



Advocacy Centre for Tenants Ontario
Centre ontarien de défense des droits des locataires

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May 27, 2013

Executive Committee
City of Toronto
c/o Kelly McCarthy (Secretariat contact)
10th floor, West Tower, City Hall
100 Queen Street West
Toronto, ON M5H 2N2

Dear Chair and Committee members,

**Re: Tenant Issues Related to the Residential Tenancies Act (Agenda Item
EX32.23 for May 28, 2013 meeting)**

I am writing on behalf of the Advocacy Centre for Tenants Ontario (ACTO) regarding the above-mentioned agenda item that was referred to the Executive Committee by City Council on May 7, 2013.

ACTO is a community legal clinic, funded by Legal Aid Ontario, with a province-wide mandate. We work for the advancement of human rights and social justice in housing for low-income Ontarians through legal advice and representation, law reform, community organizing, and education and training. The clinic also coordinates the Tenant Duty Counsel Program across Ontario which provides legal information assistance to self-represented tenants appearing at the Landlord and Tenant Board.

Recommendation #1: *City Council request the Government of Ontario to discontinue the exemption pertaining to rent increases for rental residential units built or occupied after November 1, 1991 in order to provide the same rent control protection for tenants renting these units.*

ACTO urges the Executive Committee to adopt this recommendation.

Staff at the Ministry of Municipal Affairs and Housing has estimated that – at the very least – 53,000 to 63,000 Ontario households in the private rental market are affected by the exemption from rent regulation in the RTA. This means they are not protected by the limitation on an annual rent increase.

According to the City of Toronto's August 2012 bulletin titled ***Trends in Housing Occupancy***, 47% of the city's renter households were experiencing affordability problems (i.e. spending 30% or more of their before-tax income on housing costs) and their median income was half that of homeowners. Almost 25% of Toronto's tenant households pay half or more of their household income on shelter costs. Paying 50% of one's income on shelter greatly increases the risk of homelessness. As the private market becomes unaffordable for lower-income renters, the demand for social housing has reached unprecedented levels.

As of April 31, 2013, there were 72,737 low-income households on the active waiting lists for social housing in Toronto. It is unrealistic to expect the social housing sector to meet this demand, even in the long term. Thus there is an urgent need to stop further erosion of the affordability of existing private-sector rental housing.

We strongly support rent regulation for all private market rental units, regardless of date of construction. Currently, ss. 6 (2) of the ***Residential Tenancies Act, 2006*** (RTA) contains exemptions from rent regulation rules for sitting tenants in units in "newer" rental buildings that are, in fact, more than 22 years old (i.e. those built on or after November 1, 1991) or tenants in rented condo units that have been built on or after November 1, 1991. This means that the landlords and/or condo unit owners can increase the rent annually to those tenants by any amount. If those exempted units were covered by the annual rent increase guideline, as set out in RTA ss. 120 (2), the rent could only be increased by the percentage change in Ontario CPI, capped at 2.5%.

The rent regulation exemption in RTA ss. 6 (2) and predecessor legislation was intended to provide a financial incentive to foster the building of new residential rental complexes. However, the intended results have not materialized.

Across Ontario, there has been little new purpose-built rental housing built. Ontario has averaged 3,270 rental starts annually over the years 1995-2012 when it is estimated that we need about 10,000 units annually to meet demand. It should now be apparent that this demand simply cannot be met without a federal and provincial government funding commitment for new construction as part of a long-term national affordable housing strategy. Yet the tenants of these "newer" buildings continue to be left in jeopardy of economic eviction in support of a failed incentive scheme.

In the City of Toronto, the municipality with the largest percentage of tenant households in the province (46% of Toronto households are renters) – and expected to increase by 93,000 renter households by 2031 - only 8% of all residential development since 2006 has been purpose-built rental. The vast majority (75%) has been condominium development.

Individually-owned condominium rental units form an ever-increasing part of the secondary rental market in urban centres. According to CMHC, out of the 11,848 new condominium units added in the Toronto CMA between October 2011 and October 2012, 3,791 units are rented (i.e. 32%). However, such units do not provide a long-term, stable supply of rental housing. This is because there is less security of tenure in rented

condominium apartments as owners can evict their tenants with just 60 days notice to occupy the unit for their own use.

In addition, through the current rent regulation exemption, landlords are able to undermine security of tenure by arbitrarily increasing rents to force tenants to leave, creating a heightened possibility of economic eviction.

ACTO would also like to remind the Executive Committee members that the most significant impediment to maintaining the overall affordability of the rental market is landlords' ability - granted by the RTA - to charge any amount of rent to new tenants when they move into vacant units. Over time, this "vacancy decontrol" reduces the number of rental units that are affordable to the people who need them most - seniors on fixed incomes; young people just entering the job market; people who are unemployed; households on social assistance; sole-support families, and newcomers to Canada.

In addition to the end to the exemption from rent regulation in the RTA, ACTO requests that the Executive Committee also recommend to City Council that it urge the provincial government to abolish vacancy decontrol by repealing RTA s.113.

Recommendation #2: *City Council request the Government of Ontario to implement an automatic rent freeze on all rent increases where there is non-compliance with outstanding work orders and to collaborate with the City in setting up an automated system for direct access for work orders to eliminate the need for tenants to provide proof of the work orders.*

Landlords are required to provide and maintain rental units in a good state of repair and fit for habitation, and to comply with health and safety standards. This has been the law for 40 years, but enforcement of this law is failing badly, even in Toronto which is one of the best-resourced municipalities with respect to the enforcement of property maintenance standards.

The United Way's January 2011 **Vertical Poverty** report on Toronto's inner suburban high-rises noted that more than one third of tenants interviewed said the elevators in their buildings break down monthly or more often and that they had three or more major repair issues in their unit in the previous 12 months. Over half of the tenants interviewed reported pests and vermin in their buildings. Two thirds of the tenants said the common areas in the buildings needed repair in the previous 12 months.

Currently, RTA ss. 30 (1) allows the Landlord and Tenant Board (LTB) to order a rent freeze where a landlord has not complied with a work order. However, a tenant must apply to the LTB for this remedy. In other words, it is a reactive rather than a proactive approach as is being recommended.

ACTO supports Council's adoption of this request to the Ontario government to provide for an automatic rent freeze in the RTA when a landlord fails to comply with a work order. This will help to ensure that rented homes are safe and healthy.

ACTO and the Toronto clinics' Tenant Advocacy Group (TAG) worked closely with the staff in Municipal Licensing and Standards Division to establish the current protocol that gives tenants, and their legal representatives, the right to notices and work orders. However, this right is upon request and both tenants and their legal representatives have, at times, had difficulties with getting copies of notices and work orders from MLS staff. ACTO would be pleased to work with the City to resolve these access problems and to participate in discussions regarding this proposal for automatic direct access.

Thank you for your consideration of ACTO's comments and recommendations.

Yours truly,
Advocacy Centre for Tenants Ontario
Per:



Mary Todorow
Research/Policy Analyst