

To: Members of the Tenant Defence Sub-Committee

From: Councillor Michael Walker

Subject: Legality of Provincial Rent Roll Back

Date: April 10, 2001

Recommendations:

1. (a) That the Tenant Defence Sub-Committee recommend that Toronto City Council endorse Provincial legislation being developed for a Province-wide or City-wide "rent roll back" to rent levels consistent with 1998 CMHC averages for affordable rents in Toronto and/or the Province-wide prior to the introduction of the Tenant Protection Act in June 1998; and

(b) That the three political parties at Queens Park be petitioned for their support for provincial legislation to roll back rents in market rental housing.
2. That appropriate City Staff be requested to report on various options for implementing a "rent roll back" for market rental apartments to levels consistent with 1998 CMHC averages for affordable rents in Toronto and/or Province-wide prior to the introduction of the Tenant Protection Act in June 1998.

Background:

Attached please find a copy of a legal opinion I requested in December 2000 regarding the scope of Provincial powers within Ontario's private rental housing market, specifically their power to legislate a rent roll back.

The legal opinion indicates that the power to enact legislation to initiate a rent roll back is within the scope of Provincial powers. The report cites several specific examples to illustrate that point, most notably the case of *A&L Investments Ltd. v. Ontario* ("A&L") in which the Ontario Court of appeal was considering a challenge to the Residential Rent Regulation Amendment Act, 1991, which retroactively invalidated rent increases and had

the effect of reducing rents for the affected units. The Court of Appeal concluded that the reduction of rents was a valid exercise of Provincial power.

Members of this Sub-Committee are all too aware of the affordable housing crisis we are facing in our City and throughout our Province. Contrary to assumptions that "vacancy decontrol" would trigger an increase in the production of new rental apartments, production of rental apartment units is down 97% from average annual production between 1989-93 and the vacancy rate in this City is down to 0.6%. This means that tenants who can no longer afford their current rent have nowhere to turn. One quarter of Toronto's tenants already spend 50% or more of their annual income just paying their rent. The reality for these people is that one more Above-Guideline Rent Increase will force them out on the street, i.e. an eviction notice by another name..

Whether as a result of vacancy decontrol, above guideline rent increases, demolition, or conversion to condominiums, we are experiencing the disappearance of hundreds of thousands of affordable rental apartments in our City. That means tens of thousands of new applicants for social housing being added to an ever expanding waiting list which already has 100,000 people on it. Furthermore, no new social housing has been built since 1995. We need a strategy to protect tenants who are currently living in market rental buildings stay there, if for no other reason than to prevent a further increase in the demand for social housing and just because its their home.

The most expedient way of doing this is for the Province of Ontario to pass legislation to roll back rents in market rental buildings to levels consistent with CMHC averages for affordable rents in Toronto and/or the Province of Ontario prior to the introduction of "vacancy decontrol" and the Tenant Protection Act in June 1998.

Restoring Rent Control is no longer enough by itself. Under the current regime, by 2003/2004 most of the rental housing in our City will be out of reach for ordinary hard working tenants unless they are prepared to pay 50-60% of their annual income on rent. Therefore more drastic intervention on the part of government is necessary if we are to get rents in line with peoples' income. We need a Provincial Government that will roll back rents to affordable levels and then bring in new Rent Control Legislation to ensure that rents remain affordable and to drive unscrupulous landlords and speculators out of the rental housing market.

I urge members of the Tenant Defence Sub-Committee to endorse the above-noted recommendations on behalf of the one million two hundred thousand renters who live in the City of Toronto, and who continue to face skyrocketing rents, economic hardship and the threat of eviction thanks to vacancy decontrol and the Tenant Protection Act.

Toronto has always been an innovator and leader on the issue of tenant rights. It is time again for us to lead. One million two hundred thousand tenants expect no less!

Yours Sincerely,

A handwritten signature in black ink that reads "Michael Walker". The signature is fluid and cursive, with the first name "Michael" written in a larger, more prominent script than the last name "Walker".

Michael Walker
City Councillor
St. Paul's, Ward 22

Encl/