too close to the tenant.

Small-scale landlords, in particular, are likely to interact with their tenants more often and, considering that they have fewer tenants, it is probably easier for them to maintain these relations. Not surprisingly, six of the eight participants who mentioned tenant relations were small-scale. While medium- and large-scale landlords can build relationships with their tenants, this is less likely to occur, and was not mentioned by them as a consideration.

Profits and investment, the most frequently reported motivators, are no doubt also factors that make being a landlord enjoyable, and worthwhile. Throughout the interviews, several landlords indicated that while there are many challenges associated with the job, knowing that it provides a steady income and long-term investment makes it a sensible

form of employment. Sam, for example, began by stating that he has been able to help a lot of people establish themselves and grow roots, and that the majority of his tenants are “lovely people”, but that some of them are not. And so, he continued: “of course, the income and the long-term gain, capital gains on the property, that’s what makes it all worthwhile”.

Renting property can be a very profitable business, at least in the good times. It is worth noting that these interviews were conducted at a time when Hamilton’s real estate market was booming. During my interview with Leah, she talked about how you can become rich: “and if I was as...um...money-motivated, I would have no free time because there’s lot of money to be made and you could work, you know, seven days a week”. While it may not be a “get-rich-quick” scheme, it is a long-term investment and landlords do gain capital appreciation on their properties, which is beneficial for retirement income. Emma, who also enjoys meeting her tenants, believes that “there’s no other way to invest your money that you’re gonna get the same kind of long-term...uh...returns”. Another landlord, Sarah, also finds the long-term investment rewarding. She reported that she receives notifications from MLS (the Multiple Listings Service) when other properties within the townhouse/condo complex go up for sale. This allows her to track the gains on her own property. As a result, she enjoys seeing other properties appreciate because it has a positive impact on her own investment.

The third notable enjoyment factor is the flexibility. Being a landlord is relatively passive, leaving a good deal of free time because many tasks can be scheduled to suit changing lifestyles. Of course, as the number of properties and units a landlord owns increases, the less flexible and passive it will become. Leah stated that “it’s an *amazing*

way to have really independent lifestyle. I get to schedule...all my time”. While there is always work to be done, it does not have to be done during standard work hours, making it an appealing career option. Though not mentioned, most of the interviewees and questionnaire respondents held other full- or part-time employment, which is possible because of the relative flexibility of being a landlord. As a result, renting property or units can be a viable part-time employment opportunity for many people.

CHALLENGES

There are clearly many motivations and rewards associated with being a landlord. Of course, not everything about the job is positive. This section will outline the challenges that Hamilton’s landlords reported in the questionnaire and during the interviews. It addresses four issues: ‘responsibilities’, some of which tenants take for granted; ‘tenants’, which concerns the challenges that landlords face with problem tenants; ‘perceptions’, which includes the negative perceptions of landlords held by the public, by tenants, and also by government; and finally, ‘government’, notably the landlord’s challenges with landlord-tenant laws, and the possible introduction of licensing.

The questionnaire asked respondents to list their main concerns as landlords (Figure 6.1). This was an open-ended question and responses were grouped into the four broad categories listed above. It is important to note that some respondents answered the question in a way that suggested they did not think of it as a challenge, but more as a general concern. For example, R5 (questionnaire respondent #5) wrote “safety and security of the buildings”, which implies the responsibility of maintaining safety and security. While this may not be phrased as a challenge, it is of concern and falls under this general section.

Almost all respondents (92 percent) reported concerns regarding their responsibilities. This finding is somewhat different from what Arcturus Solutions (2005) reported. Their findings showed that legal issues/regulations were of greatest concern to Canadian landlords. It is likely that there is overlap between the comments made by Hamilton landlords that were coded as responsibilities and government, and those that fall under legal issues/regulations. Concerns regarding the government were the second most frequently reported (81 percent), followed by those regarding tenants (55 percent) and lastly those relating to negative perceptions (8 percent).

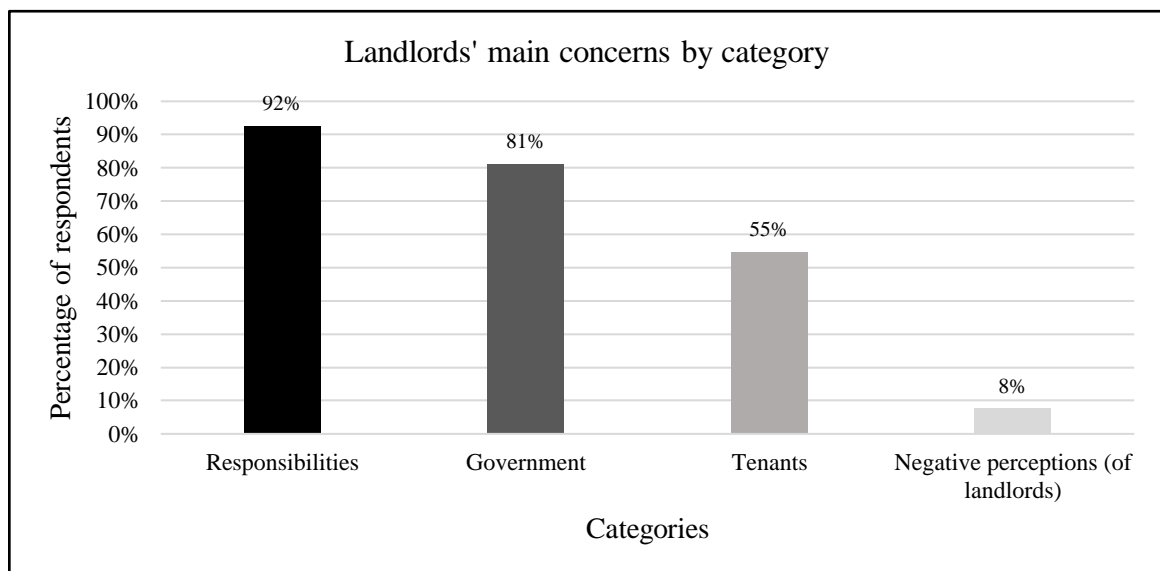


Figure 6.1 – Respondents’ main concerns by category

Source: Hamilton’s Landlord Questionnaire (n=52)

The broad category of ‘responsibilities’, as well as those for ‘government’ and ‘tenants’, were broken down further into sub-categories (Figure 6.2). Each has been shaded to indicate the broad category into which it falls. Under ‘responsibilities’, concerns

regarding rent collections and increases, under ‘government’, concerns regarding regulations, and under ‘tenants’ concerns regarding bad tenants were the most frequently mentioned. Rent collections and increases, and regulations were both reported by 32 percent of respondents. Bad tenants were reported by 21 percent. Bad tenants were reported by 21 percent.

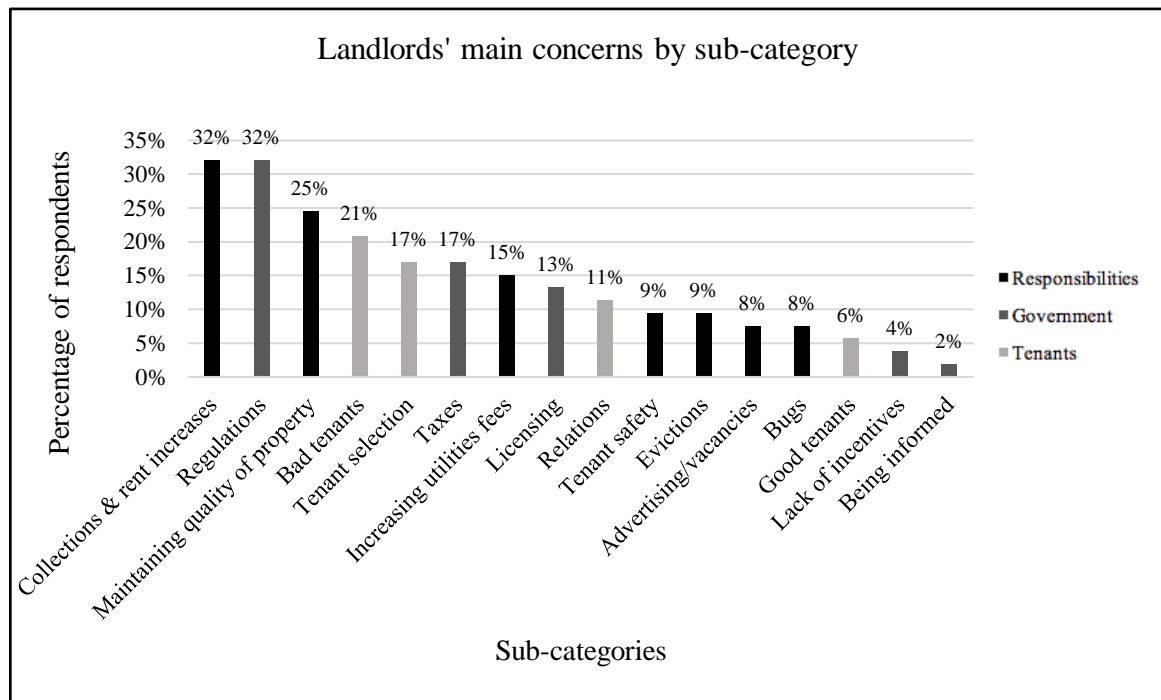


Figure 6.2 – Respondents’ main concerns by sub-category

Source: Hamilton’s Landlord Questionnaire (n=52)

Interview participants were also asked to discuss their concerns as landlords. This provided a deeper understanding of the responses recorded on the questionnaires because they could elaborate and give examples. Based on coding the interviews, the most frequently reported concern was not collections and rent increases, but rather finding and retaining good tenants (69 percent, n=9). Dealing with bad tenants followed closely behind

(54 percent, n=7). The interview participants mentioned issues in most the sub-categories recorded on the questionnaires. Some, however, were not mentioned, including being informed (of policies, laws, bylaws, etc.), and the lack of incentives (from the government).

Responsibilities

Landlords have numerous responsibilities, including those of maintaining and repairing their rental properties and units, filling vacancies and collecting rent. While analyzing the questionnaires and interviews, it was apparent that all of Hamilton's landlords have faced and dealt with several challenges associated with these responsibilities. For example, sometimes landlords develop informal arrangements with their tenants, for example reducing rent (temporarily or permanently) in return of in-kind services, which are services done around the property, such as cutting the grass or mopping the floors. In theory, this helps both the tenant and landlord because the tenant is getting a reduction on rent and the landlord has one less thing on their list of things to do. In practice, however, it does not always work out that way. Approximately 30 percent (n=3) of interview participants reported that they have done this, 67 percent (n=10) have not, and 6 percent (n=1) have but will never do it again. Matt said he will not do it again and because, as he explained, discounting rent for services comes back to the profit. If the landlord has a falling out with the tenant, he may find it difficult to raise rent back up to its previous level. Landlords who have not done this stated that if someone is going to do this, they need to be careful because it can cause a lot of trouble and strain in the landlord-tenant relationship.

As mentioned previously, collections and rent increases was the most frequently reported category of concern. Interviewees explained that if a tenant does not pay rent and

ends up in arrears, the eviction process is lengthy. Furthermore, they recognized that there are many renters who cannot afford rent, and some commented that some people should get help, but as Leah put it, “this [the private rental market] is not a social justice organization, it is a profitable organization”.

Two landlords explained that when they rent to tenants who are on some form of social assistance, they insist that the payment comes to them directly from the relevant public agency. However, they also mentioned that at any point a tenant has the right to change this arrangement.

The problem with that is if one day they wake up and decide they don’t want that anymore they just notify social services ‘well stop doing that’ and nobody ever notifies us, so when we figure it out they’re already three weeks in. (Sam)

The reasons that they do not find out until several weeks later is because, as Justin explained, they will tell the agency that they will pay the landlord themselves and fail to do so. Sam claimed that it is not that tenants cannot pay their rent but that they likely have other debts or “the pizza’s more important or they’re spending the money on everything but”. He made it clear that not everyone receiving social services is like that but it makes it difficult to determine who will and will not act in that way. R19 also expressed these concerns:

The other problem is that landlords often have no way to collect from delinquent tenants, many of whom are low income. This makes us reluctant to rent to such individuals. It should be possible to garnish government payments and income tax refunds once a judgement is obtained. Doing so would make it easier for people to find accommodations [sic] and is more fair to landlords than the present system. A tenant's ability to obtain a virtually [sic] automatic stay of eviction even once a valid eviction order has been obtained. The lack of opportunities for collecting from delinquent tenants because [sic] landlord's are unable to garnish social services or CRA payments to tenants or former tenants. As a result I will no longer consider tenants without employment income

Interviewees stated that it is not only the tenants who are in arrears who cause problems but also those who move without letting the landlord know. Questionnaire respondent, R11 wrote that it is "impossible to track tenants who skip without paying arrears". It makes it very difficult for landlords because when they have learned the different ways tenants get out of paying rent, they become more selective of who they will and will not rent to. This relates to an earlier point that there are "less desirable" tenants to some landlords. Sam indicated that "socially that's very counter-productive but the governments have created that situation". He said that arrears are the fundamental problem at every stage – the tribunal, court and collections – "and if people leave the rental housing market as landlords, that's generally the reason, 'cause they're just fed up to the teeth". Thus, they explained that collecting rents from tenants in arrears is not an easy task.

Landlords also have issues with rent increases. In Ontario, every year a rent guideline, that cannot exceed 2.5 percent, is calculated based on the CPI from the previous year. This is the allowable increase that, if landlords give 90 days written notice, they can introduce to existing tenants. Questionnaire respondent R39 (not interviewed) believes that the rent guideline is far below [the] true inflation rate". By "true inflation rate", it appears that the respondent means the rate of inflation faced by owners of property. This is important because in recent years water and electricity costs, as well as property taxes have often exceeded the general CPI. In many cases rent includes utilities, so these costs should be considered when calculating the annual allowable rent increase. Questionnaire respondents and interviewees explained that this makes it difficult for them because all their other bills increase each year but they cannot always get the costs covered by existing tenants. On the other hand, some tenants believe the increases are unfair. For example, Leah had given one of her tenants notice that her rent would be going up 2 percent. The tenant was not pleased and let her know that she was hoping that she would not get the increase because she had put some money into the property that summer. Leah explained that what the tenant had done was not a necessary repair, rather an extra. She explained that, as a landlord, her insurance went up, her gas went up, and her taxes went up. This may simply show that both the landlord and the tenant may feel squeezed and each one see things based on their own experiences. Furthermore, it emphasizes a point she made earlier in the interview that as a landlord you do not want tenants to stay for long because you are only allowed to increase the rent so much.

As with most Hamiltonians, landlords are concerned about the increasing costs of utilities and property taxes. Between May 2008 and November 2016, off-peak electricity rates have increased 222 percent (OEB, 20167a), while city-wide property assessments on average increased 26.1 percent from 2012 to 2017 (Craggs, 2017a). Linking with the previous discussion, R51 believes that the annual rent increases do not keep up with their other rising costs and R23 indicated that he will sell if that trend continues. For R48, hydro costs are of concern because her rents are all inclusive so they need to be able to raise rents accordingly but they are prevented from doing so by the Landlord Tenant Act (LTA). Thomas and Victoria indicated that they are astounded at how much they pay in property taxes. As they see it, the ever-increasing taxes will never get passed on to the tenants. On the flip side, Victoria said:

And if we were ever to get a reduction, we have to pass that directly on...[to the tenant]...like they get notified directly to each unit that we had a reduction of \$1000 a year. We have to divide that by nine and they get that money back, right off the top.

Lastly, and most fundamentally, maintaining the properties and/or units was also of concern. Many of the interviewees and questionnaire respondents said that they take pride in their properties and put a lot of time and effort into renovating and maintaining them with hopes that their tenants will enjoy their residence. However, some landlords expressed frustration at the number of messy or destructive tenants. For example, several respondents

reported that they have had tenants who accumulated junk, who allowed their pets to go to the washroom inside, or who broke appliances, among other things. For example, one family in Nathan's building were hoarding and had accumulated a lot. He said: "uhh...another unit...um...it was shoulder-height, it was belongings and that sort of stuff that they walked away from. Ya, and...uh...that was a large...um...unit around 750 square feet". He went on to explain that it took himself and three others eight hours to clean the unit and what he believed was four trips to the dump with a trailer full of garbage. Nathan had also dealt with a tenant who allowed their dog to go to the washroom in their unit. He was not the only landlord that was interviewed who encountered this, Leah, who also does tenant selection for other landlords, had been asked to do a move-out inspection for a landlord who was out of the country when their tenant was moving out. The contractor she was using at the time accompanied her. She reported that:

He put a mask on, which I'm pretty sure he's never done in his whole life, to go down to the basement. He would not let me go down to the basement. Three or four bags of dog poop. And that is not the first or last time. You would be amazed at how many people think that's okay.

It was not only these two landlords who reported that they had dealt with dirty or destructive tenants. Justin claimed that over five years, in twenty units, he had had 85 tenants and that 65 of them have left with damages. Sam explained that he had been concerned for the children of a number of tenants and called the Children's Aid Society because their units

were so full of garbage and junk that he could hardly walk through it. While this is not an exhaustive list, it demonstrates that this is an issue for many landlords.

One of the major local issues in all types of rental accommodation is the prevalence of bugs. Many landlords reported that they spend a lot of money each year to eliminate these, specifically cockroaches and bed bugs. Leah recounted that two of her tenants had cockroaches but that they would not allow her to fumigate their unit until they moved out. In contrast, Nathan has tenants who consistently have bug issues because, although they allow the exterminators in, they do not comply with the required preparation of their unit so the infestations have not been successfully eradicated. Furthermore, four questionnaire respondents argued that they did not agree that they should be responsible for bed bug treatment. R17 said that “the city and Ontario government have offloaded this public health issue onto landlords”. The issue with bugs, particularly in multi-unit residences, it that it is difficult to figure out who brought them in, and while it is a burden for the landlord to be responsible for the cost of treatment, it would be no less a burden to tenants who may be dealing with the issue because of the actions of another tenant. Overall, Hamilton’s landlords bear many responsibilities and they find dealing with many of them challenging.

Tenants

Responsibilities, and dealing with tenants, are not mutually exclusive categories. Despite the overlap, there are some differences and that is why they have been treated separately. As previously noted, while collections and rent increases were the most frequently reported concerns in the questionnaires, finding and retaining good tenants, and dealing with bad tenants was most frequently reported during the interviews.

While some landlords want to re-rent their units every few years, in order to be able to increase their rent more than the rent guideline, others, like Dan, prefer “long-term tenancies for lower turnover”. It is expensive for a landlord when a property or unit goes vacant, involving a lot of work to fill the vacancies. During the interviews, participants were asked how they select their tenants. Most, apparently, advertise their property and/or unit on Kijiji, and then meet with prospective tenants, show the property and/or unit, call references and complete credit checks prior to committing to a new tenant. The reason behind this is to ensure that they are going to find a tenant who will take care of the property and unit, pay rent on time, and not be disruptive to their neighbours. However, two interviewees, Nathan and Justin, are less thorough. Nathan explained that he usually gives confirmation to prospective tenants prior to meeting with them to show them the unit, regardless of whether he has completed a credit check. Justin is somewhat more thorough, as he meets with prospective tenants and calls their references. However, he said that he goes with his gut feeling, and did not indicate that he performs any credit check. While landlords know that discriminating against tenants based on ethnicity, sex/gender and age is illegal, selection on the basis of past record protects them and their investment.

During the interviews, participants were wary when asked if there are any particular tenants that they prefer to rent to. Matt began by his response with “hmmm...so the right answer is no I have no biases and whoever applies, we look at all applications fairly and equally”. He explained that this is a hard question because there is always a risk of biases coming into your tenant selection and that can put a landlord into a difficult position if challenged by the LTA. Some landlords reported that they do not discriminate. However,

as interviews progressed, some revealed tenant preferences. For example, Nathan stated that he did not have any preferences, but then went on to say that he prefers that his tenants are over the age of 24. Their reservations could be related to the sensitive nature of this question. As previously mentioned, selection can be perceived as discrimination, therefore, it may be difficult to admit to having preference.

Although none of the participants explicitly named people they would not rent to, they did indicate types of people they like to rent to. Among these were graduate students, young professionals, seniors, non-smokers, singles and couples without children. None of the participants mentioned families with children as a preference. In fact, Grace said “I am now after having some experiences more biased towards...uh...families with older children just because I’ve had some bad experiences with younger kids trashing the place but...um...uh...we’re open-minded”. Noah, stated that his tenant selection depends on which building an individual or family is interested in, its character and demographics. It is important to him that the tenants live harmoniously among one another. Finally, several landlords reported that they prefer to rent to tenants who are employed. This relates back to a previous note regarding the difficulties of dealing with certain tenants on social assistance who would cancel the direct payment to their landlord.

Certain tenants, who are typically categorized as ‘bad’ or ‘problem’, are those who transcend the usual categories of ethnicity, age, and family status. This may be connected to increasing levels of personal debt and are those who Sam refers to as “professional tenants”. He says that they are the ones who know how to work the system. He recognizes that they are not all low-income. He stated that his biggest problem is “deadbeats”. He

associated this with attitude, not income, because he believed that people think they are entitled. He believed that by being nice, for example by allowing a tenant an extra couple of days to pay rent, the landlord gets burned. Not because they are “evil tenants”, though he acknowledges that some of them do exist, but because if they owe rent they likely owe for other things too. He explained:

The fundamental problem, and it's gotten worse over the years, we've had bad people over the years, just a lot of averages would suggest that, but...but...the attitude mentality over the years has become more and more people take no personal responsibility for anything. They teach their kids that, as you said and it's bad. Now they're fortunately still in the minority but that attitude is becoming more and more prevalent. So we've done a couple of evictions and the sheriff, 'cause of course they've got it up to here, as well, even though it's their job. You hear 'oh I've evicted these people two or three times', well go figure.

Sam is not the only landlord that reported having to call the sheriff because evicted tenants would not leave, Nathan reported the same thing, and though they did not mention having to get the sheriff involved, Leah and Grace also reported having to deal with evictions. Evictions are clearly a challenge that Hamilton's landlords face. Some interviewees stated that it is likely that once a tenant is evicted by one landlord they are going to rent from another who will more than likely have to deal with the same issues as the previous landlord. Unfortunately, from the landlord's point of view, there is no way of tracking these

individuals because there is no tenant registry, and one cannot be set up because of privacy issues. While a landlord can complete a credit check, Sam claimed that it only shows that a tenant has not paid their credit card, which he stated is a start. However, the things that a landlord is looking for, such as which tenants damage properties and units, and which ones have been evicted several times, are not included. He further explained that calling their current landlord is not always helpful because that landlord may be wanting to get rid of them, and so may not be truthful. This all relates to a bigger issue, landlord-tenant legislation, which will be discussed in more detail in a later sub-section.

Relating to an earlier comment that tenants have high expectations of landlords, Josh explained that to him, a fair relationship between two individuals is 50/50 but he said that as a landlord he is willing to go 45/55 in favour of the tenants and in some cases 40/60 but anyone requesting more is asking too much. Those who are asking for more are the ones that landlords run into problems with. Leah said that because of this, “a lot of time we [landlords] have reason for being prejudiced” against particular types of tenants. Matt backs this up further by stating that “good tenant selection means you have low turnover”.

Public Image

Some of the challenges that landlords face in dealing with tenants probably arise from the negative perceptions that tenants have of landlords in general. But it is not only tenants who have these perceptions: city councillors, the general public, *and* some landlords themselves may have similar views about particular types of landlords. Although relatively few questionnaire respondents (n=4) reported negative perceptions as a concern, it was a recurrent theme numerous interviews (n=5). Landlords recognize that not all of their

namesakes are good, but they are such a diverse group that they should not all be perceived in the same negative light.

Evidently, it is of concern to some questionnaire respondents and interviewees that most people have such negative perceptions of them. Leah explained that her biggest frustration is the overall impression councillors and people in general have of landlords. She has expressed her concerns with one of the City's councillors and challenged him: "try and find me one article in any paper in Ontario that talks about a good landlord, *one* in the history of the paper, to find one". However, it is not only the councillors she believes view them negatively, "again, it's just the overall attitude, not...only from councillors but from the Average Joe". Questionnaire respondent, R10 was also concerned with "the fact that everyone thinks all landlords are horrible and no one appreciates the crap that we have to deal with from problem tenants".

Landlords are providing a service and there are many costs associated with that. However, Leah claimed that prospective tenants who saw her listing online have called her in the past to tell her that she charges too much for rent. In another case, she was involved in a City event and she reported that an anti-gentrification group told them that rent is theft. She found this rather confusing, and asked:

Why do they consider a roof over your head...something that is your right that should be given to you and food isn't? You know? I'm not saying let's not take care of anybody but I am saying that...we have a right to make money.

Thomas believed that part of this negative perception of landlords stems from that idea that tenants believed that all landlords are rich. Considering that most of Hamilton's landlords are small-scale and only derive a portion of their income from rent, it is plausible to assume that only a small minority are rich.

Landlords' self-perception was also a common theme throughout the interviews. In three cases, landlords described themselves as being better than the average. In a fourth, the participant did not even consider herself as a landlord, and in one interesting case, the respondent actually perceived himself as a bad landlord. Common words used by those who believe they are better than the average were "not typical" and "not the norm". What this demonstrates is that landlords themselves acknowledge that there are bad landlords.

Leah is an example of someone who believes that she is not typical. She derived this self-perception from what her tenants have told her, and from the fact that many have done sibling referrals. While she mentioned that she deals with tenant issues every day, in her opinion she handles them well and believed that she had a good reputation. In another interview, when asked if she thinks of herself as a landlord, Grace answered: "that's an interesting question...no...probably more of a business owner. I think landlord has a negative connotation and I guess that's why". However, later in the interview she said, "it's a nice feeling to be different...I would say we're one of the top ten percent in terms of...nasty landlords so we're not nasty...I'd like to say we're one of the better landlords". What both examples demonstrate is that while they have a positive self-perception, they evidently recognize that some landlords are 'bad'. Therefore, it is not only tenants, councillors and the public that have negative perceptions of landlords.

Nathan was the only respondent who described himself as “not a good one”. He said that he has had difficulty collecting rents from his tenants in the past. There was no other real explanation for why he felt this way. However, at a couple of other points during the interview, he reiterated this point. When asked how he selects his tenants he said “terribly” and, as previously mentioned, described his uncertainty about how Rent Check works. He seemed to be rather introverted and unsure of how to frame his responses. Furthermore, after he responded with “not a good one” and “terribly”, he laughed, slightly uncomfortably. These factors may have influenced his self-perception. However, the issue here seems to be that he is not very efficient, or ‘professional’, rather than ‘bad’, in the usual sense of the word.

As an example of interviewees who have a negative stereotype of other landlords, Dan believes that student landlords, especially around McMaster University are just trying to maximize their money and that they “don’t give a shit about anyone else. I’m not that way, never have been so I’m not your...maybe I’m not your typical landlord, I’m not sure, I’m hoping, I don’t know”. Throughout the entire interview, it was clear that Dan has a negative perception of student rental landlords. Just as the public generalizes all landlords as bad, Dan is doing the same thing to all student housing landlords. When asked how he defines older homes that have been subdivided to create two or more rental units, he answered “slum”, and went on to discuss how awful student housing in Westdale is. He explained that landlords see it just as an opportunity to make money. He did acknowledge that it is not only the landlords that are bad but also the students, that it goes both ways. Furthermore, he compared himself to a student rental landlord, which says that they

embody his negative perception and, considering this, it makes sense that he believes he is “not typical”.

One of the interviewees, Grace, was herself a student landlord. Interestingly, she is the interviewee previously mentioned who does not think of herself as a landlord due to the negative connotations. However, late in the interview, she listed what she enjoys most about being a landlord when she stated that she had a high standard for her rentals and said that she believed she was in the top ten percent of good landlords. She further explained that this was especially true in the student market as it is not hard to be better because the bar is not set very high. Therefore, she does, in fact perceive herself as landlord and she, too, has a negative stereotype of other student landlords.

Finally, Victoria and Thomas commented that they are frustrated by the corporate landlords. Thomas has always had a dream to own “150 doors”. Their criticism of corporate owners stems from the fact that big companies, such as Effort Trust buy, out all the larger buildings because they have the means to do so. Thomas complained that this makes the already difficult task of acquiring 150 doors, even more difficult. Furthermore, although he believes that those companies are good in the sense that they can afford to maintain the units and fix the building he argued that they do not care about their tenants, viewing them purely as a revenue source. Hamilton’s landlords, then, are aware of the negative perceptions people have regarding them. Therefore, it seems that some landlords have a negative stereotype of particular types of landlords – student, corporate – rather than of landlords in general.

Government

If anything, landlords are even more inclined to generalize about another challenge, government, and the rules that the province and municipality have established. Interviewees believe that the government systems and regulations are stacked in the favour of the tenants. Despite the numerous changes that have been made to landlord-tenant legislation, Emma argued that the LTA and rent control need revision because they are one-sided. She is not the only landlord who expressed concerns about this. In the online questionnaire, R28 wrote: “I love being a landlord but is [sic] very discouraged with the red tape”. Numerous other landlords also commented on how, over time, legislation has changed more to protect the tenants. This is an argument that Lehrer (1991) has also made.

Thomas and Victoria said that they do not like going to the Landlord-Tenant Board (LTB) because they believe that everything there is stacked against them. They pointed out, for example, that if a landlord brings a tenant to court, or vice versa, the tenant is offered legal counsel but the landlord is not. If a landlord cannot afford to pay for an attorney then this is another way that tenants have the advantage. Justin agreed, saying that there is no balance in the system and that he will lose in every situation. He did not think that this is right, and argued instead that everybody should be going in with the same advantages and disadvantages.

Sam, on the other hand had a slightly more positive perspective and believes that the LTB works better than it used to but that it still has huge problems and inefficiencies. For example, he too believed that there is a bias in favour of the tenant:

You can have an eviction and if...you go in...Hamilton they've got like volumes of them...if you go and file for an eviction the first thing they do is pull out 'the binder' of stays of eviction 'cause it's automatic. The tenant just says, 'well the landlord looked at me the wrong way so we're gonna file a notice'. And even if it has no merit whatsoever, even if they're lying through their teeth on everything that they've paid or they have receipts, it doesn't matter cause there's never repercussions to the tenant.

Thus, he was arguing that, regardless of what happens, a landlord cannot win. He went on to talk about a related but different issue, suggesting that most of the processes are very lengthy:

So, if you lie to the board there's supposed to be very serious consequences but there aren't so people know that so everybody files for an...appeal on the eviction which takes three to five weeks to be heard, and then they'll take seven days approximately to get your order reversed, and then you have to get it to the sheriff, and then it'll be another three weeks before the sheriff does it.

This lengthy process allows destructive and delinquent tenants to remain in the rental unit, a concern to other landlords, including respondent R19, who wrote: "The Landlord and Tenant Tribunal automatically allows stays for evictions – this is grossly unfair and prejudices the landlord in ALL cases". Instead, R19 suggested, "The tenant

should seek leave to apply for a stay with valid reasons that can be challenged by the landlord”. Unfortunately for the landlord, stays of eviction mean that they are continuing to house an individual or household for more time, while not receiving rent. A landlord can continue to go after the tenant to try and regain their losses, but Matt argued that recouping damages is very difficult and ends up costing the landlord too much. He reckoned that it is not worth the effort.

Furthermore, when a landlord accepts a rental application from the tenant, they are legally only allowed to collect money for last month’s rent. Questionnaire respondent R52, wrote that a concern that she has is that “the law does not allow landlords to take security deposit”. The only money that a landlord can depend on is the one month’s rent, but this covers only minor arrears and/or damages. Therefore, she believes that “the law does not protect the landlords. [The] Tenancy act [sic] only protect [sic] the tenants”. Respondent R29 also shares this view: “government legislation makes that very difficult [to operate a profitable business] as it is mostly in favour of the tenants in Ontario”.

According to many respondents, another inequity is how court orders are delivered to tenants. Justin explained that he used to hand deliver his court orders directly. This allowed him to confirm that the tenant received it so that there would not be any discrepancies when the court date arrived. Now, court orders are mailed to tenants. On several occasions, he reported that the tenant missed the court date, claiming that they did not receive the notice, ultimately pushing the date further. This is another way in which Justin argued that tenants can easily get around things.

Grace also believes that the LTB is one-sided, but she is a special case. She had some of the same complaints as other landlords and in addition, made comments on the basis of her status as a landlord who rents to students. She owns a single-family-home rental, as well as some student rentals. She perceived that as a student landlord she is targeted by the City and, among other things, is required to get more permits than the average landlord. While the City is always requesting more to be done with her student rentals, which she believes are in great shape, they never bother her about her single-family-home rental. For example, she said that she got in trouble because the hedges on the student property were a couple of inches over the sidewalk, even though her neighbour's hedges are still blocking it. This is an interesting observation because, while almost all of the landlord participants mentioned the inequitable treatment of landlords by comparison with tenants, no one else considered how different types of landlords might be treated differently.

Overall, the landlords' perception that the system is stacked against them colours their whole outlook, including their view of other issues. If landlords believed that the legislation was more in their favour, would this change their outlook on other challenges? Perhaps.

Licensing

Judging from the interviews, landlords bring the same type of concern to their view of the possibility of licensing. In Hamilton, licensing has been a topic of debate on and off for many years, and in 2015 the proposal was reintroduced. It is an attempt to legalize non-purpose-built apartments (i.e. rental properties with six units or less), to protect tenants

from unsafe properties and units. Councillors could not agree, however, and so a decision to implement a voluntary registry was made in early 2017. It is likely not the last time that the debate will come up, and for many interviewees it is of concern.

While relatively few interview participants mentioned licensing when asked what they are most concerned about as a landlord, when asked specifically about the topic all but one interviewee and one questionnaire respondent reported that they were against it. They frequently commented that it would be just another fee that landlords would have to pay and that would eventually get passed along to tenants. For Will, learning that the City was debating licensing was his main motivator in completing the questionnaire and participating in the interview. He stated that he is opposed to licensing for very small investors, such as himself, who own only one property. However, he thinks that it is appropriate to implement it for landlords who own ten or more properties.

In contrast, and unusually, Dan and R28 believed that licensing is in the best interest of the city. As previously mentioned, Dan had strong feelings against student landlords. He agrees with the idea of licensing, but only for student housing in Westdale. In contrast, R28 thought that licensing would help with creating more affordable housing. They¹⁵ wrote that “the city of Hamilton is urged to work with investors and landlords to make it easy to legalize existing units”, presumably through some form of licensing. This is the opposite of what all other landlord respondents argued, which is that licensing will decrease affordable housing because the cost of licensing them will increase rents. Furthermore, they

¹⁵ Respondent did not indicate sex/gender.

believe that it is in the tenant's best interest because it would ensure that the apartments are safe. Introducing licensing implies that units would need to be legalized.

As expected, none of the landlords who own properties or units in the secondary market like the idea of licensing. Almost all agreed with the need for the current annual building and fire code check, but believe that there are already sufficient bylaws in place. While they did not explicitly state examples of such bylaws that exist, I assume that they were referring to the Property Standards Bylaw, which requires all property owners to maintain and repair their property to protect the health and safety of occupants (Hamilton, 2017). Leah said that licensing rarely solves anything and that she is adamantly against it. She believes that it is a money grab and another way to "blame landlords". She claimed to be a big promotor of the city and said licensing would slow down investment. Furthermore, she thinks that it would only create more bureaucratic walls, which would ultimately create sneakier behaviours by landlords in order to get around them. Sam did not think that it could be managed properly. He said that it would be more bureaucracy to accomplish nothing. Rather than licensing he explained:

I agree that they should enforce the safety, property standards, and certainly the fire regulations on those [illegal units]. But they need to start legalizing these things, not because I have them, but because people can't afford the property taxes in Hamilton on those monstrous single family homes on Aberdeen, on Bold, on all the nice old streets.

Josh, too, thought the mere idea of licensing is ridiculous. He said “they’re just killing a flower with a sledgehammer. Landlords are busy enough, you don’t have to treat them like that. It’s horrible”.

Although Matt was against licensing, he did agree that the property and units should be legal by conforming to zoning regulations, building, health and electrical codes, among other things. He suggested that when they do not conform, the tenant has an advantage over the landlord because if the landlord was to do something that the tenant did not agree with, they could be reported. In contrast, Sam does not believe the legal status of a rental property affects the landlord-tenant relationship. If a tenant reports an infraction, the tenant may lose, too. He recalled an incident:

a tenant complained on themselves, on their own unit, because I insisted they pay the rent. Like how unreasonable is that? So, I ask them to pay the rent and they called bylaw and said, ‘I’m living in an illegal unit’. I thought that...that seems very counter-productive to me but fine, so of course they moved because they weren’t paying the rent.

The legality of a unit, would reasonably determine how inexpensive rent will be compared to legal units, therefore, if a tenant wants to report that they are living in an illegal unit, then they will have to look for somewhere else to live. While there are many unsafe illegal units, not all illegal units are unsafe. However, several landlords stated that if licensing is ever put in place, these units will be eliminated and rents will go up.

Interviewees also expressed concerns about the possible licensing fee. Victoria and Thomas believe it is just another tax. What is most worrisome to some is that the introduction of licensing is entirely out of their control. It could happen at any time and they cannot do anything about it. Questionnaire respondent R49 commented that he is “concerned about governments imposing new licenses, fees, additional taxes or increasing taxes, basically things outside of my control or within my scope of management”. R23 wrote that if licensing does get passed, he will sell before it goes through. A number of affordable housing units are non-purpose-built. With that in mind, R23 believed that “the bottom would fall out of the housing market”. Furthermore, two questionnaire respondents explained that they have spoken with landlord friends from other cities that have introduced and passed licensing, such as Waterloo, and that they have reported that nothing had changed. R18 elaborated:

Licensing will add unnecessary expenses, redundant red tape and will not prevent the existence of bad landlords. The intended goals of licensing have no [sic] been achieved in other regions where its [sic] been implemented. It will serve no purpose other than to add additional costly and unnecessary beurocracy [sic] and provide optics to special interest groups who believe this is necessary to hold irresponsible landlords accountable

Overall, the interviewees suggested that they themselves would not incur the licensing fee, because they would pass it onto the tenants, which would have a negative effect on the

shortage of affordable housing in the city. Matt explained that in the short-term, rents would not rise but they would over time, ultimately making rents that are already high, increase more.

In conclusion, there are aspects of being a landlord that are highly rewarding and others that are challenging. While many of the findings are similar to previous Canadian landlord research, some were not. It was surprising that despite the number of comments regarding bad tenants, that building good landlord-tenant relationships was something that most interviewees found enjoyable. Furthermore, though the interviewees discussed bad and/or problem tenants, some of the acknowledged that they are the minority.

Overall, as a group, there were many recurring thoughts and beliefs, however, each individual was different from the rest. Some interviewees have owned property for a relatively long time, compared to others, ranging from 37 years to less than one year. Some owned more properties than others, however the majority were small-scale. These factors contributed to the experiences that each interviewee discussed. Some had more confidence than others, which was evident through the ways that they presented themselves, such as talking loudly, opposed to quietly, and getting to the point by knowing what they wanted to say, opposed to saying “um” and “uh” numerous times. Some were more engaged than others, sharing many experiences, thoughts and ideas, while others spoke as though they wanted to be done as quickly as possible. This, in part, stems from the reciprocal act of the interviewer and interviewees. The interviewees have agreed to participate, despite having little incentive to do so, therefore, the interviewer owes it to them to listen to their elaborate explanations or to finish as quickly as possible. Despite the differences, and that some were

reserved regarding certain, sensitive, questions at first, such as whether there are certain tenants that they prefer to rent to, they did open up as the interview continued and as a rapport was built.

CHAPTER 7: Conclusions

The purpose of this study was to understand more in-depth the nature, motives, and challenges of Hamilton's landlords. It addressed three main question: Who are Hamilton's private landlords? What are their motivations for renting in the private rental market? And, what are the challenges that they face?

The Hamilton and District Apartment Association (HDAA) helped me gain contact with Hamilton's landlords. It is impossible to say whether HDAA members are typical of all Hamilton landlords, or whether the 64 questionnaire respondents are typical of either. However, it is at least possible to say that the 14 interview participants were broadly representative of those who answered the questionnaire. Despite the small-sample size, the findings do give some insight into the experiences and perceptions of Hamilton's landlords. It is also important to note that a relatively large proportion of the landlords who participated in this study probably rent decent apartments to middle-income tenants. This was indicated by their perceptions of the local rental market, specifically that they have seen an increase in graduate student and young professional renters and a decrease in the number of low-income renters. This is not consistent with the overall nature of Hamilton's rental market, as the proportion of low-income tenants has not in fact declined. While there were no major surprises in the findings of this study, in the sense that they were consistent with the findings of previous research, such as it is, the results were both informative and interesting.

While there are both male and female landlords, there is a greater proportion of men. This is consistent with the proportions reported in other Canadian landlord surveys.

Furthermore, most landlords are small-scale, defined as those owning 1-19 units. This, again, is consistent with previous research. While owning few properties does not necessarily give any indication about landlord size, because they may own a few low- or high-rises, rather than single-family-homes or duplexes, there was a direct relationship between the number of properties an individual owned and their size.

While respondents own property across the city, most reported properties were found in the lower city, which corresponds to the main concentration of low-income population but also, more recently, of professionals. Not surprisingly, many of their properties were in West Hamilton, near McMaster University, or areas in downtown Hamilton. The landlords in the present study also own diverse types of rental housing, including high- and low-rises, single-family-homes, duplexes, and rooming houses, among others. The most commonly owned type of property, however, were low-rise apartments.

Very little research has explored the proportions of absentee and resident landlords. Some research has been conducted in British Columbia and Calgary, but the ratio likely varies from place-to-place. It is important to determine whether a landlord is resident on one of their rental properties or an absentee on all of them because it might give some insight into their motives, concerns and their relationships with tenants. More than three-quarters (84 percent) of questionnaire respondents were absentee. Only slight differences between absentee and resident landlords were observed in this study. Resident landlords were more likely to own fewer than four properties. Surprisingly, despite their likelihood of owning fewer properties, they were more likely to depend on their rental income.

No major differences between white landlords and those of a different race/ethnicity were noted. However, minorities are slightly more likely than white landlords to own fewer than four properties. This may be because on average they have a lower-income and less capital to invest. The limited sample size of the present study, and the fact that most studies on rental housing have focused on minorities as renters, rather than as landlords, means that limited weight should be attached to this finding. However, it is worth noting that Lehrer (1991) did report that minority landlords are more likely to be small-scale.

One of the more original aspects of the present study was that it explored the motives of landlords, including the aspects of the job that provided rewards. It turned out that, respondents enjoyed a variety of things about being a landlord, including good landlord-tenant relations, the profit/investment, and the flexibility of the job, among other things. Arcturus Solutions (2005) was the only other known study that looked the benefits of being a landlord, however, unlike this study, they had a list of six benefits and asked participants to rank them. Another difference is that the options they had given were all related to monetary gain. While some of my respondents did list profit/investment, they also enjoyed many other aspects of the job. However, when asked what their motivations to become a landlord were, their responses were in line with the benefits listed in Arcturus Solutions' findings.

Related to this, most respondents have considered alternative ways of investing in the real estate sector. These include: becoming a real estate agent, investing in building developments and offering secondary mortgages. In the end, however, only one of fourteen

interviewees had tried one of these options. Many others claimed that they had, although they did not elaborate.

Respondents were also asked about their main concerns. There were differences between the most frequently reported concerns of the questionnaire respondents and interviewees. Questionnaire respondents most frequently reported concerns regarding ‘responsibilities’, specifically, ‘collections and rent increases’. Interviewees, on the other hand, most frequently reported concerns regarding ‘tenants’, specifically ‘finding and retaining good tenants’ and ‘dealing with bad tenants’. These findings are consistent with previous research.

Though not the most frequently reported concern, the negative perceptions that tenants, councillors and the general public hold of landlords was reported throughout many of the interviews. One interviewee even reported that she does not think of herself as a landlord because of the negative connotations associated with the word. However, landlords too, have negative perceptions of their peers. This was evident by the use of the terms “not typical” and “not the norm” when describing themselves as landlords. In other instances, an interviewee would compare themselves to student landlords. One spoke of student slumlords, while another who is a student landlord said that it is not difficult to be better than the rest because the bar is not set very high.

Looking speculatively to the future, and rather predictably, many of Hamilton’s landlords are adamantly opposed to the idea of licensing. While many commented that it would be beneficial for “illegal” units in the secondary market to be legalized, they believe that licensing would only impose more fees. They believe that there are already bylaws,

and fire and building codes in place that should be sufficient, and that if licensing does ever go through, the costs will be passed on to the tenants through rent, ultimately reducing the little affordable housing that currently exists. Interestingly, some landlords reported that it would be fine for certain landlords or types of rental housing to be licensed. One stated that medium- and large-scale landlords should go through the licensing process (a system recently implemented in Toronto) while another said that student rentals should have to be licensed. This is consistent with the finding about the negative perceptions of their peers held by some landlords.

In the future, it would be beneficial for someone to replicate this study, and rather than asking *“As a landlord what are your main concerns?”*, ask *“As a landlord what challenges do you face?”*. The former question can be interpreted in different ways which can alter the results of the study. For example, in this study respondents either listed challenges, such as dealing with bad tenants or fighting against the possible introduction of licensing, or they listed genuine concerns, such as tenant safety. Therefore, asking what challenges they face would be more direct. Moreover, it would be beneficial to include an open-ended question about their motivations on the questionnaire to allow for a comparison of the questionnaire and interview responses. It would also be interesting to see how Bill 124, the recent change to rent controls which now includes properties deemed as rentals post-1991, affects landlords who own property that did not previously come under rent control. This was not applicable to the present study as it was conducted prior to the change in legislation. Lastly, it would be interesting to target large-scale landlords and corporations to understand their experiences and perceptions.

It is unlikely that a system could be devised that would satisfy both landlords and tenants. Reflecting on the views of landlords, they have concerns regarding bad tenants and the problems they cause, they believe that the system is stacked against them, and they are resistant to additional regulations, among other things. Of course, if we spoke to tenants, particularly those on low-incomes, we would get a different story. They would probably complain about their landlords being unresponsive, that the legislation is in favour of landlords, and that landlords hold all the power. It is important to keep in mind that both groups have different stakes in the private rental market and likely do not consider the issues that the other group deals with. Their differences are inherent in the system and the two will always have opposing views. With all the literature that delves into tenants' experiences and perceptions, it is important that the same is done for landlords. One thing that this research does, is to make landlords human, in all their diversity. Much of the media discussion, along with the literature on housing, treats them critically and/or as rather faceless agents. It is important to recognize that landlords are a diverse group and while there are bad ones, there are also good ones, and they have mixed and diverse motives.

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Appendix 1: Blog Post on REIN Website with Link to Online Questionnaire




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SEP
02

Important Information for Hamilton Landlords

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According to the [Hamilton and District Apartment Association \(HDAA\)](#), the City of Hamilton is again thinking about introducing a licensing system for [landlords](#).

If you own real estate in Hamilton, this affects you directly.

Most of the people who live in Hamilton "know little about the situation, motives, and concerns of landlords," says the HDAA. Dr. Richard Harris and Larissa DiBartolo of McMaster University are taking steps to remedy this. They have established an online survey for all HDAA landlords.

Have your say on licensing for landlords and support this research by [taking the survey HERE](#).

Get Instant Real Estate Market Updates!

First Name*

Last Name*

Email*

Rental Properties Currently Owned*

- Please Select -

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Appendix 2: Email Recruitment Script for Hamilton's Landlord Questionnaire

Dr. Richard Harris Exploring Hamilton's Landlords

Primary Investigator:

Dr. Richard Harris
School of Geography and Earth Sciences
McMaster University
Hamilton, Ontario, Canada
(905)525-9140 ext. 27216
Email: harrisr@mcmaster.ca

Student Investigator:

Larissa DiBartolo
School of Geography and Earth Sciences
McMaster University
Hamilton, Ontario, Canada
(905) 525-9140 ext. 20440
Email: dibartlm@mcmaster.ca

E-mail Subject line: McMaster Study – Gaining insight on the experience of Hamilton's landlords

We are inviting you to complete a brief online survey that will take about 12 minutes to complete. As part of an overarching research project entitled the 'Neighbourhood Change Research Partnership,' which is being carried out in seven municipalities across Canada, and the graduate program in Geography at McMaster University, we are carrying out a study to understand the experiences of Hamilton's landlords. We are interested in finding out more about who they are, their characteristics, ownership, motives and concerns.

We are particularly interested in landlords associated with Hamilton and District Apartment Association. With the permission of the President of the Association, we are distributing this email on a registered email list to which you already belong.

The risks in this study may include embarrassment or discomfort in answering questions. In instances where you feel that you are not comfortable answering a question, please skip it and move onto the next. Any information that you provide will be treated as strictly confidential.

You can stop at any time during the survey and afterwards up to January 1, 2017. We have attached a copy of a letter of information about the study that gives you full details. This study has been reviewed and cleared by the McMaster Research Ethics Board. If you any have concerns or questions about your rights as a participant or about the way in which the study is being conducted, you can contact:

The McMaster Research Ethics Board Secretariat
Telephone: (905) 525-9140 ext. 23142
c/o Research Office for Administration, Development and Support
(ROADS)
E-mail: ethicsoffice@mcmaster.ca

We would like to thank you in advance for your time and consideration.

The following link will lead you to the online survey. <http://reo.mcmaster.ca/limesurvey>

**Appendix 3: Letter of Information and Consent for Hamilton's Landlord
Questionnaire**

Landlords in the Private Rental Market in Hamilton, Ontario



Primary Investigator:

Dr. Richard Harris
School of Geography and Earth Sciences
McMaster University
Hamilton, Ontario, Canada
(905)525-9140 ext. 27216
Email: harrisr@mcmaster.ca

Student Investigator:

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Research Sponsor: Social Sciences and Humanities Research Council of Canada

What is the purpose of this study?

As part of an overarching research project entitled the 'Neighbourhood Change Research Partnership,' which is being carried out in seven municipalities across Canada, Dr. Harris has secured funding to explore factors contributing to changing neighbourhoods in Hamilton. The private rental market has been identified as being particularly important in shaping the built form, and socio-economic make-up of Hamilton's neighbourhoods. The private rental market is understood to provide a significant component of affordable housing options in urban municipalities across Canada. These housing options are made up of a variety of types of properties, ranging from high-rise buildings to rooming houses. Due to the nature of this housing, it is assumed that landlords are operating on varying levels, from small- to large-scale developments. The goal of this study is to understand who is involved in the private rental market, and what their motivations, priorities, challenges, and interests are. In doing so, the primary and student investigators hope to better understand the nature of the private rental market, how it has come to be, and what the role this type of housing may play in the wider housing market in the future.

What information would you like from me?

You are invited to take part in this study on landlord involvement in the private rental market in Hamilton, Ontario. I am hoping to learn what the primary opportunities and barriers are in the housing market for individuals who own rental properties. I also hope

to find out what perceptions and experiences landlords in the private rental market have had.

What will happen during the study?

You will be involved in the project by filling out the online questionnaire. The questionnaire will ask you questions about your experiences in the private rental market as a landlord. The questionnaire should take approximately 12 minutes to complete. Questions may include:

- How long have you been a landlord?
- How long have you owned this property?
- How many properties do you own?
- Are rents your main source of income?

Your responses will never be stored with any of your personal information, and you will never be identified to anyone outside of the research team as a participant. Please remember that you may withdraw from the research process at any time. This includes before you begin the questionnaire, during the questionnaire, or at any time after the questionnaire has been completed. You may also decline to answer any questions that you do not wish to respond to.

Are there any risks to doing this study?

The risks in this study may include embarrassment or discomfort in answering questions. In instances where you feel that you are not comfortable answering a question, you can skip the question and move onto the next. We describe below the steps we are taking to protect your privacy.

Are there any benefits to doing this study?

The research will not benefit you directly, although you may be interested to learn something new about the general nature of the rental market. We hope to learn more about the role of the private rental market in the broader housing and real estate market. By doing so, we are aiming for our results to be used in informing new housing policy and urban planning decisions. We anticipate that the findings will be beneficial to municipalities, community members, tenants, and those who invest in and manage rental properties.

Who will know what I said or did in the study?

You are participating in this study confidentially. We will not use your name or any information that would allow you to be identified in any materials produced from the research. No one but the primary and student investigators will know whether you

participated in the study unless you choose to tell them. Your responses will be given an ID code to identify them, and will be stored separately from any personal information you may provide (i.e. name, position etc.) in a password protected database that only the primary and student investigators will have access to.

The responses you provide will be kept on a password protected computer where only the primary and student investigators will have access to it. Any information kept on a paper file will be kept in a locked cabinet. Once the study has been completed, the data will be destroyed within two years of the collection date. The projected date that the data will be destroyed is **January 1, 2019**.

Although we will present the results of this study in public forums on rental housing, we will never use your name or any information that may be used to identify you.

Legally Required Disclosure:

Although we will protect your privacy as outlined above, if the law requires it, we will have to reveal certain personal information if your responses indicate information that threatens the safety of another individual or indicates criminal activity.

What if I change my mind about being in the study?

Your participation in this study is voluntary. It is your choice to be part of the study or not. If you decide to be part of the study, you can withdraw from the questionnaire for any reason, even after signing the consent form, or part-way through the study or up until approximately **January 1, 2017**. If you decide to withdraw, there will be no consequences to you. In cases of withdrawal, any data you have provided will be destroyed unless you indicate otherwise. If you do not want to answer some of the questions you do not have to, but you can still be in the study.

How do I find out what was learned in this study?

We expect to have this study completed by approximately **June 1, 2017**. If you would like a brief summary of the results, please let me know how you would like it sent to you.

Questions about the Study:

If you have questions or need more information about the study itself, please contact the primary investigator at:

*Dr. Richard Harris, School of Geography and
Earth Sciences, McMaster University*
harrisr@mcmaster.ca
(905) 525-9140 ext. 27216

This study has been reviewed by the McMaster University Research Ethics Board and received ethics clearance. If you have concerns or questions about your rights as a participant or about the way the study is conducted, please contact:

McMaster Research Ethics Secretariat

Telephone: (905) 525-9140 ext. 23142

c/o Research Office for Administration, Development and Support

(ROADS)

E-mail: ethicsoffice@mcmaster.ca

CONSENT

- I have read the information presented in the information letter about a study being conducted by Dr. Richard Harris of McMaster University.
- I understand that if I agree to participate in this study, I may withdraw from the study at any time or up until approximately *January 1, 2017*.
- I have been given a copy of this form.
- I agree to participate in the study.

Appendix 4: Hamilton's Landlord Questionnaire

Landlords in the Private Rental Market in Hamilton, Ontario

This questionnaire is administered by primary investigator, Dr. Richard Harris, School of Geography and Earth Sciences and his student investigator, Larissa DiBartolo, School of Geography and Earth Sciences. The purpose of the questionnaire is to understand the experiences of Hamilton's landlords. We are interested in finding out more about who they are, their characteristics, type of ownership, motives and concerns. Information gathered during this questionnaire will be written up as a thesis.

To learn more about the survey and the researcher's study, particularly in terms of any associated risks or harms associated with the survey, how confidentiality and anonymity will be handled, withdrawal procedures, and how to obtain information about the survey's results, please read the accompanying letter of information. [*Provide a MS or PDF version of the Letter of Information*].

This survey should take approximately 12 minutes to complete. People filling out this survey must own rental property in Hamilton, Ontario.

This survey is part of a study that has been reviewed and cleared by the [McMaster Research Ethics Board](#) (MREB). The MREB protocol number associated with this survey is MREB 2016 102.

You are free to complete this survey or not. If you have any concerns or questions about your rights as a participant or about the way the study is being conducted, please contact:
McMaster Research Ethics Secretariat
Telephone 1-(905) 525-9140 ext. 23142
C/o Research Office for Administration, Development and Support (ROADS)
E-mail: ethicsoffice@mcmaster.ca

2. The "Consent to Participate" Statement:

Having read the above, I understand that by clicking the "Yes" button below, I agree to take part in this study under the terms and conditions outlined in the accompanied letter of information.

"I agree to participate."

"I do not agree to participate."

3. The "Do Not Agree to Participate" Statement:

Thank you. You have decided not to participate in this survey. No data has been collected from you.

4. The “Quit” Statement:

Thank you. You have decided to quit this survey. None of your survey responses have been collected or stored.

If you have agreed to participate, please answer the following:

1. How long have you owned a rental property?

- ☐ Less than 5 years
- ☐ 5-10 years
- ☐ 11-15 years
- ☐ 16-20 years
- ☐ More than 20

2. How many properties do you own?

- ☐ Less than 4
- ☐ 4-7
- ☐ 8-10
- ☐ More than 10

3. How many units do you own? _____

4. How did you acquire these properties?

- ☐ Purchased at market price
- ☐ Inherited
- ☐ Former Primary residence

- ☐ Other Please specify

5. What types of properties do you own? (Please check all that apply)

- | | |
|---|--|
| <input type="checkbox"/> High-rise (6 or more stories) | <input type="checkbox"/> Low-rise (less than 6 stories) |
| <input type="checkbox"/> Purpose-built | <input type="checkbox"/> Non-purpose-built (less than 6 units) |
| <input type="checkbox"/> Single-family homes | <input type="checkbox"/> Duplex |
| <input type="checkbox"/> Triplex | <input type="checkbox"/> Commercial, |
| <input type="checkbox"/> Detached | <input type="checkbox"/> Townhouse |
| <input type="checkbox"/> Basement Apartment | <input type="checkbox"/> Rooming House |
| <input type="checkbox"/> Mixed use [commercial/residential] | |

6. Where are the properties that you own? (Please list postal codes or neighbourhoods)

7. Where is your primary residence located? (Please list your postal code or neighbourhood)

8. Is your primary residence located on one of your rental properties?

- ☐ Yes
☐ No

9. Are rents your main source of income?

- ☐ Yes
☐ No

10. Approximately what proportion of your income is derived from rent?

- ☐ Less than 25%
☐ 25-50%
☐ 51-75%
☐ More than 75%

11. Do hold other part- or full-time employment?

- ☐ Part-time (less than 35 hours per week)
☐ Full-time (35 hours per week or more)
☐ Not applicable

- a. If you checked part- or full-time, what other position do you hold?

12. As a landlord what are your main concerns? (Please list)

13. Age

- ☐ Under 30
- ☐ 30-40
- ☐ 41-50
- ☐ 51-60
- ☐ 61-70
- ☐ 70 or older

14. Sex/Gender

- ☐ Male
- ☐ Female
- ☐ Prefer not to answer

15. With which racial or ethnic group do you most identify?

- ☐ White/Caucasian
- ☐ Other (please specify)

16. Are you a past or present member of the Hamilton and District Apartment Association?

- ☐ Present
- ☐ Past

5. The “Thank You for Completing the Survey” statement:

Thank you for taking this survey. Your answers are a valuable part of this research.

6. The “Providing participants with the Study’s final results” statement:

☐ Yes

"I would like to receive a summary of the study’s results".

Please note that your name and contact information will remain completely confidential and will not be linked with any of your survey answers.

Please send the brief summary to this email address:

Or

To this mailing address:

☐

No

"I do not want to receive a summary of the study's results."

6. The "Follow-Up Interview" Statement:

If you are interested in being contacted to learn more about possibly taking part in a follow-up face-to-face interview to occur within the next couple of months at a time and place that is convenient for you, please provide your contact information below.

If you agree to be contacted for a follow-up, you can always decline the request when contacted.

You may skip this question if you wish.

Name:

E-mail address:

Phone number:

Please indicate whether you would prefer to be contacted by phone or email:

Appendix 5: Letter of Information and Consent for Hamilton's Landlord Questionnaire

Landlords in the Private Rental Market in Hamilton, Ontario



Inspiring Innovation and Discovery

Primary Investigator:

Dr. Richard Harris
School of Geography and Earth Sciences
McMaster University
Hamilton, Ontario, Canada
(905)525-9140 ext. 27216
Email: harristr@mcmaster.ca

Student Investigator:

Larissa DiBartolo
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Research Sponsor: Social Sciences and Humanities Research Council of Canada

What is the purpose of this study?

As part of an overarching research project entitled the 'Neighbourhood Change Research Partnership,' which is being carried out in seven municipalities across Canada, Dr. Harris has secured funding to explore factors contributing to changing neighbourhoods in Hamilton. The private rental market has been identified as being particularly important in shaping the built form, and socio-economic make-up of Hamilton's neighbourhoods. The private rental market is understood to provide a significant component of affordable housing options in urban municipalities across Canada. These housing options are made up of a variety of types of properties, ranging from high-rise buildings to rooming houses. Due to the nature of this housing, it is assumed that landlords are operating on varying levels, from small- to large-scale developments. The goal of this study is to understand who is involved in the private rental market, and what their motivations, priorities, challenges, and interests are. In doing so, the primary and student investigators hope to better understand the nature of the private rental market, how it has come to be, and what the role this type of housing may play in the wider housing market in the future.

What information would you like from me?

You are invited to take part in this study on landlord involvement in the private rental market in Hamilton, Ontario. We are hoping to learn what the primary opportunities and barriers are in the housing market for individuals who own rental properties. We also

hope to find out what perceptions and experiences landlords in the private rental market have had.

What will happen during the study?

If you are interested in participating, you will be involved in the study by participating in a 45-minute interview that will be scheduled at your convenience. You will only be asked to participate in this one interview, and you will not be obligated to continue involvement in the project even if you agree to meet with us for the interview. The interview will be conducted either at a meeting space on McMaster campus or a public location that is agreed upon by both yourself and the student investigator (for example: a public library or coffee shop). The research team will accommodate a time that works best for you. At the beginning of the interview, the research project will be explained to you and your rights as a participant will be reviewed. The primary investigator will discuss the extent of the confidentiality and anonymity of your involvement in the research process. During the interview, the primary investigator will ask you questions about your interest and involvement in the private rental market, your perceptions of the local real estate environment, and experiences that you have had as a landlord. Questions may include:

- How long have you been a landlord?
- How long have you owned this property?
- How many properties do you own?
- Are rents your main source of income?
- What are your primary motivations for renting units?

With your permission, the student investigator may make notes on paper during this conversation, and your responses will be recorded by an audio recorder. These audio recordings will be turned into typed notes at a later date and only used by the primary and student investigators. Your responses will never be stored with any of your personal information, and you will never be identified to anyone outside of the research team as a participant. In the case that you disclose personal information about others, the student investigator will use pseudonyms (a made up name from that of the person you have discussed) when typing up the notes based on the audio recordings. Please remember that you may withdraw from the research process at any time. This includes before your interview has begun, during an interview, or at any time after the interview has been completed, up until January 1, 2017, when the data analysis has been completed. You may also decline to answer any questions that you do not wish to respond to.

Are there any risks to doing this study?

The risks in this study may include embarrassment or discomfort in answering questions. In instances where you feel that you are not comfortable answering a question, you may ask to pass on to the next question. We describe below the steps I am taking to protect your privacy.

Are there any benefits to doing this study?

The research will not benefit you directly, although you may be interested to learn something new about the general nature of the rental market. I hope to learn more about the role of the private rental market in the broader housing and real estate market. By doing so, we are aiming for our results to be used in informing new housing policy and urban planning decisions. We anticipate that the findings will be beneficial to municipalities, community members, tenants, and those who invest in and manage rental properties.

Who will know what I said or did in the study?

You are participating in this study confidentially. We will not use your name, the names of any other individuals that you may discuss, or any information that would allow you to be identified in any materials produced from the research. No one but the primary and student investigator will know whether you participated in the study unless you choose to tell them. Your responses will be given an ID code to identify them and separate them from other responses. This ID code will be kept with your contact information separately from your responses in a password protected database that only the primary and student investigators will have access to.

The responses you provide will be kept on a password protected computer where no one other than the primary and student investigators will have access to it. Any information kept on a paper file will be kept in a locked cabinet. Once the study has been completed, the data will be destroyed within two years of the collection date. The projected date that the data will be destroyed is January 1, 2019.

Although we will present the results of this study in public forums on rental housing, we will never use your name or any other information that may be used to identify you. Furthermore, will do everything in our power to protect your privacy, however we are often identifiable through the stories that we tell and others may be able to identify you on the basis of references you make. Please keep this in mind in deciding what to tell the student investigator.

Legally Required Disclosure:

Although we will protect your privacy as outlined above, if the law requires it, we will have to reveal certain personal information if your responses indicate information that threatens the safety of another individual or indicates criminal activity.

What if I change my mind about being in the study?

Your participation in this study is voluntary. It is your choice to be part of the study or not. If you decide to be part of the study, you can withdraw from the interview for any reason, even after signing the consent form, or part-way through the study or up until approximately **January 1, 2017**. If you decide to withdraw, there will be no consequences to you. In cases of withdrawal, any data you have provided will be destroyed unless you indicate otherwise. If you do not want to answer some of the questions you do not have to, but you can still be in the study.

How do I find out what was learned in this study?

We expect to have this study completed by approximately **June 1, 2017**. If you would like a brief summary of the results, please let me know how you would like it sent to you.

Questions about the Study:

If you have questions or need more information about the study itself, please contact the primary investigator at:

| |
|--|
| <p><i>Dr. Richard Harris, School of Geography and Earth Sciences, McMaster University</i> harrisr@mcmaster.ca (905) 525-9140 ext. 27216</p> |
|--|

This study has been reviewed by the McMaster University Research Ethics Board and received ethics clearance. If you have concerns or questions about your rights as a participant or about the way the study is conducted, please contact:

McMaster Research Ethics Secretariat
Telephone: (905) 525-9140 ext. 23142
c/o Research Office for Administration, Development and Support
(ROADS)
E-mail: ethicsoffice@mcmaster.ca

CONSENT

- I have read the information presented in the information letter about a study being conducted by Dr. Richard Harris of McMaster University.
- I have had the opportunity to ask questions about my involvement in this study and to receive additional details I requested.
- I understand that if I agree to participate in this study, I may withdraw from the study at any time or up until approximately *January 1, 2017*.
- I have been given a copy of this form.
- I agree to participate in the study.

Signature: _____

Date: _____

Name of Participant (Printed)

1. I agree that the interview can be audio recorded.

☐ Yes

☐ No

2. Would you like to receive a summary of the study's results?

☐ Yes, I would like to receive a summary of the study's results.

Please send them to me at this email address _____

Or to this mailing address: _____

☐ No, I do not want to receive a summary of the study's results.

Appendix 6: Hamilton's Landlord Interview Schedule

Landlords in the Private Rental Market in Hamilton, Ontario

Background: The purpose of the interview is to understand more in-depth, the experiences of Hamilton's landlords. Based on your responses from the questionnaire, we are interested in finding out more about your experiences as a landlord, and your perceptions of the secondary rental market (if applicable), the Hamilton and District Apartment Association and the local housing market in general. Information gathered during this interview will be written up as a thesis.

This gives you an idea what I would like to learn about landlords in the rental market. Interviews will be one-to-one, with open-ended questions (not "yes/no", or multiple choice). Because of this, the exact wording may change a little. Sometimes I will use other short questions to make sure I understand what you told me or if I need more information when we are talking. Examples might be: ("*So, you are saying that ...?*"), to get more information ("*Please tell me more?*"), or to learn what you think or feel about something ("*Why do you think that is...?*").

Before we start, would you mind confirming that the following information from your questionnaire is correct?

1. How long have you owned a rental property?
2. How many properties do you own?
3. Where are your properties located? (What postal codes or neighbourhoods?)(Probe: all in Hamilton?)
4. Approximately how long have you owned each property?
5. Is your primary residence located in one of your rental properties?
 - a. If yes, how does your relationship with the tenants differ from your relationships with tenants of other properties you own?
6. Do you think of yourself as a 'landlord'? If not, why? (**If a building manager, ask for name and contact details of the owner, and skip to question 16**)
 - a. What is your main other source of income?
7. Approximately what proportion of your income do you obtain from rent? Gross income, as opposed to income net of tax?

Now, I'd like to ask about your experiences and views as a landlord.

8. How did you come to be a landlord in Hamilton? (*Possibilities. DO NOT READ.* Ex. May have inherited, subdivided, purchased, etc.)
9. What were (are) your motivations in purchasing and renting in the private rental market? (*Possibilities. DO NOT READ.* Ex. primary income/secondary income/real estate investment/land appreciation/primary residence with a second rented unit etc.)
10. Did you consider any alternative ways of investing in the real estate sector?
11. Do you manage your property/properties yourself, or do you employ someone? (Probe if they employ someone else; Part-time? Full-time?)
12. How do you select your tenants? (Probe: Personal interviews? References? Credit ratings?)
 - a. Are there any particular types of tenants that you prefer to rent to?
13. As a landlord, what are your main concerns? (Probe: Tenants? Arrears? Regulations? Tax system?)
14. What do you enjoy most about being a landlord?
15. Have you developed any informal arrangements with tenants, for example reducing rent (temporarily or permanently) in return for in-kind services?
 - a. If yes, whose initiative was this?
 - b. How common is this?
 - c. Which in-kind services have been given in return?

Now, I'd like to ask about your perceptions and possible experiences of the secondary market.

16. In Hamilton, many older homes have been subdivided to create two or more rental units. How do you refer to these? (Probe: Basement apartment? Secondary suites? Accessory apartment?)
17. Do you own any rental units that fit this description? How many properties? Units?

(If not, continue to following section)

18. Was the property you own already sub-divided into rental units before you acquired it?

- a. If not, did you subdivide the property to make rental units?
- 19. Prior to purchase, did you know or inquire whether the property conformed to zoning, or other municipal regulations?
 - a. If yes, was this an issue for you? What did you do? What was the result?
- 20. In cases where the units did not conform to zoning, did the previous owner or real estate agent raise or discuss the issue?
 - a. If yes, what were the attitudes displayed by the real estate agents?
- 21. What are your personal views about current zoning regulations, by-laws, and building codes?
 - a. Have they changed since you first bought a property? Why or why not?
 - b. Do you think they are fair?
 - c. Should they be changed? In what ways?
- 22. What do you think of the City's idea of introducing a licensing system for rental units?
 - a. What effect do you think it would have?
- 23. Have you had any dealings or issues with the municipality?
 - a. If yes, in regards to which matters?
 - b. What was the outcome?
- 24. Does the legal status of a unit affect your relationships with tenants?
 - a. How does the status of a unit affect rent payment, or formal routes for dealing with landlord/tenant relationships?

Now, I'd like to ask you about the Hamilton and District Apartment Association.

- 25. Can you confirm that you are, or have been, a member of the Hamilton and District Apartment Association?
- 26. From your point of view, what are the main advantages of being a member of the Association?

Lastly, I'd like to ask about your general perceptions of the local housing market.

- 27. In what ways has Hamilton's rental market changed over the past five years?
(Probe: Types of tenants? Types of investors in the market? Attitudes of the City?)
- 28. Are you planning to change your involvement in the rental market over the next five years? (Probe: Sell any property? Buy any property? Improve current property?) Why?

29. Are there any other local real estate issues, or rental issues that you would like to discuss?

Appendix 7: Original Hamilton's Landlord Coding Scheme

Original Hamilton's Landlord Coding Scheme

MAIN CONCERNS – What are landlords' main concerns

1. Rent
 - a. Collection
 - b. Increases
 - c. Arrears
2. Tenants
 - a. Avoiding problem tenants
 - b. Damages
 - c. Mess
 - d. (Unable to) Track
3. Evictions
4. Tenant safety
5. Quality accommodation
6. Property maintenance/upgrades
7. Property protection
8. Vacancy rates
9. Landlord-tenant board
10. Fairness (between landlords and tenants)
11. Landlord-tenant relationships
12. Tenant-tenant relationships
13. Government
 - a. Taxes
 - b. Hydro costs
 - c. Licensing
 - d. Incentives (lack of for renovations/improvements)
 - e. Interference
14. Tenant selection
15. Bugs (e.g. bedbugs, cockroaches, etc.)
16. Negative perspective (of landlords)

Appendix 8: Hamilton's Landlord Coding Scheme

Hamilton's Landlord Coding Scheme

MOTIVATIONS – What are landlords' motivations to rent

1. Investment
2. Profit
3. Other

ENJOYMENT – What do landlords enjoy most

1. Development (renovating buildings/units, revitalizing the city, etc.)
2. Relations (with tenants)
3. Flexibility
4. Profit
5. Providing homes
6. Other

MAIN CONCERNS – What are landlords' main concerns

1.0 Tenants

- 1.1 Selection: criteria, methods for getting good tenants
- 1.2 Bad tenants: mess, damages/property protection, arrears/tracking
- 1.3 Good tenants: retaining them
- 1.4 Relations: tenant-tenant, landlord-tenant

2.0 Responsibilities

- 2.1 Collection, rent increases
- 2.2 Maintaining quality
- 2.3 Safety of tenants
- 2.4 Evictions (difficulty of)
- 2.5 Increasing utility fees
- 2.6 Advertising/vacancies
- 2.7 Bugs
- 2.8 Being informed (of policies, laws, bilaws, etc.)

3.0 Government

- 3.1 Taxes
- 3.2 Licensing
- 3.3 Regulation, LTB, TPA
- 3.4 Lack of incentives

4.0 Negative perception (of landlords)

EMPLOYMENT – What other employment do landlords hold?

1. Real Estate (builders, developers, agents, etc.)
2. Professional (managerial, teaching, engineering, administrative, etc.)
3. Retired
4. Other

MAIN ADVANTAGES OF THE HAMILTON AND DISTRICT APARTMENT ASSOCIATION – From your point of view, what are the main advantages of being a member of the Association?

1. Networking
2. Resources (i.e. news updates, Rent Check, legal documents, etc.)
3. Tradeshow

PERCEPTION OF LOCAL HOUSING MARKET – In what ways has Hamilton's rental market changed over the past five years?

1. Change in tenants (increasing renter population, better tenants, etc.)
2. Increasing rents
3. More investors
4. Change in city (more positive attitudes, improvements of neighbourhoods and overall scene, real estate boom, etc.)