

**Remarks by Councillor Michael Walker
(St. Paul's, City of Toronto)
To the Standing Committee on
Central Government Concerning
Bill 109, *Residential Tenancies Act, 2006*
June 5, 2006**

Chair, members, ladies and gentlemen, thank you for the opportunity to address you today concerning Bill 109 *Residential Tenancies Act*.

I address you today as a Toronto City Councillor, for St. Paul's. I am also Chair of the City's Tenant Defence Sub-committee, a committee devoted to helping protecting and defending tenants in times of need and crisis.

Almost half of Toronto's residents are tenants and 70% of St. Paul's residents are tenants. City Council places a great priority on tenant issues and has a range of programs and services to assist them.

It has been over two years since the Provincial Government released its Consultation on Residential Tenancy Reform. City Council took the 2004 consultation very seriously and made 50 recommendations in a 60-page report. A copy of the report is being forwarded to this Standing

Committee by Mayor David Miller in a written submission on behalf of Toronto City Council.

I am also pleased and proud to submit for your Committee's consideration, proceedings of the second tenant forum held in the City of Toronto on March 9, 2006 which I chaired as head of the City's Tenant Defense Sub-committee. Over 450 tenants and tenant organizations came and spoke! Many complained about the current legislation, injustices by landlords and made recommendations for improvement.

I should note a couple of caveats about the forum proceedings. First, we do not necessarily agree with all that was said at the forum, as we wanted to faithfully capture the level of frustration and angst with the current legislation. Second, the proceedings have not been reviewed by City Council, but they have been reviewed by the City's Tenant Defence Sub-committee and are in the public domain. The short time frame for your consultation meant we have to forward it to you before City Council has had a chance to review it.

Please consider the voices of over 1.2 million Toronto tenants as you finalize your legislation. We all have a duty to respond to their concerns and issues. Please read the personal notes in the proceedings which document their real life experiences.

Bill 109 addresses several of the issues of most concern to tenants.

In particular, I note that Bill 109 sets out a more balanced approach to the determination of rent increases for utilities and capital expenditures. The Bill would limit the types of expenditures and amounts allowed as capital expenditures, reduce rents when the capital expenditures are paid for, and reduce rents when utility rates are reduced.

City Council's recommendations went further. Our Council recommended that rent increases should not be permitted for capital expenditures necessary because of on-going neglect, that amortization schedules for capital items should be lengthened to reduce the impact of the expenditures on the above guideline rent increases charged to tenants, and that landlords should be required to provide evidence of an arms-length competitive bidding process for capital work to ensure the best price so that tenants are not charged unnecessarily high above guideline rent increases.

I request the Standing Committee to consider amending Bill 109 consistent with Council's 2004 recommendations respecting determination of the capital expenditure allowance.

Toronto City Council also recommended permanently removing the 2 percent base amount in the current annual guideline increase. This provision is included in Bill 109. Council also requested that interest on rent deposits equal the annual rent increase charged to a tenant, and Bill 109 includes this provision. In addition, Council recommended that the maximum penalty be increased for landlords charging illegal rents or deposits. Bill 109 includes a provision that would increase maximum fines in a number of situations.

With respect to evictions, Bill 109 includes provisions to eliminate the default eviction process. In 2004, our City Council recommended that default evictions be eliminated for no-fault evictions, that the process be significantly changed for other types of evictions to make the process fairer and easier for tenants to respond to eviction applications, and that the focus of the process should shift from eviction as the only remedy to protection of tenancies. Bill 109 includes a provision requiring the Board to notify a tenant when their landlord has made an eviction application, which is consistent with the recommendation made by Toronto City Council.

I also want to note a provision not mentioned in Bill 109, which the provincial government had included in its 2004 consultation process; the concept of “regional decontrol”. Regional decontrol means a process

whereby rent controls would be lifted or enforced depending upon the vacancy rate in a region. It was not supported by Toronto City Council and it has not been proposed in Bill 109.

Bill 109 introduces a number of provisions intended to ensure the quality and maintenance of rental buildings, including that tenants may apply for an order prohibiting the landlord from taking any rent increases.

However, Toronto City Council went one step further in recommending that where the landlord has not complied with a municipal work order, all rent increases would be frozen, and that the Tribunal/Board and City set up an automated system for direct access to municipal work orders and notices to improve efficiency in implementing rent freezes due to non-compliance.

Put simply, City Council was recommending a return to the process in effect under the *Rent Control Act* known as Orders Prohibiting Rent Increases (OPRIs), whereby the rents would automatically be frozen for all units affected by the outstanding work-order, rather than requiring each tenant to make an application as is proposed by Bill 109. OPRIs were effective in bringing about landlord compliance to outstanding work orders. I request the Standing Committee to consider amending

Bill 109 consistent with Toronto City Council's 2004 recommendations respecting the maintenance of buildings and rents.

Now I would like to turn to the major omission in the government's proposed tenant legislation.

While Bill 109 proposes significant improvements in how rents would be determined for sitting tenants, the impact of these improvements is lost when the unit turns over because Bill 109 permits vacancy decontrol to continue. The vacancy decontrol provisions of the Tenant Protection Act have significantly eroded the supply of affordable rental housing in Toronto since 1998, with no noticeable impact on new supply of purpose-built rental housing. As almost one-half of Toronto's population lives in rental housing, this is a significant issue.

City Council has repeatedly requested the provincial government to get rid of "vacancy decontrol" in any new tenant legislation, in other words, restore real rent control. In 2004, City Council made a number of recommendations about the rents charged to new tenants including that "A landlord be permitted to charge a new tenant up to the same rent as the amount paid by the previous tenant." What this means is that vacancy decontrol be eliminated.

Let me repeat what I heard from our recent tenant forum. What did tenants – our constituents – say about the matter:

- Bring back real rent control!
- Rent control is needed to protect tenants!
- Remove vacancy decontrol!

This proposed legislation, Bill 109, Residential Tenancies Act, 2006, I believe, breaks faith with tenants to whom Dalton McGuinty made clear promises prior to the 2003 provincial election. The now Premier, Dalton McGuinty, then made this clear unequivocal promise to tenants:

“I want to be clear about our plan for Rent Control. We will repeal the Harris-Eves government’s Tenant Protection Act and we will bring back ‘real Rent Control’ that protects tenants from excessive rent increases. We will get rid of vacancy decontrol which allows unlimited rent increases on a unit when a tenant leaves.” (August 2003)

It’s over 2 ½ years since that promise and momentous election. And what do we get after a protracted consultation, most particularly with tenants? Broken promises to tenants and tinkering with legislation leaving the image of real change but in reality it’s only a phantom of the old legislation.

Did we get rid of vacancy decontrol as promised by Premier McGuinty in August 2003? No we did not. Did we get back “real rent control” as promised by Premier McGuinty in August 2003? No we did not.

There is no “real rent control” with vacancy decontrol. Why can’t politicians keep their promises to tenants? Is it because politicians think tenants don’t count and don’t have the power and influence of the special interest groups? Well it appears that Tenants did for a fleeting few months before the last provincial election. And they will in future elections because tenants are losing their homes due to affordability, to evictions and to demolitions – and they won’t put up with it!

You, the members of this Committee, can help Premier Dalton McGuinty keep his promise to tenants of this City and Province to get rid of “vacancy decontrol” and bring back “real rent control”.

Otherwise there will be no peace.