

REAL RENTAL HOUSING POLICY FOR ONTARIO

GETTING BACK ON TRACK

August 2001

INTRODUCTION

Since 1995, the Mike Harris government has made dramatic changes to rental housing policy in Ontario. In June of 1998 the Harris Government did away with nearly 25 years of progressive legislation introduced by all three major political parties (*Residential Premises Rent Review Act* (P.C.'s); *Rental Housing Protection Act* (Liberals); *Rent Control Act* (N.D.P.)) and introduced the so-called Tenant Protection Act. It is legislation written by landlords for landlords. For tenants, the results have been disastrous.

In Toronto, we are in a housing crisis and on the verge of an affordable housing disaster. The Tenant Protection Act has failed tenants and it has failed municipalities who have to deal with the fallout – evictions, harassment, an unprecedented demand for social housing and homelessness. Vacancy Decontrol; the centrepiece of the Harris legislation has and continues to drive rents through the roof, to the point where it is common to see the rent for a one bedroom apartment jump by 30%-50% when that unit becomes vacant.

A CRISIS OF AFFORDABILITY

A central purpose of The Tenant Protection Act was to protect rental affordability through an annual "guideline rent increase" as long as tenants remained in their apartments. But the guideline is without teeth. There are a series of loopholes that make it easy to increase rents well beyond the guideline limit. These include increases of up to 4% for repairs and capital expenditures; another 3% annually for reassessment property tax increases; 3% on top of that for hikes in utilities costs; and a variety of new fees and charges.

Another selling point of the Act was that, by allowing what the market will bear on vacant apartments, we would witness an increase in the construction of new affordable rental apartments. Has anyone seen it? If we were to see it, does anyone believe it would be affordable? What we have seen is both open and subversive pressure on tenants to vacate their homes. The vacancy rate in Toronto remains at 0.6 per cent. Rents continue to climb.

Today, rental units are disappearing. People are losing their homes. Economic evictions are a way of life. There are more homeless on the street than ever before. Thousands join social housing waiting lists in Toronto that already contain more than 90,000 names.

With three years of failure behind us, it is clearly time for a bold new strategy to defend tenants and help ensure that people have access to an adequate supply of affordable rental housing. A long term building program is one answer. In the short term, here are some others.

LEGISLATING A RENT ROLL BACK AND RESTORING RENT CONTROL

Given the status quo, most of the rental housing in our City is soon going to be out of reach for ordinary tenants who are unable to pay up to half of their annual income on rent. Although restoring rent control is necessary, it simply will not be enough on its own to remedy that situation.

It will be necessary to actually roll back rents to affordable levels.

I have proposed a "roll back" to 1998 levels, with guideline increases for each subsequent year based on a basket of costs to be determined by Canada Mortgage and Housing Corporation. While rollbacks are largely foreign to our economic traditions, I believe that they are entirely fitting in the circumstance. We have no means of driving new supply to help moderate costs, and we are seeing genuine suffering as a result of the status quo. Rollbacks may fly in the face of tradition for some; I submit that our new traditions of eviction, hardship and homelessness are a far greater public concern.

Concurrently, a new Rent Control Act, much like the one abolished on June 18, 1998 by Mike Harris would have to be passed to control future rent increases.

Attached is a copy of a legal opinion from the City of Toronto Legal Department (*Appendix A(1-3)*) indicating that the power to initiate Rent Roll Backs is within the scope of Provincial Powers. The opinion cites several examples of cases where the Province has enacted legislation that allows for rents to be rolled back. Ironically, this includes the Tenant Protection Act which calls for rents to be automatically rolled back in the case of property tax reductions over 2.5%.

PROTECTING RENTAL HOUSING

The former Rental Housing Protection Act (1986) was very effective in preventing the loss of existing affordable rental housing through conversions, demolition or luxury renovations. It gave municipalities an appropriate local power of regulation, and municipalities acted in their own interests.

The Tenant Protection Act abolished the Rental Housing Protection Act and left nothing in its place. Municipalities can no longer protect their existing supply of affordable rental housing. In cities like Toronto where the vacancy rate is 0.6%, it is creating a feeding frenzy among landlords and untold agony for tenants.

We should commit to restoring this important piece of legislation in order to give municipalities the tools they need to control the loss of affordable rental housing through demolition, conversions and luxury renovations.

BALANCING RIGHTS AND RESPONSIBILITIES

Previous governments in Ontario enjoyed an enviable record in creating a balance in the rights and responsibilities that fell to tenants and landlords. Today, a new political agenda and new political operatives have forcefully undermined that careful balance in favour of landlords.

Many tenants and tenant organizations that I deal with commonly refer to the Ontario Rental Housing Tribunal as "the eviction factory." Their experience mirrors my own. That is, that a political and legislative agenda has created an environment that has appearances of bias and favouritism. The historic balance has been lost. Tenants feel powerless. A whole segment of the community feels disenfranchised.

In my opinion the Ontario Rental Housing Tribunal must be eliminated and Landlord –Tenant issues must once again be put before the courts and heard by an impartial judge who is not beholden to right wing political ideology or any individual politician.

REVITALIZING THE TENANT MOVEMENT

Conventional wisdom holds that tenants do not vote in significant numbers. Despite their numbers – which are as high as 50 per cent in many Toronto ridings – tenants have rarely acted as an organized political force. I suspect that is because they define themselves in terms other than their tenancy. I also suspect that that is about to change.

In the four years that have passed since the implementation of the Tenant Protection Act, landlords have been deluging the Ontario Rental Housing Tribunal with applications for Above-Guideline Rent Increases, terminations of tenancy, and more recently for demolition / conversions to condominium. Chances are that most tenants have been subject to at least one of these applications and have had to go to the Tribunal, either collectively as a building or as individual tenants, to fight their landlord. Ironically, while the Tenant Protection Act has created

untold hardship for tenants, economic and otherwise, it has also forced tenants to educate, organize and politicize themselves like never before.

Nowadays, when I hold a tenant meeting in a particular building for an issue such as poor maintenance, Above-Guideline Rent Increases, etc. 50 or 60 people will turn out, rather than the 5 or 10 I would have expected a few years ago. Tenants are fast becoming a one issue constituency. They have one topic of concern and that is whether or not they are going to lose their home.

I have attached a breakdown of Provincial Ridings in the City of Toronto (*Appendix B(1-2)*) indicating the total number and percentage of tenants living in each riding. It is important to note that, in several instances where key Toronto ridings are represented by Government members, tenants make up a sizeable portion of their constituency. For example 37.5% of households in Municipal Affairs and Housing Minister Chris Stockwell's riding of Etobicoke Centre are tenant households. In Scarborough Southwest represented by Dan Newman 50.3% are tenant households. And in Transportation Minister David Turnball's riding of Don Valley West, 53% of all households are tenant households.

CONCLUSION

A strong pro-tenant platform should identify and address these key tenant concerns:

1. Eliminate the Tenant Protection Act
2. Rent Reductions through "across the board" Rent Roll Backs
3. Restore Rent Control
4. Restore the Rental Housing Protection Act
5. Restore the Landlord-Tenant Act - disputes (i.e. evictions; harassment) should be resolved through the courts, not a government appointed tribunal.