



ISSN 1710-9442

**Legislative Assembly
of Ontario**

First Session, 40th Parliament

**Assemblée législative
de l'Ontario**

Première session, 40^e législature

**Official Report
of Debates
(Hansard)**

Thursday 7 June 2012

**Journal
des débats
(Hansard)**

Jeudi 7 juin 2012

**Standing Committee on
Justice Policy**

Residential Tenancies
Amendment Act (Rent
Increase Guideline), 2012

**Comité permanent
de la justice**

Loi de 2012 modifiant
la Loi sur la location
à usage d'habitation
(taux légal d'augmentation
des loyers)

Chair: Laura Albanese
Clerk: William Short

Présidente : Laura Albanese
Greffier : William Short

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Hansard Reporting and Interpretation Services
Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**STANDING COMMITTEE ON
JUSTICE POLICY**

**COMITÉ PERMANENT
DE LA JUSTICE**

Thursday 7 June 2012

Jeudi 7 juin 2012

The committee met at 0902 in committee room 1.

SUBCOMMITTEE REPORT

The Vice-Chair (Mr. Shafiq Qaadri): Mesdames et messieurs, chers collègues, j'appelle à l'ordre cette séance du Comité permanent de la justice.

Ladies and gentlemen and honourable colleagues, I call this meeting of the Standing Committee on Justice Policy to order. We have a number of presenters today, but before we do that, I will invite a member of the government, Mr. Colle, to please enter the subcommittee report.

Mr. Mike Colle: Bonjour. Merci, monsieur le Président. C'est le rapport du sous-comité du 4 juin 2012.

(1) That pursuant to the order of the House dated Thursday, May 31, 2012, the committee hold public hearings in Toronto on Thursday, June 7, 2012, during its regular meeting times.

(2) That the committee clerk, in consultation with the Chair, post information regarding public hearings on Canada NewsWire, the Ontario parliamentary channel and the committee's website.

(3) That the committee clerk schedule witnesses on a first-come, first-served basis.

(4) That witnesses be offered 10 minutes for their presentation and that witnesses be scheduled in 15-minute intervals to allow for questions from committee members.

(5) That the deadline for written submissions be 4 p.m. on Thursday, June 7, 2012.

(6) That, time permitting, the research officer provides a summary of the presentations on the morning of Friday, June 8, 2012.

(7) That, pursuant to the order of the House dated Thursday, May 31, 2012, amendments to the bill be filed with the clerk of the committee by 2 p.m. on Friday, June 8, 2012.

(8) That, pursuant to the order of the House dated Thursday, May 31, 2012, the committee meet on Monday, June 11, 2012, following routine proceedings for clause-by-clause consideration of the bill.

(9) That the committee clerk, in consultation with the Chair, be authorized prior to the adoption of the report of the subcommittee to commence making any preliminary arrangements necessary to facilitate the committee's proceedings.

That's the subcommittee report, Mr. Chairman.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Colle. Before we proceed to the vote for the adoption of the report, are there any comments, queries, difficulties, challenges? All right, seeing none, may I have the vote for the subcommittee report to be adopted as read? All in favour? All opposed? Carried. That's great. Thank you.

**RESIDENTIAL TENANCIES
AMENDMENT ACT (RENT
INCREASE GUIDELINE), 2012**

**LOI DE 2012 MODIFIANT
LA LOI SUR LA LOCATION
À USAGE D'HABITATION
(TAUX LÉGAL D'AUGMENTATION
DES LOYERS)**

Consideration of the following bill:

Bill 19, An Act to amend the Residential Tenancies Act, 2006 in respect of the rent increase guideline / Projet de loi 19, Loi modifiant la Loi de 2006 sur la location à usage d'habitation en ce qui concerne le taux légal d'augmentation des loyers.

The Vice-Chair (Mr. Shafiq Qaadri): We'll now proceed to our deputations. Once again, just to remind all of those assembled, we'll invite presenters. I'll ask you to please identify yourselves, particularly before you speak, for the purposes of Hansard recording, as it does become part of the public record. You'll have 15 minutes in which to make your deputation. If, for example, you spend 10 minutes reading from a prepared report, the time remaining beyond that will be divided equally amongst the parties for questions and comments. That rule, in terms of time, will be enforced with military precision.

ACORN CANADA

The Vice-Chair (Mr. Shafiq Qaadri): I will now invite representatives of Acorn Canada—president Bisnath, chair Lantz and member Jagroo—to please come forward. Welcome. I'd invite you to please begin. Your time officially begins now.

Ms. Kay Bisnath: Good morning. Mr. Speaker, ministers, my name is Kay Bisnath and I'm the president of Acorn Canada and a member of Toronto Acorn's Gordonridge chapter in Scarborough.

In Ontario, Acorn has chapters in three cities: Toronto, Ottawa and Hamilton. The vast majority of our 30,000-person membership lives in high-rise rental apartment buildings. We knock on thousands of doors a year, talking to tenants about issues and concerns that affect them most. My reason for being here today is to speak to you regarding Bill 19 and how it addresses the needs of low- and moderate-income people in Toronto.

While we believe that limits on the yearly increase of rent are indeed important, we are much more concerned with the rent inflation that we see across the city and in Ontario. It is so hard for low-income people to get by in Ontario. People are living hand to mouth, often choosing between paying their rent and buying groceries to feed their family.

The increasing unaffordability of rental housing in Ontario is largely due to the fact that there is no rent control in place to protect tenants from extreme rent increases once units become vacant. This must be limited. We need the province to bring back real rent control.

As I mentioned before, Acorn Ontario has spoken to thousands of tenants over the course of eight years in Canada. We can say with confidence that the single most dire concern for low-income tenants in rental housing is substandard conditions. We need the province to do something that enforces standards on bad landlords. If there are not serious financial deterrents to neglecting repairs, many tenants in Ontario will continue to live in unhealthy and inhumane conditions while landlords continue to increase rents and line their pockets.

Acorn supports any movement to withhold rent increases if work orders are outstanding. We ought to encourage the province to examine its Residential Tenancies Act and make other amendments that include financial deterrents for neglecting necessary repairs. Thank you.

The Vice-Chair (Mr. Shafiq Qaadri): The time is yours.

Mr. Edward Lantz: Good morning, ladies and gentlemen. My name is Edward Lantz and I sit on the board of directors of Toronto Acorn as chair of the St. James Town chapter, representing approximately 20,000 members across this city. I also live in a high-rise private rental apartment building.

St. James Town has the densest population of low-income housing units in Canada, and those of us who live there are no strangers to the wide range of issues that impact tenants in Ontario, including deplorable housing conditions, economic and social issues associated with densely populated areas and, of course, the increased cost of living.

Bill 19 addresses an important issue. It is certainly true that limits need to be set on the annual increase in rent in apartment buildings, so we're happy to see that this concern is being examined. However, the bill, as it stands right now, does not address the need for real rent control in Ontario.

In places like St. James Town, the turnover rate for tenants is extremely high. Low-income tenants move in

and out of the apartment buildings for a wide variety of reasons and circumstances. What this means is that the vacancy rate in high-density areas like St. James Town is extremely high. Bill 19 does not protect tenants against landlords raising rents to whatever amount they want once a unit becomes vacant.

0910

Without rent control, it is becoming so expensive so quickly to live in this city that the situation for low-income renters is dire. It is possible that a neighbourhood like St. James Town will eventually become unaffordable, pushing low-income renters further and further outside the city, away from jobs and necessities.

We need the province to reintroduce real rent control which will limit the amount of money a landlord can charge for a vacant unit and we need this to happen now. If the Residential Tenancies Act is being re-examined with regard to the guideline, it must also be re-examined in regards to rent control.

Thank you.

Mr. Rohan Jagroo: Hello. Good morning. My name is Rohan Jagroo. I am also a member of Acorn and I live in the Weston-Lawrence neighbourhood. I'm here to discuss the same issues as what my colleagues have been discussing with you all and it's based on the same thing: the rent issues and rent control in Ontario.

I think a lot has been said on that behalf already. What I would like to mention is that people are having a lot of problems with the issue of rent control, how it is controlled and how the landlords are being able to get around it and to raise their rent whenever they want and to whatever height they want to raise it without the government being able to have some kind of a mechanism in place that would prevent them from doing so.

Actually, I have this note I was going to read from but I would prefer to just speak to you openly.

I, myself, have been looking at apartment buildings because I've been trying to move from where I live presently, trying to get another place that's less noisy and all that. So I've been looking around at buildings and the conditions that I saw these buildings in where I go to look at these places—they're small, the kitchen cupboards are breaking down, the walls are really dirty. It's a mess, it's a dirty mess. I think there should be some kind of inspection done to these places that would give the landlord something to do when people are trying to get a decent home to live in instead of having these deteriorated apartments.

Now that they're charging you such a—the rent has skyrocketed from \$760 to \$925 in just about two years. Somebody needs to have an eye out on these landlords and what they are doing out there to these tenants because people are really having a terrible time trying to survive in this country. Some of them have to jostle between two jobs to make up the rent, some of them hardly have a good, proper meal when the day comes—and this is a fact—just to make sure they get the rent for the landlord, which is whatever he asks for.

I think Bill 19 does address some of the issues, but the issue of the landlord getting around that bill, it doesn't

address that. I'd appreciate if you guys would just take a closer look at what's really happening in this province and try to work with these tenants and the landlords to have something resolved about it.

Thank you very much.

The Vice-Chair (Mr. Shafiq Qaadri): Have you finished your testimony?

Mr. Rohan Jagroo: Yes, I have.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you. We'll offer it to the PC Party, Mr. Clark, to begin with. You have about a minute and a half or so per side. Please go ahead.

Mr. Steve Clark: First of all, thank you very much for your presentation. I appreciate the advocacy that you provide for your members. There's no question that I've heard from a number of groups about some of the deficiencies in government policy when it comes to housing.

I appreciate your position regarding rent control; however, I'd be interested to hear what you feel the government should be pursuing in terms of providing more spaces, more affordable housing units in the province. I'd also be interested to know whether your group has any issues with the waiting lists that people have for trying to access affordable housing units in your city.

Ms. Tatiana Jaunzems: Hi. My name is Tatiana Jaunzems. I'm the director of Toronto Acorn. Our organization has focused primarily on private rental housing and issues around landlord licensing and rent control in Ontario. We do have a large portion of our membership who live in social housing and we've always stood behind groups that work and advocate for shorter waiting lists, but our primary focus has been on the issue of affordable and livable housing in private rental stock. That's why this bill is of particular interest to us.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Clark. To the NDP, Mr. Miller.

Mr. Paul Miller: Thanks for coming today. Certainly our party is not happy with Bill 19. It doesn't go far enough. It's very simple—a few lines on one page. We certainly understand your situation.

Would you also say that the inspections of these buildings is poor, that they don't follow up and that they don't fine the owners for not fixing up things? Would that be a fair statement?

Mr. Edward Lantz: I would definitely agree with that. We've been involved with the city of Toronto with the municipal licensing standards. We were involved with an audit program that they were conducting for the last—I'd say we're going on four or five years now; it's been a while. Primarily what had happened is that we were trying to introduce landlord licensing, and they kind of did an about-face on that whole program and introduced an audit program, and we worked hand in hand with MLS.

You're absolutely right: The penalties are not stiff enough. Landlords are not abiding by the work orders. They're being left unattended. In the meantime, tenants are required to pay their rent on time, in a timely fashion,

and the landlords are relatively getting away with not pursuing the repairs or doing what they should be doing as landlords. In any tenancy agreement, it is the responsibility of the tenant to keep the apartment in good repair and also the responsibility of the landlord to do the same. So we see a lot of buildings in Toronto, roughly 6,000 high-rises, 80% are in disrepair, and the audit program hasn't worked, so we'd like to pursue a landlord licensing option in that regard.

Mr. Paul Miller: I'm from Hamilton. I have a very tough area too. I'm well aware of the ongoing problems that people on a low income face. It's absolutely disgusting.

Mr. Edward Lantz: I agree.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Miller. To the government side, Mr. Colle.

Mr. Mike Colle: Thank you for the very clear and thought-out presentation—really, to the three presenters, you did a very good job. It's really appreciated, your preparation and your time to come here.

In terms of Acorn's position, I'm not sure if I'm clear. You're not in support of this cap that's being proposed here?

Mr. Edward Lantz: I would say that we are in support of the cap. Primarily the other side of that coin is when an apartment becomes vacant. I'll give you an example. I live in a high-rise private building, and my rent is just under the \$900 range. The apartment at the end of the hall become vacant last month. The rent was exactly the same. The landlord jacked the rent up an additional \$60, and then that 1% to 2% cap is going to be added on top of that. Our main contention is the fact that the area of the vacancy, when it does become—

Mr. Mike Colle: Vacancy decontrol, basically, yes.

Mr. Edward Lantz: We need control in that area.

Mr. Mike Colle: Yes, I think you made that clear. Thank you.

I guess another favourite topic of mine is, and you don't have to give me your personal stories, what about the instances of bedbug contamination? Has Acorn been involved in that battle and worked with the city and the province on that at all?

Mr. Edward Lantz: Yes, we have. As a matter of fact, we've been fully engaged with that. Primarily we're very disheartened to find out that the funding was stopped in regard to the bedbug campaign. That kind of left us a little disheartened. That's part and parcel of the landlord's obligations to maintain those units in good repair. Given that, when the work orders go in for—

The Vice-Chair (Mr. Shafiq Qaadri): I'll need to intervene there. Thank you, Mr. Colle, and thanks to the members of Acorn for your presence and your deputations.

FEDERATION OF RENTAL-HOUSING PROVIDERS OF ONTARIO

The Vice-Chair (Mr. Shafiq Qaadri): I now invite our next presenters to please come forward: the

Federation of Rental-housing Providers of Ontario, Mr. Brescia and manager Chopowick. Welcome, gentlemen. I know you know the protocol very well. I invite you to please begin now.

0920

Mr. Vince Brescia: Good morning, Mr. Chair, and thank you for allowing us to speak to the committee. Good morning, committee members. My name is Vince Brescia; I'm the president and CEO of FRPO. With me today is Mike Chopowick, the manager of policy for FRPO.

FRPO stands for the Federation of Rental-housing Providers of Ontario, and we represent over 2,300 residential landlords and property management companies across the province of Ontario. Together, our members represent over 350,000 rental homes in the province.

On behalf of all rental housing providers in Ontario, we want to express our disappointment in this amendment. Capping rent increases at a rate below inflation, which is what this bill will ultimately do, will prevent owners from fully recovering the costs necessary to provide and maintain quality housing. We constantly hear from tenants and political leaders that they want to see rental housing properly maintained; we just heard it from the last presenters. This bill runs counter to those wishes. Setting an arbitrary price ceiling fails to recognize that housing industry costs, like repairs and maintenance, are not subject to any price caps.

There is a reason that nine Nobel laureates are against rent control caps. It is universally accepted amongst all credible public policy specialists that rent controls are bad public policy.

Our position is that this new rent cap is unnecessary for the following reasons. Rents in Ontario are very reasonable. Rent increases have been very modest under the recent guideline formula. Renting is becoming increasingly affordable compared to home ownership. There is no good public policy rationale for preventing owners from being able to recover costs through an inflationary increase. This policy will ultimately impact jobs and the economic benefits that go with expenditures on repairs and maintenance.

After considering these facts, I think you're going to find that there is no need to ensure the passage of Bill 19. It is an unnecessary measure that will ultimately harm the supply and quality of rental housing in the long term.

Looking at the recent guideline in a historical perspective shows that additional legislative reforms really aren't necessary. There's a chart included in your package which will show the list of annual rent increases over the past couple of decades.

In 2011, the industry experienced the lowest rent control cap in Ontario's history, at 0.7%. This limit was very extreme compared to the cost increases of 6% or 7% being experienced by the industry in that year. This year's guideline has come nowhere near to allowing the industry to recover the cost it has experienced over the past two years.

Rents are also falling compared to inflation. Over the past decades, rents have fallen in real terms when they

are adjusted for inflation. As shown in the chart included in your presentation, using 2002 constant dollars, average two-bedroom rents in Ontario have fallen from \$883 in 2002 to \$840 in 2011. Compared to the prices of other goods and services, rents are not increasing; they are falling. Meanwhile, the costs landlords must pay to manage and maintain rental housing continue to escalate.

Tenants are also seeing the lowest rates of rent increase we've seen in a generation. The current rent control policy already caps rent increases at a very low level; for example, the record low 0.7% guideline I mentioned for 2011. According to the Ministry of Municipal Affairs and Housing, the average annual increase from 2004 to 2011 was only 1.89%. Clearly, Ontario tenants have not experienced unreasonable rent increases. There's no evidence from the recent history of rent increases that an arbitrary cap of 2.5% is necessary.

Ontario rent increases have also fallen short of the Canadian average. According to CMHC, average two-bedroom rents in Ontario increased only 1.8% in 2011, less than in many other provinces and less than the national average of 2.2%. Despite higher rent increases across Canada, no other province is moving to more tightly regulate rent controls at this time.

Another thing you should consider is that incomes have been increasing faster than rents. As noted in the government's 2012 Ontario budget, real personal disposable income in Ontario has increased a cumulative 23.6% from 2003 to 2011. In contrast, the average two-bedroom rent in Ontario grew by only 13% over the same time period. This information is included also in a chart in your presentation, so you can peruse it at your leisure. We think that, given this, there really is no reason to put an artificial cap that prevents us from properly maintaining Ontario's aging rental stock.

Another thing you should consider is that rents have remained very affordable compared to home ownership. For some time now, rents have remained very stable while other real estate costs have escalated significantly. The rental housing sector has continued to provide stable, low-cost housing options for Ontario citizens even as home ownership and other real estate costs have grown significantly.

The next chart that's included in your documents demonstrates how rents in Ontario have remained relatively stable in the GTA market since the 1970s, while home ownership costs have risen dramatically. Once again, we don't see evidence, if we're looking at what's happening in the rental market, of the need for an arbitrary price cap.

The same holds true for ownership prices across Ontario for the past three years compared to rental price increases, so we put an Ontario-perspective chart in there as well. It applies right across the province, what we're talking about. We've been a bulwark of stability, actually, in affordability for tenants across the province.

The other thing you need to consider is that Ontario's rental stock is aging. The typical rental building in Ontario is now 50 years old. If you know anything about

50-year-old rental buildings, you know that these buildings require more and more maintenance and repairs, not less. If you do not let us invest in these aging buildings through cost recovery, Ontario will begin to lose them.

In terms of housing affordability, which we heard from the previous group, there are better solutions. Applying an arbitrary rent control cap to all occupied units does little to assist the lowest-income households who have insufficient incomes to afford almost any type of housing without additional financial assistance. As noted by CMHC in 2010, it is households in the lowest-income quintile that account for 81% of all households in core housing need. As shown in the chart included in your presentation, there were no middle-, upper- or higher-income households in core housing need in 2007.

It is for this reason that FRPO and other housing and poverty stakeholders have advocated for a monthly housing benefit to help low-income renters with high shelter-to-income burdens in communities across Ontario, particularly in the Ottawa and greater Toronto areas where rents are higher than average. Not only is this a superior way to improve housing affordability for those who need it, but it will also help lower-income households better afford other necessities such as food and transportation.

In summary, based on all the evidence available, there is no problem in Ontario currently that requires the unfortunate Bill 19. Rent increases are less than inflation and are actually falling in real terms. Incomes, home prices and many other prices are increasing faster than rents. Rent increases in Ontario are modest compared to other provinces, none of whom are contemplating the rent increase cap that is being proposed in Bill 19. Our aging rental stock will require inflationary increases in order to keep it in a good state of repair. Finally, our collective goal should be to assist the lowest-income renters with their housing affordability problems with actual financial assistance, not a rent control cap that hurts the rental stock and provides no real benefit to those with insufficient incomes.

Thank you very much for your attention to our presentation this morning.

The Vice-Chair (Mr. Shafiq Qadri): Thank you. We'll begin with the NDP. Mr. Miller.

Mr. Paul Miller: Thanks, gentlemen, for your submission. I've got a couple of questions. In rent situations in Ontario, obviously it's not up to the owner of the building to be concerned about affordable housing or unemployment or that wages are down and social benefits are down and that the people don't have the resources to pay their rent.

In your submission here, I don't see anything about profits over the years that the owners of the buildings or the companies have. I don't see anything in here about—and if things are so bad for the owners of the buildings, why aren't they selling them and getting out of the rental business? I have real concerns about that.

The quality of the buildings is atrocious. The owners of buildings constantly complain that they can't repair

their buildings, then they use that as an excuse to raise the rent. Would that be a fair assessment?

Mr. Vince Brescia: Which is a fair assessment?

Mr. Paul Miller: Well, all of them.

Mr. Vince Brescia: You threw a lot of things in there.

Mr. Paul Miller: I certainly did.

Mr. Vince Brescia: So where do you want me to—

Mr. Paul Miller: In my experience, all I can say is—where I'm from—that I've gone on tours of some of these communities and the buildings are atrocious. They're in terrible shape. The owners neglect them, and then they raise the rents. If the cost of preparing a building and getting it ready for livable conditions is so horrendous—and I never see any owners tell us what they make on the money.

Mr. Vince Brescia: Are you against there being profits in the industry?

Mr. Paul Miller: I didn't say that. I said I didn't see anything in your report telling me about what kind of money—

Mr. Vince Brescia: What would you reasonably have us say about profits in this report?

Mr. Paul Miller: I'd like to know, as opposed to how much they have to pay out for costs for repairs, as opposed to what they pay for taxes on their residences, what's the profit? Are they making 30%, 40%, 50% on a unit?

Mr. Vince Brescia: Are you assuming we would have this information on every single member, that they all have—

Mr. Paul Miller: Well, it would be nice if you had it as a general consensus.

Mr. Vince Brescia: Do you want this for every business in the province?

Mr. Paul Miller: Okay, obviously you're not going to answer me. Thank you very much.

Mr. Vince Brescia: I think your question is very unreasonable.

Mr. Paul Miller: Sure. Of course you do. Thank you.

0930

The Vice-Chair (Mr. Shafiq Qadri): Thank you, Mr. Miller. For the government side, Mr. Colle.

Mr. Mike Colle: Thank you for the presentation. I guess the one thing I want to say is, thank God there is rental housing in Toronto, because if there wasn't rental housing, I don't know where people of modest means would live in Toronto. They certainly can't afford condos. We need good rental housing stock in Toronto and that's something I would certainly say on the record here.

Certainly in my community, where half of my residents are tenants, the general housing stock has improved. There are always the chronic bad actors, which we deal with with property standards and so on and so forth. But again, especially in Toronto, we need rental housing. We don't need more condos, that's for darn sure.

That's the question I was going to ask you: Is there any more rental housing stock being built, or has this

explosion of condo mania which is going on basically driven the rental housing industry to a standstill?

Mr. Vince Brescia: Thanks for your question, Mr. Colle. It's a very good question, actually, and I appreciate your balanced approach to your question. There is rental housing being built. There are a number of buildings going up in the city at the moment. There are companies that are interested in investing. It's difficult to make the numbers work. As you know, rents are very low in the province of Ontario, so it's hard to make new rental building feasible.

The other issue is, there's an abundance of rental supply from condominiums, and most people know this and CMHC now tracks this in all of their reports. Up to 75% of the units in some of these condos are investor rentals, so it is a huge source of rental supply. Ontario is actually quite blessed with an abundance of new rental supply, but a lot of people don't recognize it as new rental supply.

There are people who would like to invest more, but when changes like this happen on the legislative front, it definitely puts a damper on the investors' perspective about investing in the province.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Colle. To the PC side, and Mr. Clark.

Mr. Steve Clark: Thank you, gentlemen, for attending today and making your presentation. I'm very interested in the paragraph on page 8 regarding your work with housing and poverty stakeholders on the issue of a housing benefit. I would think that, as legislators, we'd be far more useful in discussing a topic like that than tinkering around the edges in terms of a Bill 19. I'd love to hear some of the work that you've done on the housing benefit side.

Mr. Vince Brescia: Thank you for your question, Mr. Clark. We're very proud to be part of a coalition that is supporting a housing benefit that includes a broad array of stakeholders and poverty activists.

It is well recognized that there are a lot of people who have housing affordability problems. While rents are relatively low in the province, we have many people who can't afford even the low rents for the units that they occupy. They're paying anywhere from 50% to 75% of their income out in rent, and that doesn't allow them to put food on the table.

We're with the Daily Bread Food Bank and a variety of other poverty coalitions and the Ontario Non-Profit Housing Association. It's really a broad coalition that supports this and we'd love to see all-party support for a move in this direction. I know the province has financially challenged times, but if we could repurpose other funds that are available in other programs, we think this would be a great social policy reform for the province. We'd love to see you contemplating going forward, so thank you for asking about it.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Clark, and thank you, gentlemen, for your deputation and presence on behalf of the Federation of Rental-housing Providers of Ontario.

TORONTO ATMOSPHERIC FUND

The Vice-Chair (Mr. Shafiq Qaadri): I now invite our next presenter, Mr. Purcell of the Toronto Atmospheric Fund. Your written materials have already been distributed and I would welcome you and invite you to please begin now.

Mr. Bryan Purcell: Thank you, Mr. Chair, and thank you to the committee members for the opportunity to speak with you today.

My name is Bryan Purcell and I'm with the Toronto Atmospheric Fund. The Toronto Atmospheric Fund was established 20 years ago by the city of Toronto and the province of Ontario as an arm's-length agency of the city of Toronto to create and promote local greenhouse gas reduction opportunities and energy efficiency opportunities. We've been operating for 20 years off of an endowment provided by the city at that time, at no cost to the taxpayer.

Based on careful study of Toronto's and the province's emissions profile, we've identified for many years the rental housing sector as a key area where we should be looking for improvements in energy efficiency, and we've been working with property owners in that area for the past five years through our TowerWise program, helping to create those substantial emissions reductions.

I'm here today because there are a number of unintentional barriers to energy conservation in the Residential Tenancies Act. These barriers are slowing investments in the rental housing sector, especially on the energy efficiency front, and are therefore impeding affordability in the rental housing sector in the long term. So I'm going to recommend that the committee consider slightly expanding the scope of Bill 19 to address and remove some of these unintended barriers.

Just to start off, as background, there's enormous potential to improve energy efficiency in the rental housing stock. Numerous studies, including some undertaken by ourselves and others by the federal government, the provincial government and academics have identified opportunities to reduce energy consumption in typical buildings by 25% to 50% using energy efficiency investments that will pay for themselves multiple times during their useful life.

Realizing this potential creates significant economic and environmental benefits for landlords, tenants, the general public and the planet. It starts with major capital investments by landlords in energy-efficient equipment and materials, and those investments are recoverable through energy cost savings. We make two minor but powerful recommendations for amending the act that could be integrated into Bill 19, which would facilitate investment in conservation by landlords.

Specifically, we're focused on a couple of subsections of the act that have the unintended effect of discouraging conservation action. It's a classic case of well-intended legislation which creates completely unforeseen barriers and problems, and we think this would be a good time to clear those up. We believe that these barriers can be resolved while respecting the intent of the original

legislation and creating a win-win scenario for landlords, tenants and the general public.

On the barriers to conservation that we see in the act, there are really two specific ones. One is subsection 126(1), which allows landlords to apply to the landlord-tenant board for above-guideline increases in rent based on extraordinary increases in total utility costs for the building. An extraordinary increase, under the act, is anything greater than the guideline, plus 50%. It's actually quite common that energy costs could increase year over year by that amount.

The ability to pass on to tenants all of the costs associated with these extraordinary increases in utility costs undermines the incentive to invest in energy efficiency to control rising energy costs. Moreover, in some cases—not all cases—the increase in total cost is largely or partly due to insufficient maintenance and poor operation of the building's major mechanical systems, which are what are determining the energy performance, meaning that they could have been avoided with appropriate maintenance and operating practices.

On the other hand, section 128(3) specifies that once a landlord has received an above-guideline increase based on utility costs, if at any point in the future their total utility costs come down, they must pass those savings on to any tenants who were there when they got that above-guideline increase. This obligation never expires. The intent of that provision, I believe, was to ensure that if landlords received an above-guideline increase based on a spike in utility cost prices, and prices came back down in the following year or in a future year, they should have to reverse that rent increase.

However, the legislation as is doesn't distinguish between reductions in utility costs that are due to prices changing and a major capital investment from the landlord. As a result, once a landlord has received an above-guideline increase for utility costs, if at any point in the future they get religion on energy efficiency and decide to make those investments in their building to bring it to a better state of repair, they're obligated to pass those savings on to the tenants, which significantly reduces or even eliminates the return on investment for the landlord. As a result, the landlord typically will simply not make those investments under that scenario.

Taken together, the potential effect of increases in utility costs, whether they're from prices or the operation of the building, is that the costs are passed on to tenants while landlords are strongly discouraged from investing in energy efficiency in their buildings, because they must pass on a big part of that return on investment to their tenants. This outcome is clearly contrary to the interests of tenants, landlords, the general public and the planet.

On to our recommendations: We've got two simple but, we think, impactful recommendations. Both of the subsections I have mentioned exist for a good reason. Landlords require some mechanism to pass on extraordinary increases in utility costs to tenants, especially if it's due to major price increases and especially if it's a building where they're operating it efficiently. On the

other hand, fairness requires that, should prices come back down, then that rent increase should be reversed. The problem arises because landlords are able to pass on these increases in energy costs regardless of whether they're operating an efficient building or making an effort to improve the efficiency in that building. On the other hand, they're required to pass on energy savings from future investments and efficiency to tenants, even if those reductions in costs are due to their own capital investment.

0940

These two problems we feel can be resolved through simple amendments without undermining the intent of the legislation. Specifically, we're recommending that section 126 of the act be amended to create an exception so that extraordinary increases in utility costs are not eligible cost increases for the purpose of that section, unless the building is reasonably energy-efficient or the landlord can provide evidence that they have made efforts to improve the efficiency of the building.

Relatedly, that would require some regulatory definition about what is an energy-efficient building and reasonable efforts to improve efficiency. We've put in some recommendations in that regard. I'm not going to get into that in detail today, but it can be managed.

That would really protect tenants by putting the onus on landlords to demonstrate that they're operating the building efficiently, or that it is an efficient building, as a pre-condition to receiving those above-guideline increases.

Our second recommendation is that section 128 of the act be amended to add an exception so that reductions in total utility costs for a building don't trigger a rent reduction if those decreases in total utility costs are the direct result of an investment by the landlord in energy efficiency. The idea there is to ensure that if it's the landlord making an investment in efficiency, they should be able to get the benefit of that investment in the form of reduced energy costs, in order to allow them to make that investment. It ensures that all landlords, even those who have gotten an above-guideline increase in the past, retain a strong incentive to invest in energy efficiency, based on the ability to reduce their costs. However, it still preserves the original intent of the legislation by ensuring that if they got the increase due to price increases, and utility prices come back down, then they still must pass those savings on to tenants.

Absent this amendment, there's a serious risk—and we see it very often—of buildings falling into a cycle of decline characterized by increasing utility costs, followed by above-guideline increases in rent, followed by further cost increases as the building ages etc. In order to break that cycle, it's fundamental that landlords have an opportunity to realize a return on investment from investing in energy efficiency in their buildings. If they cannot realize that return on investment, they simply won't make those investments.

Ultimately, energy efficiency in the rental housing sector is in the best interests of landlords and tenants, as

well as the general public. We believe these recommendations would benefit both landlords and tenants, and would generate a number of benefits that would help the province meet some of its priorities, including increased investment in energy efficiency and renewal of the rental housing stock, which we've heard is aging rapidly, job creation associated with the energy efficiency improvements in buildings, enhanced affordability in the long term for the rental housing sector, increased profitability for rental housing operators, and reduced air pollution and greenhouse gas emissions.

That's really the substance of our recommendations. Thanks again for the opportunity to present them today. I'm happy to take any questions you may have.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you. We'll start with the government side. Mr. Sergio.

Mr. Mario Sergio: Thank you, Mr. Purcell, for coming down and making a presentation to our committee here. All three of your recommendations seem fairly appropriate. We hope that the bill, when it's finally presented to the House, may incorporate some of the things to make the bill even better. We have heard already some suggestions from some deputants.

With respect to your participation presentation, we have existing buildings—and there are problems with existing buildings—and new ones. What have you been able to do within the city of Toronto, with your ideas and your involvement, with respect to new buildings? Inserting some of the recommendations that you have been proposing—energy efficiency, conservation and all of that—what have you done, or what has the city of Toronto done, with new buildings?

Mr. Bryan Purcell: Thank you. That's a great question. In the area of new buildings, we've been active for a number of years. We created a lending program for new construction in the condominium sector, which was what was being built at the time, called the green condo loan, which solved the split incentive between developers and the later people who will occupy the units by creating a financial structure to create those energy efficiency improvements when the building is built. That was very successful and helped influence the city. We worked with the city to create the Toronto green standard, which raised the bar for all new construction in the city of Toronto. The province has recently put in similar requirements in the new version of the Ontario building code—

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Sergio. To Mr. Clark.

Mr. Steve Clark: Thanks for your presentation. Have you got some case studies of some of the city's housing stock that have used this philosophy and shown the savings? Are there some examples that you can provide us with?

Mr. Bryan Purcell: Yes, we've done a series of case studies with partners in the rental housing sector and the condo sector of buildings that have reduced their energy costs by 20% or more. I actually brought a summary here today which I can distribute, which has a summary of each of those case studies. They're available in depth on

our website. We're creating new ones all the time and working with buildings; we often see reductions of 15% to 25% quite commonly in total energy use in these buildings.

Mr. Steve Clark: So you have case studies for both city buildings and private sector buildings?

Mr. Bryan Purcell: That's correct.

Mr. Steve Clark: What's the range of age of those buildings?

Mr. Bryan Purcell: We've profiled buildings from—10 years old would be the youngest, to over 50 years old.

Mr. Steve Clark: Are the savings consistent between them?

Mr. Bryan Purcell: Yes. Typically in the very old buildings built before 1970, we see a higher potential for savings, but even in buildings built very recently—one of these case studies is a 10-year-old condo that reduced its energy use by 20%.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Clark. Ms. Forster.

Ms. Cindy Forster: Thanks for your presentation. I've been involved in the affordable housing sector in my previous life, certainly, where we made energy-efficient improvements to buildings and realized some savings. But my concern about your presentation is the fact that you want landlords to get all of the benefit of the energy-efficient investments. Do landlords not get to write off improvements to their actual buildings? Many of the buildings we're talking about here are somewhere between 20 and 50 years old. These buildings have been paid for over and over and over again. My understanding is that landlords actually get to write off a fair bit of the improvements to their buildings, so why shouldn't tenants realize some rent reductions when landlords are already getting to write this off and getting a reduction through the income tax system?

Mr. Bryan Purcell: That's a great question. There is some tax writeoff ability for major capital improvements. Typically, with most major building equipment, it's over 25 years that it can be written down. So the benefit in any given year is very low.

Further to your question, we just simply believe that the person who's making the investment in the energy efficiency needs to be the one who's realizing the savings because, without that, these investments just don't happen. That said, I believe that improving efficiency in these buildings will help to preserve affordability in the rental housing sector over time because rents are determined both by market conditions and by the operating cost of the building.

Mr. Paul Miller: One quick question: Do you really sincerely believe that the owners of the buildings will pass on savings?

The Vice-Chair (Mr. Shafiq Qaadri): I need to intervene there, Mr. Miller. Thank you, Ms. Forster; thank you, Mr. Miller; and thanks to you, Mr. Purcell, for your deputation on behalf of the Toronto Atmospheric Fund.

PARKDALE COMMUNITY
LEGAL SERVICES

The Vice-Chair (Mr. Shafiq Qaadri): Now I invite our next presenters to please come forward, representing Parkdale Community Legal Services. Mr. Poesiat, welcome. I invite you to please begin now.

Mr. Bart Poesiat: My name is Bart Poesiat. I am a community legal worker with Parkdale Community Legal Services. I also want to introduce you to a few of our law students, because we're a teaching clinic in association with Osgoode Hall. The reason is that these students have produced part of the submission that I'm going to read to you. I'm looking for my list here, with their names: Monica Cop, Krishana Persaud and Wendy Sun.

One other thing, the Parkdale Tenants' Association, which has some notoriety with the Golden Cockroach campaign and the Lord of the Slums campaign—it's an association dear to my heart that I work with—says hello to you and wants to leave you a little souvenir.

Rents go up—I only have two exhibits. Rents go up and incomes go down. Why? I'll leave that with you. I'm not sure I have the answer in my submission, but the answer is out there somewhere.

0950

Thank you for allowing Parkdale Community Legal Services to address your committee on this issue. We support Bill 19 because it will limit the annual rent increase guideline. Ontario tenants would at least have some protection from excessive rent increases in an era of high unemployment and stagnating and declining wages. So that's good.

However, Bill 19 doesn't nearly go far enough. Bill 19 is only a very small step in addressing the inequities of the Residential Tenancies Act and the rent review system. If amended, as we will suggest, it could be an opportunity to make badly needed reforms to the rent review system.

Some of the problems are that Bill 19 still allows guideline rents to increase at an exponential rate while wages have been declining, at least for tenants.

Secondly, Bill 19 does not extend rent control to rental housing built after 1991. This provision was intended to provide financial incentive to build rental apartments. However, this incentive failed and a building boom never materialized. Some buildings were built, but not too many. The tenants of these buildings are at risk of economic eviction because there's no rent control there at all.

In the third place, Bill 19—and this is a real biggie you've heard about before—does not extend rent control to vacant units. That's a loophole big enough to drive a truck through. When a tenant leaves an apartment, the landlord is free to increase the rent to whatever level the market will bear. Rents could double or triple if the vacancy rate is low enough. Also, vacancy decontrol can provide an incentive for landlords to bully their tenants to move out of their units, and a disincentive for some landlords to regularly repair units that have long-term

tenants. We know of cases like that. Not every one does that, but there are some bad examples.

Rents go up and incomes go down. Rents have become a leading economic issue for tenants in Ontario and especially in Toronto, where the vacancy rate is low. By 2010, the median incomes for tenants had decreased by 11.7% over 15 years, while rents had more than doubled. In 2009 alone, average rents across Ontario increased at triple the rate of inflation. The 2006 census indicates that 20% of tenants in Ontario pay at least half of their income on housing. In low-income communities such as Parkdale, such percentages are even higher. For many tenants across Ontario, rent has gone up while incomes have gone down, a point I've already belaboured. Tenants in Ontario need their government to stand up and address their real needs. Tenants are citizens too.

The food banks subsidize landlords. This is a problem that comes up again and again. Whenever there's a conference on hunger, it turns out that a lot of tenants, especially those on low wages and social assistance, spend a lot of their money on rent and then there's not enough left to buy food, so they come to the food bank. Food bank use has gone up more and more, and we now get a weird situation where food banks, which rely on donations, are actually subsidizing landlords.

In light of all this, we propose amendments to this bill which would make—this is a little bill; it could make it a big bill and it could make it a very progressive bill. First, remove the guaranteed minimum 1% increase. There's no reason for landlords to be automatically entitled to a possible rent increase without cause.

Secondly, remove the rent regulation exemptions from all privately owned rental housing built after 1991. This is ridiculous. Tenants living in newer buildings, 20 years or less, have no protection from rent control at all. So tenants in post-1991 buildings are subject to unlimited rent increases.

Third, eliminate vacancy decontrol and bring back real rent control. With vacancy decontrol, you don't have real rent control. The rents keep on going up and up.

In this way the rental housing amendment act will have a far-reaching impact on the present problems and inequities of the Residential Tenancies Act and the rent review system. Thank you.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you. We'll begin with the PC side. Mr. Clark, about two minutes.

Mr. Steve Clark: Thank you very much, Bart, for your presentation. I appreciate hearing from you on this matter. One of the previous deputants talked about the issue of a housing benefit. I'd be interested to hear whether you have any opinions or discussion on that type of assistance.

Mr. Bart Poesiat: Well, a housing benefit would certainly be useful. However, the need for that kind of benefit is so overwhelming and the lack of supply of non-profit housing—as you know, the waiting list is immense and growing. What we have, for instance, in Toronto, TCHC—Toronto Community Housing Corp.—has been

so neglected that that alone is not going to take care of the affordability problem, although we would hope that eventually something is going to happen that alleviates the affordability problem for tenants.

The Vice-Chair (Mr. Shafiq Qaadri): To the NDP, Mr. Miller.

Mr. Paul Miller: I've got a quick question. Would you think that it's possible that in Toronto—I'm from Hamilton and I'm astounded by the cost of residential houses here. I'm astounded by the rent costs here. I guess it's all about location, location. I have a real problem with that.

Would it be fair to say that you've noticed that some building owners are trying to force out the low-income people so that they can do whatever they've got to do to their building to attract higher-rent payers and jack up the rents, depending on the district? Do you feel that that's been going on? It certainly has been happening in Hamilton.

Mr. Bart Poesiat: Absolutely. It's a real problem in areas such as Parkdale, where the rents were, up till recently, comparatively—I wouldn't say low but a little below average. It's a very desirable area now, a lot of gentrification going on. The rental stock is 40 or 50 years old, getting to its end. Landlords, some very big ones, are buying up these properties and forcing the tenants out.

How do they do that? I'm not going to mention any names here at this committee, but they focus on people with disabilities and seniors who have been sitting in these apartments, sitting tenants, for a long time, so the rent is low, comparatively speaking, because it's under control. Then what they do is, they begin to give these people a rough time. They're saying, "You owe us \$2,000. You'd better go to the Landlord and Tenant Board. We're going to evict you if you don't." People go, "My, my," and they get in a tizzy and they move out. Then it's a free-for-all.

Mr. Paul Miller: I guess my quick question, how many units have been removed from—

Interjection.

Mr. Paul Miller: He cuts me off every time. I can't help it.

The Vice-Chair (Mr. Shafiq Qaadri): It is certainly not intentional. Mr. Sergio.

Mr. Mario Sergio: Thank you very much, Mr. Poesiat—

Interjection.

Mr. Mario Sergio: You started your presentation saying you support the bill in its present form, which is very nice. But I want to go to the "however" part of your presentation.

We heard before about some of the complaints with the existing stock—repairs, very horrible conditions. I have to tell you that my area includes the wonderful community of Jane and Finch, where I have a lot of tenants. Where you are in the Parkdale area, you have a lot of older buildings as well. A lot of tenants I have say, "I don't mind paying what I pay, but I'd like to have a livable unit."

In your particular legal business there, you have at your disposal the health department, property standards, bylaws, the local councillor, a mayor who seems to be very much people oriented. What is the success in doing that? Tenants have rights not to pay rent unless that unit is kept in good condition. What's your record on that? What do you do with respect to that?

1000

Mr. Bart Poesiat: Our experience with enforcement of standards—that's a municipal responsibility—was not that great. That's why we launched the Golden Cockroach campaign. Eventually, we got a lot of support from the city of Toronto. They did improve the inspection system a bit, not quite to what we wanted, because we wanted licensing of landlords or buildings. It didn't go that far. There are good examples in the United States, for instance, Los Angeles. We didn't get what we wanted but there has been some improvement in standards.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Sergio. I need to intervene there. Thank you, Mr. Poesiat, for your deputation on behalf of Parkdale Community Legal Services.

Mr. Mike Colle: Point of order.

The Vice-Chair (Mr. Shafiq Qaadri): Yes, sir?

Mr. Mike Colle: I wonder if we could have research give us a comparative look at rental prices in Hamilton, housing prices in Hamilton, unemployment in Hamilton, compared to Toronto. I think Mr. Miller brought a good point. It's a wonderful place to live, and I tell my family and friends, "Listen. If you're ever looking, it's a great place with a great hospital, waterfront, everything." But Hamilton—we should find out why there's such a difference in these costs between the two cities. I'd like to get that—

The Vice-Chair (Mr. Shafiq Qaadri): Thank you, Mr. Colle. Research is duly directed. Ms. Forster?

Ms. Cindy Forster: I'd like to have some research as well on the number of units that we've lost out of the rent control stock because of vacancy decontrol.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you. And that's for our researchers, not you, Mr. Poesiat, just so you know.

FEDERATION OF METRO TENANTS' ASSOCIATIONS

The Vice-Chair (Mr. Shafiq Qaadri): I now invite our next presenter to come forward, the Federation of Metro Tenants' Associations, Mr. Dent. Welcome, and please begin.

Mr. Geordie Dent: Thank you very much. Members of the committee, I'm here today to discuss the importance of Bill 19 and its impact on tenants in Toronto.

Bill 19 and the attempt to cap rent increases at sustainable levels is welcome news to our organization because we deal directly with about 30,000 tenants a year. We have heard from thousands and thousands and thousands of tenants this year through our hotline and outreach services. Many of them are upset at the high guideline

increase for 2012. We've been happy to inform them of this proposed legislation and the response has been positive, sometimes—mainly positive—although many, many are upset that it's not going to apply to 2012.

While we welcome the stability of this legislation, it hasn't been overwhelmingly supported by our board of directors and our tenant members, namely because of its narrow effect on renters. As has been noted by other community agencies that we collaborate with and talk to, if the legislation had been in effect for the last two years, the difference on \$1,000 rent would be approximately three bucks.

There is stalling private rental housing development, with only 8% of construction currently going to purpose-built rental in Toronto. Rents are increasing higher than inflation. There is an historically, extremely low vacancy rate. There's weak affordable housing development. The social housing waiting list breaks new records of people on the list every month. Wage stagnation and the condonation of the housing market are putting the squeeze on tenants needing an affordable place to live.

The opinion of our board of directors is this: This legislation isn't an adequate response to the affordability problems that most tenants face. These issues cannot be addressed with a simple, quick amendment to legislation.

The board of the FMTA, our members and the clients we serve have made numerous suggestions to strengthen Bill 19.

We believe that safeguards should exist to ensure that there's a proper state of repair in exchange for rent increases. Landlords are allowed to increase rents automatically by inflation every year. This increase does not require the landlord to show that they (a) have kept the unit in a state of good state of repair; (b) that they've improved anything in the unit; or (c) faced any cost increases. The tenant's unit may actually have outstanding repair issues or work orders, and I've seen this many, many, many times on our hotline. And in cases where there are outstanding work orders, why are tenants being asked to pay increases automatically? Should the tenant not have to pay an increase if they're not getting what they're paying for?

Our board of directors also recommends that the 1991 exemption to rent increases be eliminated. Current legislation includes this exemption, meaning that buildings could get any rent increase in these buildings. It's meant that new condo units have been the primary driver of high rents, as noted by CMHC data. Eliminating this provision would be an effective way to curtail rent inflation. In addition, there was a private member's bill moved by MPP Norm Sterling, I think in the last session of the Legislature.

Bill 19 also does not take into account above-guideline rent increases. These allow landlords to raise rents by 9% per application above the guideline. There's a variety of reasons why a landlord can apply for an AGI, above-guideline rent increase: mostly capital repairs, taxes or utilities.

Tenants that we service say that they find this legislation abhorrent. Landlords are already allowed to in-

crease rents automatically by inflation, and thousands of tenants have asked us the following question: "If guideline increases are not for repairs and improvements, what are they for? Why are landlords allowed to get an additional 9% increase on the rents?"

Some tenants are serviced by us year after year in regards to above-guideline rent increase because they face above-guideline rent increases every year. I was dealing with 45 Balliol yesterday. It has faced an above-guideline rent increase every year since 1998.

I've heard repeated cries from tenant associations across the city that these above-guideline increases should be eliminated and, barring that, that caps and regulations should be introduced to ensure fairness in an AGI process.

Finally, we believe that vacancy control should be reintroduced. Current rent regulations, as you know, only apply to existing tenancies. Any rent can be negotiated for a new tenancy, meaning that during periods with a low vacancy rate, such as we're in right now, rents can grow exponentially as demand far outweighs supply. Such a situation happened in Vancouver in the lead-up to the Winter Olympics. I was there. Rents doubled in a four-year period—doubled. It led to widespread abuse by landlords, increases in homelessness and a housing crisis that's still in effect today.

With rents being higher in condo units and with a lack of rental housing development, the increase in Toronto rents and decrease in vacancy rates are very worrisome, mainly because this is happening during an economic recession. If the economy rebounds and there's strong growth in Toronto, the rate of inflation could become very detrimental to the rental population, and you can see an even lower vacancy rate and even higher, exponentially increasing rents. Thank you.

The Vice-Chair (Mr. Shafiq Qaadri): Thank you. We'll begin with the NDP. Ms. Forster.

Ms. Cindy Forster: In the last session of the Legislature, from 2008 to 2011, the NDP brought forward five different bills around the rental issues that you just discussed—landlord licensing, vacancy decontrol, full rent control, inclusionary zoning—none of which were supported by the majority Liberal government. So if you had a priority to pick—I know that all of these issues kind of mesh together—for another amendment to the RTA bill, which one would be the priority for the majority of your tenants?

Mr. Geordie Dent: I don't generally speak on that. What I do is I service tenants, and I can tell you what they say. I can say that the number one issue that we face in our services would be repair issues, tenants not getting what they pay for. The number two issue that we get on our hotline is affordability issues. I think it's obviously up to you all here to decide how best you would like to address those issues with your constituents.

Ms. Cindy Forster: Thanks very much.

The Vice-Chair (Mr. Shafiq Qaadri): No further questions from the NDP? All right, thank you. We'll move to the government side. Gentlemen, I would invite you to battle it amongst yourselves and please begin.

Mr. Mario Sergio: Mr. Dent, I want to take you to the last line of your presentation here, where you're saying that the rate of rent inflation could become very detrimental to the rental population. Bill 19 was brought in because of the economic situation that we have now. That is why—and I haven't heard it from anyone yet—the four-year span during which you know that the rent will not go any lower than 1% or over 2.5%. So there is some stability. You're calling for stability, so there is some stability for tenants where, for the next four years, they can do some planning.

Mr. Geordie Dent: For sitting tenants.

Mr. Mario Sergio: City?

Mr. Geordie Dent: Sitting. People who are currently in the unit.

Mr. Mario Sergio: Oh, yes. Yes, indeed. Given that, what do you feel is the reaction of the clients and the tenants that you serve? Is it that some say, "Yes, this is good. We should keep it. We should improve it"? I appreciate some of the other comments in changing the bill to make it even better, if you will. We hear that. But how would that affect the mentality of the tenant to say we have a four-year span during which to plan, given the economic situation?

1010

Mr. Geordie Dent: I think for some tenants on a fixed income who are currently sitting in their unit and have been in their unit for a number of years, it's good for them to have the stability of knowing the range that they're going to be dealing with in a rent increase. I think that this legislation, though, is not going to help tenants who move into an apartment, because their rent can be raised to whatever the market will bear, and it's an extremely low vacancy rate, so the market is going to bear a lot. I don't think it helps the tenants who are currently living in squalor. Their landlords, this year, are getting a 3.1% increase, and they're not living up to code in proper living conditions. And I don't think that it's going to help tenants in condos. We get a lot of calls from tenants in condos. This is not going to apply to them.

Mr. Mario Sergio: Thank you.

The Vice-Chair (Mr. Shafiq Qadri): Thank you, Mr. Sergio.

Mr. Clark.

Mr. Steve Clark: Thanks very much for your presentation. I'm interesting in knowing a little bit more about your organization. I understand with the hotline. Can you give me a little overview of your organization and how many groups are involved, just a general overview?

Mr. Geordie Dent: Depending on how you count, we have about 1,000 to 3,000 members, and that's just because some of our tenant associations may have 30 active members but they represent 200 tenants. So we have a variety of members across the city of Toronto. Some of them are individual members; the bulk of them would be tenant association members, so they're involved in a tenant association. They drive the agenda of our organization.

We also do services for the city of Toronto. These include a tenant hotline that gets about 10,000 calls a

year and an outreach service that will go into about 100 buildings a year and speak directly with about 20,000 tenants. We have an education service, and we create a variety of publications in a variety of different languages for all tenants, mostly through education projects.

Mr. Steve Clark: I've heard from a number of tenants. Granted, I'm from a small, predominantly rural area of the province, but I do get a lot of inquiries—and I know it has got nothing to do with Bill 19—about landlord-tenant issues and about advocacy. Do you get a lot of complaints—I appreciate you've already answered about complaints regarding repair and affordability issues. Do you have a lot of calls regarding the board and any calls for reform?

Mr. Geordie Dent: Oh, yes, all the time. We're a Toronto service. If we get a call and at the end of it happen to find out they're from a rural part of Ontario—whoops, but we try to service everyone we can. We're really only supposed to service people in Toronto, though. But I can tell you that, yes, we get problems about the board all the time.

I think for members of this committee and for the Legislature, you may see the board as a fair place to go, a place where tenants can go and deal with their issues. The reality is that it's not very accessible.

I was looking at the stats today. In 2009-10, there were about 70,000 applications made by landlords at the board, province-wide. For tenants, it was about 6,000, even though tenants far outnumber landlords, even though repair issues are abundant. There's a really bad state of repair. If you look at the Toronto city bylaw enforcement office, they found 20,000 deficiencies in the 400 buildings they've looked at; that's 60 deficiencies a building. That's just in the common areas; that's not unit by unit.

So I hear a lot of problems with the board, mainly because most tenants don't know how to litigate, and that's what you have to do with the board.

The Vice-Chair (Mr. Shafiq Qadri): Thank you, Mr. Clark. I'll need to intervene there.

Thank you, Mr. Dent, for your deputation on behalf of the Federation of Metro Tenants' Associations.

Unless there is any further business, the committee will be in recess until 2 p.m., after which we'll have one more final presenter of the day. The committee is in recess.

The committee recessed from 1015 to 1016.

The Vice-Chair (Mr. Shafiq Qadri): If it's agreeable to members of the committee, we happen to have our 2 p.m. presenter here. If you allow me to run the clock, we'll adjourn, then, at 10:30, if that's suitable? Is that all right?

Interjection: That's fine, that's fine.

The Vice-Chair (Mr. Shafiq Qadri): All right.

ADVOCACY CENTRE
FOR TENANTS ONTARIO

The Vice-Chair (Mr. Shafiq Qadri): Mr. Hale, you're eagerly awaited. You'll be interrupted by some

bells fairly soon, but I'd invite you to please begin. Obviously, the bells will start and we have to vote—actually, we have to go to question period—but please begin.

Mr. Kenneth Hale: Well, thank you very much for giving us the opportunity to speak to this bill. I'm from the Advocacy Centre for Tenants Ontario, a provincially mandated community legal clinic funded by the legal aid plan, Legal Aid Ontario. My name is Kenneth Hale. I'm the director of advocacy and legal services.

We're here to ask you to make some further changes to the rent regulation system that are actually going to improve affordability for tenants in the private market. We believe that it's the tenants in Ontario who are bearing the brunt of the economic difficulties that we're facing. They're the people who are being laid off; they're the ones who are fighting off the demands for wage freezes and rollbacks; they're the ones whose incomes are stagnant or dropping as a result of government austerity. Most notably, a 1% increase in social assistance payments doesn't really begin to address the catching up that these people on social assistance need.

Unlike homeowners, tenants aren't benefitting from the real estate boom. The only thing the real estate boom is doing for them is pushing their rents up further. The rent regulation system is supposed to protect them from this pressure to ensure that they don't face economic eviction or their standard of living isn't cut because of rents biting more and more into the money that they have available. The proposal to cap the rent increase guideline at 2.5% provides some measure of protection. We support that part of the bill. But it's clear that much more needs to be done, and we think that you should do it now.

We've met with the minister and discussed with her changes that we think she needs to bring into the housing market. She told us she's working on it, that her and her ministry are on it and we believe that she's doing that, but tenants are facing problems immediately.

Let me just get to our recommendations. First, eliminating the 1% floor for annual rent increase guidelines: This was announced as a tenant protection bill, but in the tenant protection part of it, I guess, in order to look fair and balanced, you decided to propose a guaranteed 1% minimum increase. Well, the rental market isn't fair and balanced. Even a 1% increase is not affordable to people on social assistance—and we're talking about almost a quarter of a million households in Ontario that are receiving social assistance.

If inflation falls below 1%, we can be pretty sure that the government isn't going to increase the shelter allowance for people on social assistance. So their ability to pay for food, medicine and other necessities is further compromised. But really, the problem with the 1% is just giving landlords the idea—this sense of entitlement that they have—that they're entitled to always get an increase no matter what's going on in the economy. Maybe the cost of living is never going to fall below 1%, but if it does, landlords shouldn't be able to impose rent increases that are out of line with the cost of living. We think that paragraph 2 should be amended to take out the 1% floor.

Secondly, the exemption for new buildings—and you've heard about this from other deputants. These are not new buildings anymore. Most of them start at 1991, which is over 20 years ago, may I remind you. I know time goes by pretty quickly, but 1991 was over 20 years ago. These are not new buildings. The exemption was provided in the predecessor legislation to try to encourage private investment in the rental housing market.

1020

It hasn't worked. This incentive, allowing landlords to charge and raise rents whenever, if they build a building, hasn't created a building boom. There's very little purpose-built rental housing being built. We've averaged about 3,100 rental starts each year from 1995 to 2011, when it's estimated that we need about 10,000 units annually.

It should be pretty clear by now that these targets are not going to be met without a federal and provincial funding commitment to new construction as part of a long-term affordable housing strategy. Neither level of government has been willing to make that commitment, but the tenants of these newer buildings continue to be left in economic jeopardy in support of this failed incentive scheme. I think it's time to just sort of say, "This was a good idea, but it didn't work. Let's give these tenants the same protection that other tenants have."

Individually owned condominiums have been cited as an example of: Here's where our new rent supply is coming from. But that is not secure housing. Those people are subject to unlimited rent increases, not to mention the likely happening of their unit being sold and an owner being able to move in. So that doesn't provide stable, long-term housing that this province needs.

I cited one example of the way that the Landlord and Tenant Board is reacting to this extreme situation, but I think that's really an anomaly. Asking individual tenants to go and try to get their rent increase rolled back because of the landlord's motives is not a way to run a rent regulation system.

Then, there's vacancy decontrol. You've heard from the Federation of Metro Tenants' Associations, their concerns about it. We have the same concerns. Over time, vacancy decontrol decreases the number of affordable units available, and in order to be effective we should have policies that address the gap between low incomes and high rents, as well as dealing with the shortfall in the number of units that are available.

But if we have a housing allowance or a housing benefit program for low-income households, we think that's great. More social assistance for more people is good, but allowing unregulated rent increases, letting landlords set the rents, which dictate how much assistance you have to pay, these are things that are working at cross-purposes. It doesn't make any sense to allow landlords unlimited rent increases and a housing benefit that makes up an ever-growing gap. So, we think, if you're thinking about this rent housing allowance program, it has to be part of an overall program that keeps a lid on the rents in order to protect the public investment that's being made in such a program.

So, 45% of tenant households in Ontario pay 30% or more of their household income on shelter costs. One in five Ontario tenants pay 50% or more of their household income on shelter costs, and that's the point at which you're really at risk of homelessness. If half your income is going to your rent, chances are, something's going to come along sooner or later that's going to put you behind the eight ball.

As the private market becomes more unaffordable, the social housing lists get longer and longer, but there is no program to build social housing, so it's really unrealistic to expect that the social housing that we're building, or not building, is going to meet this demand. So that demand is going to have to be met in the private market, and we have to find a way to stop more erosion of the affordable housing that's there.

We think these are urgent changes. Some of these changes—vacancy decontrol would be a big change. I mean, it was part of our law for 20 years or so. It's now 10 or 15 years that it hasn't been there. It will take some time to actually implement the details of it. We're available to work with the government on working out those details. We work with the landlord groups at the Landlord and Tenant Board stakeholder advisory committee talking about housing policy there. I think we have to recognize that in the present economic difficulties, people are really facing homelessness, people are facing inadequate housing, and that's having an impact on our ability to recover from the recession and to make Ontario the kind of place that we want, where everyone has a secure, affordable home.

The Vice-Chair (Mr. Shafiq Qadri): Thanks very much, gentlemen. To the government side for questions.

Mr. Mario Sergio: Thank you for the presentation. Some of the previous presenters did mention—I think it was the last one, actually—that the city of Toronto inspections department found some 20,000 units in need of repairs.

Mr. Kenneth Hale: It's 20,000 deficiencies in 400 buildings, I think he said.

Mr. Mario Sergio: Oh, 400 buildings.

Mr. Kenneth Hale: Yes.

Mr. Mario Sergio: Now, is it because landlords don't make enough money, or are they just negligent and not making repairs? I'm alluding to eliminating the 1% cap, if you will. I think the legislation wants to be a bit balanced, being fair to tenants and being fair to landlords. If landlords don't make any money, more disrepair will continue and more enforcement will be required. Your thoughts on that?

Mr. Kenneth Hale: I think it goes back to Mr. Miller's question: How much money are you people making? If you look at some of the publicly available

information about the returns on things like real estate investment trusts, you see that they are making huge returns on the investment. I don't know if that's typical of landlords, but I think Mr. Brescia could have given you a better answer than, "We don't have any idea how much money our members are making, so I can't even answer that."

There's publicly available information showing they're making a lot of money, but the repair issue shows that there's not a balance in the market. Tenants are not able to enforce their side of the bargain.

The Vice-Chair (Mr. Shafiq Qadri): I'll need to intervene there, Mr. Sergio. To Mr. Clark.

Mr. Steve Clark: That's fine. Mr. Hale and I have met. I appreciate it.

The Vice-Chair (Mr. Shafiq Qadri): You'll cede the PC time then, Mr. Clark?

Mr. Steve Clark: I will.

The Vice-Chair (Mr. Shafiq Qadri): Okay, to Ms. Forster.

Ms. Cindy Forster: Thank you. Eliminating the 1% floor is a very interesting proposal, and you've got some really good rationale for doing it. What I was surprised to hear from one of the earlier presenters here today was that there are landlords that are going for above-guideline increases year after year after year, and he named one building. Is this a practice of many buildings across Toronto? Are they getting approved?

Mr. Kenneth Hale: I don't know. I think it's a particular approach of some building management companies to managing their buildings. By planning renovations and repairs, some of which are probably really needed and some of which are maybe not so much, they have a strategy of spreading that out so that they'll get these rent increases year after year.

Other landlords have the strategy that Mr. Poesiat talked about: "Let's chase the old tenants out and get new tenants in and raise the rents through vacancy decontrol." I think there are different approaches taken by different landlords. Other landlords live within the guideline, bank the money and do the repairs that are necessary as they come up—

The Vice-Chair (Mr. Shafiq Qadri): With respect, I'll need to intervene there. I'd like to, first of all, thank the members of the committee for allowing us to go over, and I'd like to thank you, Mr. Hale, for testifying with your deputation four hours ahead of schedule.

The committee has now concluded its deputations for the day. We have clause-by-clause on Monday at 2 p.m. The deadline is tomorrow at 2 p.m. The researcher will ask later when her deadline is for the research, and I would invite you all to attend question period.

The committee adjourned at 1029.

CONTENTS

Thursday 7 June 2012

Subcommittee report	JP-111
Residential Tenancies Amendment Act (Rent Increase Guideline), 2012, Bill 19, Ms. Wynne / Loi de 2012 modifiant la Loi sur la location à usage d'habitation (taux légal d'augmentation des loyers), projet de loi 19, Mme Wynne	JP-111
Acorn Canada.....	JP-111
Ms. Kay Bisnath	
Mr. Edward Lantz	
Mr. Rohan Jagroo	
Ms. Tatiana Jaunzems	
Federation of Rental-housing Providers of Ontario	JP-113
Mr. Vince Brescia	
Toronto Atmospheric Fund.....	JP-116
Mr. Bryan Purcell	
Parkdale Community Legal Services	JP-119
Mr. Bart Poesiat	
Federation of Metro Tenants' Associations	JP-120
Mr. Geordie Dent	
Advocacy Centre for Tenants Ontario	JP-122
Mr. Kenneth Hale	

STANDING COMMITTEE ON JUSTICE POLICY

Chair / Présidente

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)

Vice-Chair / Vice-Président

Mr. Shafiq Qadri (Etobicoke North / Etobicoke-Nord L)

Mrs. Laura Albanese (York South–Weston / York-Sud–Weston L)

Ms. Teresa Armstrong (London–Fanshawe ND)

Mr. Lorenzo Berardinetti (Scarborough Southwest / Scarborough-Sud-Ouest L)

Mr. Mike Colle (Eglinton–Lawrence L)

Mr. Frank Klees (Newmarket–Aurora PC)

Mr. Jack MacLaren (Carleton–Mississippi Mills PC)

Mr. Paul Miller (Hamilton East–Stoney Creek / Hamilton-Est–Stoney Creek ND)

Mr. Rob Milligan (Northumberland–Quinte West PC)

Mr. Shafiq Qadri (Etobicoke North / Etobicoke-Nord L)

Substitutions / Membres remplaçants

Mr. Steve Clark (Leeds–Grenville PC)

Ms. Cindy Forster (Welland ND)

Mr. Mario Sergio (York West / York-Ouest L)

Also taking part / Autres participants et participantes

Ms. Teresa Armstrong (London–Fanshawe ND)

Clerk / Greffier

Mr. William Short

Staff / Personnel

Ms. Candace Chan, research officer,
Legislative Research Service