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STATUTORY REGULATIONS

AND ORDERS

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The Honourable Harry E. Graham
Speaker*



WEDNESDAY, 16 JULY, 1980, 8:00 p.m.

MANITOBA LEGISLATIVE ASSEMBLY
Thirty - First Legislature

Members, Constituencies and Political Affiliation

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WALDING, D. James	St. Vital	NDP
WESTBURY, June	Fort Rouge	Lib
WILSON, Robert G.	Wolseley	PC

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON STATUTORY REGULATIONS AND ORDERS
Wednesday, 16 July, 1980

Time — 8:00 p.m.

CHAIRMAN — Warren Steen (Crescentwood)

**BILL NO. 83 — AN ACT TO AMEND
THE LANDLORD AND TENANT ACT
AND THE CONDOMINIUM ACT**

MR. CHAIRMAN: Committee come to order. Just prior to 5:30 when we closed off for the supper break, I named about four persons that would be next on the list and the first one is Dr. Myrtle Conway, representing 188 Roslyn Road Tenants' Association. Is Dr. Conway present?

DR. MYRTLE CONWAY: Mr. Chairman, Members of the Committee, the Tenants' Association of 188 Roslyn Road, of which I am chairperson, is grateful for the opportunity to present this brief to the Law Amendments Committee.

The tenants of 188 Roslyn Road strongly protest the excessive rent increases in the new leases to become effective October 1, 1980. This apartment block was built in 1966, before the costs of labour and materials were as high as they have been in recent years. Nevertheless, rents have been increased year until last year, when new owners bought the building with the intention of making renovations and selling the apartments as a condominium.

Rent increases for a two-bedroom apartment, since 1974, have been as follows: 1973-74 the rent was 249.00. This is for a two-bedroom suite. In 1974-75 it went up to 286, an increase of 14.8 percent. The next year, 1975-76, it went up to 341.50, an increase of 19.4 percent. Both those increases were before rent controls, so that was a total of over 34 percent in those two years, prior to rent controls. 1976-77 the rent up to 351.80, just an increase of 10.00 or 3 percent. 1977-78 up to 376 or an increase of 7 percent. 1978-79 up to 399, an increase of 5.9 percent. The next year there was no increase; it remained at 399, as we thought to interest tenants in purchasing and considering a condominium.

This year 1980-81 the rent has been increased for this two-bedroom suite to 530, from 399, of 32.8 percent. Increases have also gone up 10 per floor, so a similar suite on the 8th floor will now be raised to 580.00. In another apartment nearby, new apartment, the difference from floor to floor is just 2.00, whereas with ours it's 10.00.

It has been said that landlords have to catch up, to cover costs which increased during the rent control period. In our case, the rents increased 14.8 and 19.4 percent the two years preceding controls, over 34 percent. So there was no catching up to do. No money has been spent for years on renovations in halls, entrance or the exterior. Painting has rarely been done in suites, except when tenants moved out. Although heat, light, water and taxes have increased, we do not hear great complaints from homeowners.

There would be a loud protest if everyone's heat and taxes went up 30 to 50 percent in one year. These increases are higher than similar rates in the area.

A new building at 585 River Avenue is now renting two-bedroom suites at 386, plus 30.00 parking, or 416.00. Another new building at 7 Evergreen Place scheduled to open in February, 1981, is advertizing two-bedroom suites at 425 plus 30.00, or 455.00, which is a long way less than 530.00. These buildings have sauna, pool, self-defrosting refrigerators, self-cleaning ovens, which we do not have. If developers who are building now can pay the costs of labour, materials and better appliances and still rent for 455, we believe increases at 188 Roslyn Road are exorbitant.

Where landlords plan to convert rental apartments to condominiums, the present Act requires the approval of 50 percent of the tenants in a building. But the proposed change would counteract this protection for tenants as a consent clause is now being put in leases and new tenants are being required to sign consent forms before they are allowed to rent suites. So this is a way of getting around the 50 percent.

Under the proposed amendment, where a landlord intends to convert, he can give a tenant an option to purchase and, if the tenant doesn't want to buy, the landlord can give notice and terminate the lease. Nothing in the Act says that he has to have the consent of 50 percent of the tenants before he goes around with the options to buy. This is what is happening in our block now. They've been going around for some time with the options to buy and they have not got the 50 percent of the tenant's consent. So the 50 percent becomes meaningless when tenants who don't wish to purchase have to move out; only those who give consent remain. So the landlord can say, now I have 100 percent consents. Also there is no provision for long-term tenants to have a written guarantee permitting them to remain, as has been done in some blocks. For example, in 55 Nassau and Sussex House, the long-term tenants there have been able to persuade their landlords to give them written agreements that they can stay on. They are older people, they want to stay another five, six, ten years, then can, so that their lives are not disrupted and this is something our long-term tenants feel very keenly. They don't want their lives disrupted, after having been citizens of Winnipeg here for 30, 40-more years.

Where tenants have opposed conversion to a condominium it would seem that high increases, for example, 131, and in one case in our block, 168, are being used as a means of evicting tenants from their homes. We consider this unfair and unjust treatment of people who came to these apartments to live in good faith and have not caused any trouble, nor unnecessary expense, since 1967. Many of the tenants are pensioners who are able to pay reasonable rents, but do not feel that they should be the victims of a change in law which permits excessive increases, particularly where those

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increases are geared to force them to move, as a result of the proposed condominium conversion.

We heard a lot about moving, this afternoon with various speakers and I have been asked very definitely to mention, on behalf of our tenants, tonight that they do not want to be forced to move. They feel they should have their home where they want it and where they have caused no difficulty and it is commercial rent. If people want condominiums our tenants feel they should build them and then those that want to buy, move over into the condominiums. That's fine; nobody would be objecting to that, rather than buying up the prime rental space in an area where many older people wish to live.

Our recommendations are:

(1) Decontrols should be introduced gradually with limits so that all concerned will be satisfied.

(2) The arbitration provision should be a last resort. Since both tenant and landlord must agree to seek arbitration this could nullify any hope for an agreement. Large numbers of senior citizens, widows and employed busy people should not have to go to arbitration or court to obtain fair treatment. Many of us have lived over 30 years in this area and we certainly have never thought of having to go to arbitration or to court regarding our homes.

(3) In a period of restraint, when our government is supposed to be trying to control inflation, laws should not be changed in a way which will affect tenants adversely.

Conclusion. Our tenants are most co-operative. We realize that the poor have to receive help through subsidized housing, welfare and unemployment insurance. The wealthy receive tax concessions but the large middle group of citizens across the city, people with average incomes, or retired or average pensions, are the ones most affected by these changes in living quarters.

We request that our government gives serious consideration to this matter. We urge you to reconsider the proposed changes as every detail of this law concerns large numbers of citizens in one group or another. More time needs to be taken to ensure that the thousands of people in this city support the legislation which will affect them during this period of recession.

Thank you for the opportunity to make this presentation.

MR. CHAIRMAN: Dr. Conway would you permit questions from members of the Committee?

DR. CONWAY: I would try to answer.

MR. CHAIRMAN: Are there members who wish to ask questions? Mr. Jorgenson.

MR. JORGENSEN: Dr. Conway, I just have two questions I would like to ask you. Can you tell us the name of the agency that runs your apartment?

DR. CONWAY: The agency? Yes, its the Adway Managing and Marketing Agency that is in charge of our block and 55 Nassau, 200 Tuxedo and Imperial Place. They are in charge of hundreds of tenants' suites.

MR. JORGENSEN: And secondly, have you submitted this protest to the Rentalsmans office?

DR. CONWAY: Yes, we have and Mr. Locke received it very well and said he would look into it and consider our presentation that we made.

MR. CHAIRMAN: Mrs. Westbury:

MRS. WESTBURY: Thank you, Mr. Chairperson. Dr. Conway, you said in your presentation that options to purchase have been taken around to the different suites, have the tenants given their consent?

DR. CONWAY: No, to our knowledge, and we have had them sign forms a couple of times and the last time there were 29 out of 31 who were not in favour.

MRS. WESTBURY: And yet this owner is offering the suites for sale without having registered as the present law requires.

DR. CONWAY: That is true and I've spoken to them about that and the person in charge admitted, at the time, which was a few weeks ago. We have also checked with the office, the registration, and our block is not registered as a condominium because the consents have not been received. This is something that was mentioned this afternoon that causes a certain amount of fear in people when we find that there are ways of circumventing the law and we'd very much like to see this matter checked so that we can have confidence in what the government does and what our laws require.

MRS. WESTBURY: Mr. Chairperson, I did ask the Minister to check this last week and I presume he is checking this because it seems to constitute a fraud when they are advertising something for sale that they have no right to sell. I presume we'll be getting a reply from the Minister very soon. Also, Mr. Chairperson, the sign they had outside the building offering the suites for sale was in contravention of the city's by-law and they will be required to remove that sign, as well. So these people just don't seem to have any regard for the law.

Dr. Conway, you referred to the 50 percent requirement which was in the old Act and we were told this afternoon that is in the new bill also. Have you looked into how it's affected by the new bill?

DR. CONWAY: I have not had the opportunity to see the new bill, but I have been told that there is a way of going around it by getting the tenants to sign the option to purchase or else have a notice given to them that their lease will not be renewed and, also, by getting any new tenants that come in, when some people move out and they know they can't sell all 34 suites right away, these new tenants that come in have to sign a lease with the clause right in the lease. Now, last year, it was there and we crossed it out, but it's there this year and, also, a form to sign that you give your consent to this building becoming a condominium.

MRS. WESTBURY: Most new tenants going into the Roslyn area are required to sign a consent before they move in now. To your list of those where tenants are going to be allowed their leases for a

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long as they want, you can now add 300 Roslyn Road, because I received a commitment from Mr. Arni Thorsteinson today from Shelter that the tenants at 300 would be given the same concession as Sussex House, so that gives you extra ammunition for going to . . .

DR. CONWAY: That is something we would like very much to have is this written guarantee for long-term tenants — and it wouldn't be all of them, just a few who have lived there for many years and would like to remain — that they could keep on renting, and if the suite were sold to some investor that would be fine, as long as they could continue to rent at a reasonable rate. That has been done in 55 Nassau and Sussex House and, now, 300 Roslyn Road, but our owners would give that no consideration at all when we wished to negotiate with them. So that would be something. If we could get that written in, a written agreement, then the tenants would give consent for condominium. They would get consent right away, but they don't want to keep any suites for long-term tenants, for the older people.

MR. CHAIRMAN: Mr. Corrin.

MR. BRIAN CORRIN (Wellington): Doctor, are you telling us then that you think that the owners of the property are anticipating these changes to The Condominium Act, and in anticipation of these changes coming into place, are currently advertising the conversion?

DR. CONWAY: I wouldn't be surprised because some time ago, when I spoke to one of the marketing people, I said but it is not a condominium, it hasn't been registered and the reply was, it will be, it will be by September. So I could see they were looking forward and not thinking about us at all, that tenants can move out. That was certainly my feeling.

MR. CORRIN: I am interested to know how many years you have lived in your current suite?

DR. CONWAY: This is my 14th year. The building was built in 1966 and I moved in January, 1967. I liked it; I liked the parking, the area and I thought it would be my home as long as I wished to stay in Winnipeg or Manitoba.

MR. CORRIN: What do you think about this proposed amendment that the government has publicized as a sort of an alternative to compulsory arbitration? This is the one that will allow the arbitration director to assess up to a month's rent if a landlord refuses to arbitrate a rental increase and the tenant decides to leave the suite. I want to know what you feel from the perspective of a person who has lived in one unit for 14 years, for that matter, as long as the building has existed, and who planned to live — let's call it a home — in that home for perhaps a lifetime. How would you feel in terms of dislocation from the community and your friends? Can you give us a personal insight into that?

DR. CONWAY: I would feel very badly about that. I've been asked by tenants while I was home at the dinner hour to mention especially tonight that they

didn't feel that they should be forced to go to arbitration or to court with regard to their homes or have to move and seek other places, even if a month's rent were paid. That's not the main point. The main point is the humane treatment of people who don't feel they should be caught up in this new change and have it affect them when they didn't want it to affect them at all. We are very happy and we want to live in Manitoba but some people, as you know, are moving. I know two that moved away to B.C. within the last six months and it's a great pity. We need our citizens and we are very pleased to be Manitoba citizens, but we don't wish to get caught up in changes that we haven't asked for.

MR. CORRIN: I don't want to lead you or put words in your mouth, but do you think that tenants should be accorded the same privileges and rights as owners of property? You know, with respect to this matter, one thing is becoming clearer by the minute as we hear the delegations that are presented, and that is that tenants seem to feel that they should, as a group, have rights that are very similar to proprietors and they feel quite strongly about their right to a home and certain privileges that flow from that right. Would you go so far as to suggest that you feel that way, that you feel there should be equal treatment, parity as between the owner and the tenant?

DR. CONWAY: I think landlords should have fair treatment. I think they likely have had until we've gone into this situation. We've lived here, many of us for 30 and 40 years, and we've had no trouble. The landlords have obviously been making money; they've been building new apartments and, in fact, the one that was built in 1966, where I live, lots of people said to me at that time, "Oh, they won't build any more; oh, they're overbuilding. They won't be able to rent these suites." We were hearing it all around. They've rented them and there are two more right in the process of going up now that are just half built. I certainly feel landlords are smart enough businessmen to know that they are going to make some money. They are not going to build and then find that they can't rent. They must be making money or they wouldn't have continued in all this time, and we don't see whole apartments for sale, that they wanted to get rid of them, that they can't make a go of it, so I've confidence enough that they're doing reasonably.

MR. ABE KOVNATS: Dr. Conway, I've been of a group that has been discriminated against since an early age, and I'm not going to bring in the whole matter of discrimination but my feelings are that if I'm not wanted I'll find someplace else to go. I realize that you've had . . .

DR. CONWAY: We don't feel we've done anything to be discriminated . . .

MR. KOVNATS: I'm just preparing for a question, Dr. Conway.

DR. CONWAY: Oh, excuse me.

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MR. KOVNATS: I feel that you have rights, being a citizen there of 14 years, you mentioned that there were two people that moved to B.C., was it because of the increase in the rent or was it for other reasons?

DR. CONWAY: In one case, I know it was their planning to make the building a condominium.

MR. KOVNATS: I do have a special feeling for the people in this position and I'm not really sure whether I agree with them converting to condominiums at this point, without making arrangements for the people that are already there. I would like to point out, what is the agency, you mentioned the name a little earlier? What is the agency?

DR. CONWAY: Adway. No, we'd be very happy if they'd make some arrangements for the people there. As I say, then the consent would be given for a condominium. They could go ahead and sell.

MR. KOVNATS: I see. One other thing I would like to bring up at this point. Has the facility that looked after, for the amount of time that you've been living there, the last 14 years; has the parking facility been kept clean; has the facility, your apartment particularly, been kept painted and to your satisfaction?

DR. CONWAY: Reasonably so. There are quite a number of suites that haven't been painted for quite a few years but it's been reasonably kept but I wouldn't . . .

MR. KOVNATS: The reason I asked that Doctor, is that I would hope that the reason you wanted to stay is because the facility has been kept up and it is to your satisfaction. The only reason that you would have any feelings against this Adway company, rental agency, is particularly because of the increases which you consider to be unfair.

DR. CONWAY: And to evict us because our tenants feel, well they pay 32, 33, 34 percent more this year, maybe next year there'll be another 20, 25 percent and in the end we would have to go. That's not the case in 55 Nassau or Sussex House.

MR. KOVNATS: Oh. Then I would ask one other question, Doctor. Do you think that your particular situation is unfair in comparison to the other apartment blocks in the area?

DR. CONWAY: Well, with regard to this situation, there are other apartment blocks in the area that are rental accommodation, so far they haven't tried to make them condominium. I think they're pretty well fully rented.

MR. KOVNATS: Thank you.

MR. CHAIRMAN: Any other questions to Dr. Conway? Mr. McKenzie.

MR. MCKENZIE: Dr. Conway, you're looking for protection in the legislation for a person like yourself who has resided in that apartment for 10 years or

more and you wish to continue living there, as long as the rent is reasonable and the apartment is looked after. That's the type of protection that you're seeking in the legislation?

DR. CONWAY: Right.

MR. CHAIRMAN: Mrs. Westbury.

MRS. WESTBURY: Through you Mr. Chairperson, to Dr. Conway, are you familiar with Bill 88, the bill that I brought forward to amend the Condominium Act?

DR. CONWAY: I don't think I know just what you refer to.

MRS. WESTBURY: It came forward before this bill did with my own amendments and it's still waiting to come to committee, or for second hearing debate. I just wondered if you were familiar with it and if you agreed with that because there are certain protections there for tenants but if you're not familiar with it I'll let it go then.

MR. CHAIRMAN: Any other questions? Seeing none, thank you very kindly, Dr. Conway.

DR. CONWAY: Thank you.

MR. CHARMAN: Jean Carson. Can you tell us if you're here as a private citizen or are you representing a group?

MS. JEAN CARSON: I'm here as a private citizen and the president of the 55 Nassau Tenants' Association. I come before you, as do many other people here today, dismayed by Bill 83. The provision I wish first to address is amendment No. 38, which effectively removes any impediment to condominium conversion. I qualify as Exhibit A in suffering from that process of conversion.

First in the apartment where I lived for 11 years, after my husband died and the sale of my house. It was a dastardly performance in my opinion. I understand that if you say "in my opinion" you're protected against libel, so I say in my opinion, and my opinion is very sound. We were informed of the plan to convert this apartment on a Wednesday; summoned to a meeting on Saturday, and told we had until the next Wednesday to buy or not to buy. This was a traumatic experience. I won't harrow your souls by describing it, as was my search for another place to live. I finally found one in 55 Nassau. I had two moves within the apartment before I finally sank back, relieved to permanency in my life, or so I thought. It was less than a year until I was back in the same condominium conversion hassle in 55 Nassau. I was enraged. This is a subjective presentation. I may be the president of the association but this is a subjective presentation, I feel very strongly.

Widows, you know, have very little room to manoeuvre. What they have is what they've got. No business or professional success is available to improve their economic situation. They, like everyone, watch with dismay the dwindling dollar.

But this condominium conversion process is something else again. It is, I believe, a non-

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permissible changing of the rules in the middle of the game. Legitimate expectations of being a permanent, as long as a good tenant, are suddenly and absolutely denied. Obviously you, as the government, think that all you have to do is to introduce this bill and call the whole thing legal. I say, there are sociological and moral implications that your legislation cannot deal with. What you are saying is perfectly all right, is that for the sake of a buck you're prepared to render difficult or untenable the lives of older women, among others, who cannot change their economic position. You say this, of course, in the name of private enterprise. I agree that private enterprise is necessary in our society. I had dinner tonight with a very prominent businessman, whom you would all know, who told me of his sad struggles in the real estate world. But I say that private enterprise must operate within the parameters of social justice. The slave trade, for instance, was private enterprise and a very lucrative enterprise. But it had to be disposed of because it was unjust. This is a very exaggerated analogy you will say. I say it is exaggerated only in quantity, not in quality. In all cases we are talking about the exploitation of human beings by other human beings for financial gain.

With amendment 38 you have, of course, destroyed the efficacy of any tenants' association. The landlord, the owner, is king; the rights of tenants cannot be dealt with, or do you think we have no rights? You ask, do we have the rights of an owner? Surely, your own space, your home is yours. I can't see that I should be displaced. I was the president, as I said, of the Tenants' Association of 55 Nassau and through it I saw the deplorable state to which older women in the block were reduced, puzzled and frightened by a procedure that was incomprehensible and terrifying to them. They took to locking their doors and weeping with anxiety in their apartments. To the credit of the then owners, and I state partly that it was Dayon, they recognized the inhumanity of the process and with us worked out an equitable compromise which, to their further credit, was binding upon the next owner, to their dismay.

But now, what? You have rendered such discussion and compromise, as our Tenants' Association produced, impossible. You have opened the door to whatever stratagem an owner chooses to employ to achieve his condominium ambitions, including whatever rent rise he wishes. Surely the time has come to call a halt. Surely rental premises must remain that, if that's what you have been told they are. Surely there should be guarantees of occupancy. Surely people should not be repeatedly, as I am, evicted and homeless. The whole thing is enough to make one join the Grey Panthers, the political activists of this aging society. I think I'll form a group.

My last word to you, Gentlemen and Mrs. Westbury, and I beg you to listen, is that this whole thing is very very wrong and very frightening. Thank you.

MR. CHAIRMAN: Mrs. Carson, would you permit questions if members have any you?

MRS. CARSON: I think I've made myself quite clear but, yes, of course, I'll answer questions.

MR. CHAIRMAN: Mr. Parasiuk.

MR. WILSON PARASIUK: Mrs. Carson, you indicated that you've had to undergo a few moves because of the . . .

MRS. CARSON: Right.

MR. PARASIUK: Do you realize that in this legislation in the part relating to tenants that, if the landlord does not wish to go to arbitration, they get a type of compensation from the landlord, namely, one-month's rent, to enable these people to move? In your experience, does that one month cover the actual costs of moving from one place to another?

MRS. CARSON: It wouldn't cover the actual cost and it does not nothing for the anguish of spirit.

MR. PARASIUK: Precisely. I wanted to ask about the psychological cost, because obviously you do probably encounter psychological costs that are far greater than the monetary costs.

MRS. CARSON: Can you conceive, all of you, not just Mr. Parasiuk, what it's like to sit in what you think is your home and then be told, "Sorry, you really don't have any rights. You're a good tenant; you pay your rent. You're willing to pay the reasonable increase but, no, that doesn't suit us. Out."

MR. PARASIUK: Mrs. Carson, you concentrated on the condominium aspects of this legislation, but I think you realize that what you're talking about really relates to tenants, whether they be in apartments that are being condominiumized or whether, in fact, they live in apartments where they are facing rent increases of 50, 60, or 70 percent. They may be elderly women or elderly pensioners, or poorer people who just can't afford that type of shock to their financial system whereby they have to increase their rent payments by 70 percent. So the psychological costs of this type of forced move are far greater than those being offered in this legislation where they offer one-month's pittance as rent. I'm wondering if you considered the tenant aspects in that your presentation, which I thought was very good, concentrated entirely on the condominiumization aspect.

MRS. CARSON: Of course, I considered it. I said at the end that, while we have guarantees in 55 Nassau and fairly good ones, we realize that we are at the mercy of this Act under the rental increases. Our agreement says that the rent must not increase except to a level comparable in the district but, if only a few firms own everything in the district, they decide what's comparable. We're powerless, absolutely powerless.

MR. PARASIUK: Mrs. Carson, you indicate that Dayon Corporation did reach some type of compromise with respect to the Tenants' Association in 55 Nassau. Can you indicate what that compromise was?

MRS. CARSON: Yes, and I can tell you how it came about, too. Because the 50 percent consent is

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required, we made it our business to see that consent was not given until there was some security of tenure for the people who were so exercised. Well, I'll tell you how it went. After a few occasions on which these elderly women, frantic with fear and anxiety, would tell us that, oh, that nice young man came around, such a nice young man and he just wanted me to sign the thing that said -- he called on me and he helped me move the chesterfield, so I signed it. And, of course, they had signed the consent. I'd hate to tell you the money I've spent on special delivery letters rescinding consents. Finally, the atmosphere in the block became hysterical and Dayon and their representatives here came to us, the Tenants' Association, and said, "This is deplorable. From the viewpoint of ordinary humanity, we greatly regret the condition these people are finding themselves in. It's very bad for our reputation. Can we not come to some kind of an agreement?"

The agreement we came to was, I think, a very fair one. Those of us who were in the apartment on June 24th of 1978 were given, first of all, a two-year rent freeze. We were then assured that we could have a long-term lease of any length we desired. I may it was a bit of a blow to them when I elected 20 years. That lease says that the tenant can leave on a month's notice. The maintenance of the building must be done by the corporation, not by the individual owner. You know, so you're not saying, my son-in-law will be back from the beach next Monday and fix your toilet. The rent was to go only the going rate in the district and all these agreements under the seal of the Dayon Corporation were to be binding on any subsequent owner. That is the agreement that we have.

We had the two-year rent freeze; this year we had merely a 5-1/2 percent raise, according to the Act then. I expect we will have more raises. I only hope it doesn't follow the pattern that seems to be established by the leeway given by this bill, which will find us in exactly the same situation as people who don't have that kind of guarantee. We're just as exposed.

MR. PARASIUK: Mrs. Carson, last year I tried to introduce amendments which would, in fact, provide for this type of agreement in legislation. However, I wanted the amendments to The Condominium Act. The Member for Fort Rouge has introduced similar legislation this year. We are running into pretty stiff opposition within the Legislature in pursuing that particular type of guarantee in legislation.

I was interested in your comment that private enterprise has to operate within parameters of social justice. In this respect, do you think that the parameter of social justice, namely, the guarantee to tenants that they may be able to stay within a condominium at reasonable rents, as tenants; do you think that can be achieved in an ad hoc random manner through individual agreements between tenants and these developers, or do you think it has to be legislated?

MRS. CARSON: Yes, of course, I think it has to be legislated. I think this is, as you say, a very ad hoc arrangement and it suits us simply because it depends on whose ox is being gored.

MR. CHAIRMAN: Any further questions? Mr. Einarson.

MR. HENRY J. EINARSON: Mrs. Carson, you mentioned today that you are a tenant at 55 Nassau and you mentioned, all of a sudden, the landlord says you're no longer going to be here, you're out.

MRS. CARSON: That's what I fear.

MR. EINARSON: That's what you fear. Could you give me any one or more reasons why this is the fear that you have?

MRS. CARSON: Well, it seems to me that this bill is carte blanche to do just exactly that, whenever the landlord wishes to do so.

MR. EINARSON: What you mean is just because this bill passes, you figure tomorrow there's going to be a mass evacuation of tenants . . .

MRS. CARSON: I think there's going to be massive rise in rents. And I don't know how long I can survive.

MR. EINARSON: Really, okay, that's the question I'm asking you then. It's because of the increase in costs of rents would be the reason why people would be moving out, or would have to move out. Is that the reason, do I understand you?

MRS. CARSON: That would be the reason, yes. Because I didn't choose to buy and therefore I become a second class citizen in the eyes of these owners.

MR. EINARSON: Thank you.

MR. CHAIRMAN: Any other questions? Mr. McKenzie.

MR. MCKENZIE: Mrs. Carson, do I understand you want the government to regulate the apartments so they cannot be converted into condominiums?

MRS. CARSON: I really am not sufficiently versed in the affairs of the real estate business. I can't say positively. It seems to me that if a place is a rental property and you go into it on those terms, for you that should remain a rental property. Now perhaps they can sell the other apartments in the place, but they can't touch your apartment until you get out or die, or whatever means you take to exit. It's this dreadful uncertainty. I feel, quite frankly, that condominiums should be built as condominiums. For one thing, these apartments are not really suitable as condominiums. There are many things; I could tell you some gruesome stories but I won't bother you with those either. But you should build a condominium to be a condominium, with people going in knowing exactly what is the situation. This is a very ad hoc, let's make do, sort of situation; neither fish nor fowl nor good red meat.

MR. EINARSON: I note in today's paper there are all kinds of unfurnished apartment blocks advertized in the paper at different prices; I noticed 21 Roslyn Road and others. Should we now, as government,

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spell out to these apartments certain regulations, they're going to have to not convert . . .

MRS. CARSON: Yes. I would think so. I don't know what they'd be, I don't know how it would be done, I don't know how fair it is and I don't know much of a fight you would have on your hands but, yes, I would think so.

MR. CHAIRMAN: Any other questions to Mrs. Carson? Seeing none, thank you very kindly.

The next person on the list is Mrs. Hart Green Jr. Is she present? Mrs. Hart Green? (No response)

Sylvia Sims? Could you tell us if you are here as a private citizen or, if you are representing a group, would you name the group for us please?

MRS. SYLVIA SIMS: Yes, I'm representing the Gloucester Apartments on 28 Woodrow Place.

MR. CHAIRMAN: Can you speak a little louder and repeat that for me please?

MRS. SIMS: 28 Woodrow Place, the Gloucester Apartments.

MR. CHAIRMAN: Fine, thank you, carry on please.

MRS. SIMS: This block is situated in the constituency of Wolseley and is managed by World Wide Management Services. Earlier on Mr. Savino tabled and read our letter of protest; however, now I would like to elaborate on it.

This building we occupy is over 65 years of age. There has been no form of modernization or renovation for many years up until three weeks ago, which struck us tenants as rather funny, seeing as the rent controls were to be lifted on July 1, but alas, the last laugh was on us when we received our form letters the 2nd of July stating the increases to be made as of October 1st. These increases vary from 35 to 50 percent. Some examples: In my particular case, my rent has been increased by 56.00. I was paying 144, now they're asking 200.00. However, the actual rent they were asking for this very small, one-bedroom suite was 225 but because I have been such a good tenant, from the bottom of their iron hearts they have offered me a 25.00 discount.

This also has happened to other tenants in the block. A lady living in a larger one-bedroom suite, her rent increased from 160 to 235; in other words, a 75.00 increase. However, they want 275 for this suite, but there again, because she has such a sweet disposition, they have offered her a 40.00 discount. Another large increase has effected an elderly gentleman, who is somewhere in the neighbourhood of 90 years of age. He has made this block his home for 30 years. He was paying 195 last year for his suite; this year they have increased it to 300, an increase of 105.00. Another example of the total injustice of these ridiculous increases has affected a gentleman living in a bachelor suite in the basement of this block. He is a retired farmer who has a very severe speech impediment, who has enjoyed living at the Gloucester Apartments for many years; however, now he is being forced to move because he can no longer afford the expense.

Apartments in this building are going anywhere from 225 to 375, which is fine, but what are we getting in return? Absolutely nothing. Suites are in poor condition. Ceilings are rotting. In my own case, I've lived in my suite for four years. When I moved in, in the livingroom the corner of the ceiling the plaster was just hanging because, during the winter with the rads being on, the water had seeped through and I've lived there for four years, the building has been under three different managements and no one has ever come in to fix it for me, as much as I've tried to get somebody to come. The same situation applies to the bathroom. In the suites of many of the tenants, the walls are so badly cracked you can play Snakes and Ladders on them. Many of the suites, I know for a fact, have not been painted for 10 years and in some cases it's been a lot longer. There are no parking facilities provided and we have to pay all utilities.

We also have porch extensions to our suites, which we assume are included in our monthly rent. However, last winter we learned differently when a notice was sent around saying that the heating bills were too high and that if anyone was caught heating their porches they would face serious repercussions.

There was no advance warning given to us as to how serious these increases would be. We feel World Wide is just performing highway robbery here. The increases are totally unjust and, more importantly, totally unwarranted. It is because of these extortionary increases that I'm here to protest tonight. If Bill 83 is passed, what chances have we, the tenants against outlaw agencies such as these?

MR. CHAIRMAN: Would you permit questions from members of the committee?

MRS. SIMS: I'll try.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSEN: I would like to ask you, Mrs. Sims, you've mentioned some troubles that you've had with repairs in your apartment. Have you taken those problems to the Rentalsman's Office?

MRS. SIMS: Well, we've sent copies of our letter to all the different organizations and such.

MR. JORGENSEN: But you have not directed that particular complaint?

MRS. SIMS: In my own personal case, no. The thing about it is that, especially with World Wide taking over a year ago, when they first took over they came in to do an inspection of all the suites and a gentleman was just totally adamant in his view of the condition of these suites. He was just blasting the caretaker as to why this hadn't been fixed and why this hadn't been fixed, and it gave me reason to believe that it was going to fixed very shortly.

A couple of weeks ago, before he sent around the notices saying how much our suites would be increased, he came to knock on the door and I questioned him about his saying, in the first place, a year ago, that my apartment would be fixed. He, in fact, said that I was a liar, that he hadn't said that to

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me at all, that all he had said was that the outside of the building would be fixed.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: Miss Sims, you are telling us then that rent controls had very little effect in terms of the maintenance that pertained at your apartment block?

MISS SIMS: Oh, you're not kidding. You're not kidding.

MR. CORRIN: It was the same before and it continued much the same afterwards.

MISS SIMS: Yes. They have no plans of fixing up the apartments presently, if us tenants that have lived there for a while continue to stay. They just won't do it.

MR. CORRIN: I'm concerned from a human interest point in what's to become of particularly the older tenants. Have you spoken to the retired farmer, the gentleman with the speech impediment, about what he plans to do?

MISS SIMS: No, we've been trying to get in touch with him, but we've never been able to reach him at home. The way I got this information was through the caretaker of the block, that he has to move.

MR. CORRIN: You don't know whether he's been in touch with any government agency or made any efforts to obtain assistance through the Winnipeg Regional Housing or anything of that sort?

MISS SIMS: No, I don't. I have no idea.

MR. CHAIRMAN: Mr. Corrin, any further questions?

MR. CORRIN: No, not at this point, thank you.

MR. CHAIRMAN: Any other persons? Mr. McKenzie.

MR. McKENZIE: The name of the agents, you say World Wide is the agency that looks after the apartments?

MISS SIMS: World Wide Management Services.

MR. McKENZIE: World Wide Management Services. Do they have any other apartments?

MISS SIMS: Oh, yes, and they are doing the same thing all over, but basically I think they own three blocks just in the Wolseley constituency itself. They are doing the same all over.

MR. McKENZIE: Thank you.

MR. CHAIRMAN: Any further questions? Seeing none, thank you very kindly.

MISS SIMS: Thank you.

MR. CHAIRMAN: Paul Kowtalo. Mr. and Mrs. Sheldon, are they present? Don Ayre from the Housing and Urban Development Association of Manitoba.

MR. DON AYRE: Thank you, Mr. Chairman and members. I would prefer to have Mike Migneault read our presentation. He is the chairman of our Apartment Owners and Managers' Council of the Housing Urban Development Association of Manitoba, with your permission?

MR. CHAIRMAN: Yes, that's all right.

MR. AYRE: I have copies of our presentation, too, that I would distribute.

MR. CHAIRMAN: Give them to the Clerk and he will have them distributed to members of the committee.

MR. AYRE: As you all know, we represent the new construction industry in the province of Manitoba and in Winnipeg, in particular, we represent probably 80 percent of the production in the city. We have a number of councils or special groups within HUDAM; we are involved in single-family construction for purchase. We have also manufacturers, suppliers and builders who are involved in that particular production and, as well, we have a council that's involved in the development and in the management of properties for rent. Mr. Migneault is the chairman of that council.

Thank you.

MR. CHAIRMAN: Mr. Migneault.

MR. MIKE MIGNEAULT: Thank you. Mr. Chairman, distinguished guests, ladies and gentlemen, I must say I have some pretty tough acts to follow from what I've heard here this evening and I, in some respects, can't dispute what some of these ladies outlining some of their thoughts and concerns relating to Bill 83 have expressed. Our presentation is fairly lengthy, so I'll try and zip through it as quickly as I can. The issue of controls versus decontrols is the basic issue dealt with in Bill 83 and it is an issue that is not easy to puzzle through. There are many people affected by this issue and a number of different points of view involved. We understand that since the effective date of Bill 83 of July 1, 1980, was announced, an estimated 1,000 complaints regarding excessive increases have been received by the offices of the Rent Stabilization Board and the Rentalsman.

Approximately 59,000 rental units are monitored quarterly as to vacancies by CMHC, but CMHC does not include in their survey buildings that are newer than six months and buildings that are less than six units, so that another 25,000 to 30,000 rental units would have to be added to this total. There is a total universe, then, of 90,000 units available to renters within the city of Winnipeg, probably 100,000 in the province of Manitoba. The 1,000 complaints received thus far amount to roughly 1 percent of this total universe. The offices of the Rent Stabilization Board and the Rentalsman will be able to report on the percentage increases, but our information is that the increases involved are in the 16 percent to 22 percent range, with some increases in the 50 percent range. Our association, HUDAM, represents roughly 23,000 rental units, all of them recently developed in larger buildings. Our membership has confirmed, by survey, that increases in these buildings will be from

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3 to 12 percent, with the bulk of the increases in the 8 to 10 percent range.

There will be some exceptions for the following reasons: people in apartments with long-term leases may be subjected to percentage increases that are higher than 8 to 10 percent because they have not had increases for several years, depending on the duration of their leases, and their rents have to be equalized with current rates. People in apartments with low-base rents established, when rent controls were implemented and rolled back to become retroactive, may experience percentage increases that are higher because base rents have to be readjusted. Finally, renters in apartments that are in buildings that overall have not earned enough excess revenue after costs of operating to provide a return on investment may find that their rents are increased higher than the expected norm because people who have invested in the ownership of these buildings have become uneasy with their earnings, as opposed to putting their money in savings accounts or other term deposits. These are fundamental reasons that exceptions can happen within the 23,000 rental units that our membership is accountable for, and we would expect that these reasons apply also to the estimated 1,000 complaints received thus far by offices of the Rent Stabilization Board and the Rentalsman. For the most parts, these exceptions are unavoidable. In other words, there will need to be some catch-up where the benefits of rent controls have been artificial, but even these increases should be limited to less than 50, regardless of the percentage increases involved.

The present vacancy rate in all categories is relatively high with a 6 percent vacancy rate overall, and I believe part of our attachments are in the latest CMHC statistics, the June 1980, report. There is a broad choice of rental accommodation and good opportunity for lateral movement, particularly in units priced below 150 where the vacancy rate is as high as 15 percent. These statistics are available to you in the report. Even so, we must recognize that some people in the exceptional categories will be liable to hardship beyond their means. We have suggested in the past that income supplements that permit people to choose for themselves and to become integrated into the existing inventory of rental units would seem to be the best method of handling problem situations.

Money should go from the one taxpayer to the other taxpayer to effect income transfer and without subsidizing the actual rental unit involved, whether it be within the private sector or public. The recently established SAFER Program seems to be an effective public response to hardship and its eligibility has been extended from people age 65 to the age 55, and to low-income families with children. The SAFER Program applies to people who find themselves faced with paying more than 27 percent of their incomes for rental accommodation. SAFER is now being used by some 2,500 elderly persons. There are other details announced in a White Paper on Tax Credit Reform tabled May 13th and Bill 83 has to be reviewed in the light of these announced benefits, as well as relative to The Landlord Tenant Act and The Condominium Act. We do not regard ourselves as qualified to interrelate these various pieces of relevant legislature, only to comment on

market conditions and the impact of rent controls versus decontrols within this context.

Membership in HUDAM's Apartment, Developers and Managers' Council include Akman Realty, Cambridge Imperial Properties, Castlewood Homes, Co-ordinated Communities Corporation, Crystal Properties, Edison Rental Agency, Pace Properties, Lakewood Agencies, A.E. LePage, Oldfield, Kirby and Gardner, Qualico Developments, Shelter Corporation of Canada, Smith Agencies, Lakeview Realty. As we started out in this introduction, rent controls versus decontrols is not an easy issue to puzzle through, but from the point of view of development aimed at continuing to improve and to maintain the availability of good quality rental housing to people in Winnipeg and Brandon, the issue is clear-cut. Rent controls should come off. From the point of view of both markets, the time to take controls off is now.

In actual fact, the Winnipeg and Brandon markets have been in a state of decontrols for two years now and are showing some minimal signs of recovery. However, having been controlled since July, 1975, there has been some erosion of public confidence from the point of view of residents of rental properties and an increasing reliance on government protection, also some limitation of private investment from the point of view of potential owners of rental properties, and there has been a build-up of public housing. Consistent with our previous presentations to this committee, we must state that we have not favoured rent controls from the outset for exactly these reasons. Rent controls erode public confidence and limit community investment, and result in an unnecessary build-up of publicly-owned housing.

As long as there is sufficient supply to permit lateral movement, people should be able to register their dissatisfaction with the management and provision of services from one building to another, whether they are dissatisfied with building policies through the level of repairs or service, simply by moving. In this way, people create demands and their demands translate in supply through the reorientation of existing buildings or the development of new ones in response to demand. The issue of controls versus decontrols, therefore, has to be looked at in the light of present market conditions and in terms of whether the principles of supply and demand can be reactivated sufficiently to provide people with affordable quality housing that is within their means and up to their expectations.

The following question should be asked; what is an efficient vacancy rate to allow for necessary lateral movement? This is not an easy question. In Calgary, the vacancy rate was 1 percent when controls were removed and rents increased 15 to 20 percent, but the history of rent controls has been different in every community and rents in Calgary, as with the cost of living, generally are higher — 550 a month for a one-bedroom apartment or 625 a month for a two-bedroom, new apartment in the downtown area; close to 350 a month and 400 a month, respectively, in the suburbs. The overall vacancy rate is 6.8 percent in Winnipeg and this applies to both the private sectors and public sectors' inventories, so that at least 3,750 vacant rental units exist within the private sector and 660 vacant units within the public sector. How much should rents go up, 10 percent, 12 percent? Rent controls were initiated by the

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provinces in co-operation with the federal government's now defunct anti-inflation program, and rents were generally limited to 8 percent through to 5.5 percent during the period the controls were implemented, whereas inflation was closer to 10 percent each year over the same time period.

Nevertheless, it is possible to define what is a unreasonable and to monitor the rents accordingly. Professional managers do this all the time and we believe that the offices of the Rentalsman has developed a similar sense of the market. Is there adequate protection for those individuals who might suffer undue hardship in inflationary times, particularly owing to increases in costs contributing to increases in rents? We believe that the SAFER and other public programs related to income transfer are capable in this regard, so that if controls are removed, so that the market can be allowed to return to normal, adequate safeguards for people on fixed or limited incomes exist. Is there an adequate supply of rental units now and are there enough rental units coming onstream to maintain a sufficiently high vacancy rate and to maximize the interplay of natural forces within the marketplace? Over the past five years, 13,649 new rental units were started in the city of Winnipeg by the private and public sectors. In Winnipeg, 5,930 units presently exist for the elderly and 4,509 for families. There is a two-year supply of rental units, given Winnipeg's present absorption rate. The tendency for new projects has been for them to be shelved since the federal government's incentive programs that encouraged construction in the summer of 1979, but interest in these projects could be renewed if rent controls were removed.

In thinking through each of these questions, we are confident that the conditions for decontrols are in place and that decontrols should be implemented in their entirety, that is, the vacancy rate is high in all categories and the market is competitive. Rent increases from all surveys should not be more than 7 to 12 percent with certain exceptions. Various programs exist for the elderly for low-income families with children and for the handicapped to safeguard against hardship. Foreseeably there is an adequate supply of rental accommodation for the next two years. But more than this, there is a certain urgency to take controls off now while these conditions do exist, and the more negative impacts of rent controls do not work against them, that is before public confidence becomes eroded, private investment becomes more discouraged and the balance of private to public becomes more disproportionate. The SAFER program is most noteworthy in this regard, since it not only puts additional vacancies into the hands of renters who can in turn use this vacancy to stay or to move elsewhere, thus becoming part and parcel of the demand factor, it also exerts pressure to upgrade the quality of supply by its insistence that building upgrading orders will be carried out if more suitable accommodation is not available in the private sector inventory or in the public's. This means that the elderly and low-income families will have the capacity to exert pressures to improve the quality of their housing, a concern that was expressed by the Social Planning Council in its 1979 study of the housing conditions in Winnipeg.

Our position regarding Bill 83 is that it does not go far enough. Given market conditions and various programs as they presently exist, controls should be removed in the interest of continuing to develop and improve the existing inventory of rental housing. Complete removal of controls is not only possible but also desirable. We have also stated on a number of occasions and have made a formal representation to the effect that the total concept and language of The Landlord Tenant Act, one of the Acts that Bill 83 has to be interrelated with to properly be understood, should be revised and updated. We have recommended that it be renamed An Act Respecting Contracts for the Use in Residential Properties, and the terms Landlord/Tenant be replaced throughout by the terms "property managers/resident". Landlord/tenant are archaic terms tending to reflect the polarization of interests which no longer exists or which at least which is rapidly diminishing.

In actual fact, The Landlord Tenant Act was written in the 1930s to accommodate the rental of farmlands and hence the outdated sense of professionalism that is part of today's urban development. It is because Bill 83 continues to make reference to landlords and tenants and ignores the professionalism of today's property managers, and a general sophistication of today's residents, that it proposes as it does voluntary arbitration as yet another step toward decontrols. In actual fact, the professional manager monitors and arbitrates rents in the course of his surveying the market and servicing and pricing services to the residents. For the most part, rents are not arbitrarily decided but are carefully researched and then adjusted, depending upon the response of the marketplace.

The property manager's professionalism is at stake here, so is the health of the buildings he manages. Owners today are often groups of people who have invested their savings and have become a part of a syndicated situation that is dependent upon the professional knowledge and judgment of the property manager. You would expect therefore that by far the greater number of price increase differences between property managers and residents will be handled by negotiation and by the residents simply failing to initiate or to renew leases.

The basic dynamic of the rental market is that, if a person does not agree with management, he moves, and management, if the difference is a matter of inadequate knowledge or poor judgment, suffers. However, we recognize that there might be some exceptional circumstances that require arbitration and have in the past suggested that the office of the Rentalsman is the proper location for this function.

From our experience the office of the Rentalsman seems to have arrived at an up-to-date understanding of the market and is capable of duplicating the monitoring and arbitration processes presently a part of the property manager's professionalism and to this extent Bill 83 could be effective. Certainly it has the co-operation of our membership.

Our conclusion, Mr. Chairman — there are only two alternatives, return to controls or continue toward decontrols. If controls are finally removed, the rental market will return in time to normal. Initially there will be rental increases to keep pace with the rising costs of operating rental properties

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and with the changing lifestyle expectations of residents. However, increases will be kept reasonable by an active and competitive market. The growing professionalism within the property management group, coupled with the well-developed sophistication of today's renter, only serve to strengthen the health of the rental market. Poorly managed properties will be weeded out as dollar volume for services rendered are judged to be inadequate. The most practical definition of what is reasonable is when someone passes a lease by, or offers not to renew. The removal of rent controls will mean a renewal of interest in investment and rental properties, and in the face of concerns about core area development and the continued improvement of our urban centres, that is most important. Removal of rent controls means new construction and a general upgrading of rental accommodation through repairs and improved services, depending on the nature of the demand and what people are willing to pay for improved properties and services. This in turn will mean more jobs in the development and management of properties and in construction.

There are no government programs to attract investment so that if rent controls stay in, the reverse will result. That is, there will be a flattening of supply activity from the private sector and all urban development, particularly in the downtown core of the city, will have to be borne by the public sector and taxes will have to be adjusted upwards to accomplish this. And this is what the issue boils down to, whether housing is an industry or a utility. We contend that it is an industry. Marketing, pricing and management concerns up to and including arbitration are functions that belong in the private sector.

If, on the other hand, Bill 83 is intended to sort out the validity of the 1 percent complaints thus far received, and to provide a basis for dialogue with the private sector in looking toward joint solutions for hardship situations, then we are strongly supportive of Bill 83 as a step in the right direction. It is most important that the government in reviewing Bill 83 consider it in context with today's market and the growing professionalism of property managers and the increased sophistication of renters.

Also in context of other legislature, notably SAFER and other means of supplementing incomes and safeguarding against hardships in inflationary times to people with fixed or limited incomes.

The developmental progress of urban communities such as Winnipeg and Brandon is highly dependent upon the quantity and quality of the housing supplied by the private sector and in most Canadian communities we are extremely well-housed. Winnipeg and Brandon are no exceptions. This progress needs to be continued.

Finally, Mr. Chairman, HUDAM has volunteered its membership as representatives on both the city of Winnipeg's Building Commission and the board of directors of the city of Winnipeg's Housing Renewal Corporation, as well as on other boards and commissions that serve in the best interests of the city's growth and development and on-going process of urbanization. Further, HUDAM has active chapters in both the city of Winnipeg and the city of Brandon, as well as other Manitoba communities. HUDAM will volunteer to have one of the members of the its

apartment developers and managers council serve on any arbitration proceedings, or to otherwise contribute its expertise to the successful implementation of Bill 83.

Thank you very much.

MR. CHAIRMAN: Mr. Migneault, would you permit questions from members?

MR. MIGNEAULT: I think so, as long as they're not too difficult.

MR. CHAIRMAN: Mrs. Westbury.

MRS. WESTBURY: Thank you, Mr. Chairperson. You mention SAFER quite often in your brief and apparently are favourably inclined toward SAFER programs, as I have been. But don't you think that in order for SAFER to be fair programs, they need to be tied into some form of rent control?

MR. MIGNEAULT: Well, you know, that's a difficult situation to answer. The SAFER program, in our opinion, has not been publicized as much as it should have been. We manage property that has a considerable number of residents who are in the qualifying category and who, surprisingly, have never known about the benefit of this program, and what we've done in our own particular case is we've sent around the packets, the application forms and what have you, to make them aware of exactly what they can take advantage of. I think what you're alluding to is, are rents going to increase simply because families and older residents — is the landlord going to increase his rents simply to take advantage of that particular program? I don't feel, in our particular case, that's been any part of our reasoning. We're responsible corporate citizens and we like to think that we're out to make our residents aware of every possible benefit that can accrue to them in their times of hardship.

MRS. WESTBURY: Well, I hope when you sent around the information you told them that paying more than 30 percent of their income, and not 27 percent as you said in your brief, because 30 percent is the correct amount.

MR. MIGNEAULT: I stand corrected.

MRS. WESTBURY: And, I agree that you're good corporate citizens and I don't believe that all your members are gouging landlords for a minute, I want to make that clear at the outset, but don't you think that for SAFER program to be initiated without some form of control on the amount of rent that's going to be applied, that it just becomes a gift from the taxpayer to the landlord. I'm not only talking about unscrupulous landlords, I'm talking about all landlords.

MR. MIGNEAULT: Well, I think that boils down to individual cases. I can't speak for every landlord in the city and I'd probably get my knuckles rapped for speaking for some of our members perhaps, because I don't think which one of those participate in the program and who doesn't. I can't come to a conclusion or reasonable answer to your question.

MRS. WESTBURY: Mr. Chairperson, I'm not talking about individual landlords. I'm just saying that even in cases where there are 30 or 50 percent, and this has happened in dozens if not hundreds of instances in the city, where the SAFER program is in place, don't you think that that should be accompanied by some sort of a control, requiring what everybody says, what we have been told is going to be the norm, a 10 percent increase in . . .

MR. MIGNEAULT: No, because I believe, and I've not read the SAFER program in any great detail and plead guilty to that, but there must be a maximum ceiling set, irrespective of what a landlord sets his rent at. The beneficiary of the program can only contribute to it, or receive its benefits to a certain dollar amount. Therefore he, the participant, has to be the judge himself of whether or not he can take advantage of the situation, depending on what he's currently paying in rent and how that affects him personally.

MRS. WESTBURY: Well, I think perhaps the taxpayers may also want to judge. Mr. Chairperson, continuing, on page 4 of your brief you refer to the vacancy rate and give us the figure of 6.8 percent, which has been applied throughout. What is the percentage in older apartment blocks in the inner city.

MR. MIGNEAULT: Well, I think it's broken down on your tables. It gives percentages for various types of accommodation.

MRS. WESTBURY: It's not broken down as far as I can see. Could you tell me where that's broken down please? I glanced through it and I couldn't find it.

MR. MIGNEAULT: The vacancy rates, Table 2, by type of unit, by rental rates, seems to give a fair indication as to the vacancies in various types of units. The only comment I can make about the vacancy rates in the inner city is, that if you drive down any particular street in the inner city and look at the for rent signs of Maryland Avenue, on Stradbrook, on Broadway, I think you'll be able to judge for yourself that the movement — there is a considerable movement happening in the inner city and where the people are going we're not quite certain. But there seems to be a fairly high vacancy in the lower rental accommodation as evidenced also by MHRC's own figures in their own portfolio.

MRS. WESTBURY: I'm not necessarily talking about lower rental accommodation, I'm talking about older accommodation in the inner city and . . .

MR. MIGNEAULT: Well, the older accommodation, I think I've just pointed out to you that most of the streets I've just mentioned contain a number of the older rental properties in the city. And if you drive down you will notice the "For Rent" sign pretty well on most of these apartment buildings, which to me, tells — we have no properties in this particular area so, I'm maybe a little out of my depth here with respect to that particular question, but just from what I'm able to observe, just seeing the signs tells me that the vacancy rate seems to be elevated.

MRS. WESTBURY: You know, people who bring in the vacancy rate seem to be implying that if you have a sufficiently high vacancy rate, that that will answer all the problems of increasing rents because of market demands.

MR. MIGNEAULT: It doesn't answer all of the problems, but it certainly is a good indicator for free movement in the marketplace. This is all basically that we're stressing. People have plenty to choose from. It all boils down to individual circumstances. Not every block on Maryland Avenue has increased its rent 50 percent. So it boils down to cases as to whether or not, at least these people, if their rents are . . . have received an exorbitant rent increase, first of all under Bill 83 they would have that right of appeal. Barring that, they're free to choose not to remain in that particular accommodation.

MRS. WESTBURY: Now I'd appreciate it if you'd let me finish my next question before you interrupt. The implication seems to be that if they don't like it, they can move. If they don't like the increase, they can move and you've been hearing — I presume you've been here for some of the other presentations — from some of them who want to be able to move into a residence, which happens to be an apartment, and to have the security of knowing that that is going to be their lifetime home. Now if they're going to be hopping around from one apartment to another, they're never going to have any security or any permanency at all, and are you suggesting that is a fair way for people, who have worked all their lives to be treated?

MR. MIGNEAULT: No. And, Mr. Chairman, I'll speak on a personal basis to this question because we're not involved in condominium development and the question seems to steer more to protecting the safeguards of residents in relation to condominium legislation. I personally favour safeguards for residents facing condominium conversions. There are a number of legislative pieces in the United States, New York in particular, for example, which specify that residents over a certain age cannot be forced out of their accommodation. I have to admire the two ladies who spoke previously, I admire them for their position, I think their position is well taken in that regard. I do feel there should be more safeguards relating to condominium legislation, to protect residents who feel they want to remain.

MRS. WESTBURY: The New York law specifies that apartment dwellers 62 years of age and over who have been tenants for two years and have a total income of less than 30,000 cannot be evicted. I was not only referring to condominium conversion, however, I was talking to this whole business of the marketplace will control the rent increases and that implies that people, if they don't like it, should jolly well move across the street or find another apartment that's empty that they should move into and I'm . . .

MR. MIGNEAULT: That is an option, because one of the ladies pointed out that the accommodation she pointed out was less expensive and probably offering similar amenities to what she was

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accustomed to. Now I'm not saying that those rent increases are justified; that will be a matter for the eventuality of Bill 83 to determine in its final analysis what clauses pertaining to the arbitration process will prove out.

MRS. WESTBURY: I think though, if I may, what you are saying is that people should not be in a position to feel that an apartment is their home for as long as they wish to live there.

MR. MIGNEAULT: No, I'm not saying that at all. I'm saying that's an option available to them.

MRS. WESTBURY: That seems to me to be the implication, sir, when you're saying if they don't like it, let them move, because we're not going to provide . . .

MR. MIGNEAULT: Again, I can't speak for people outside our membership. We've indicated quite clearly that the majority of the increases taking place in our own memberships' buildings are averaging somewhere between 3 and 12 percent.

MRS. WESTBURY: Between 3 and 12 percent?

MR. MIGNEAULT: Right. On the average, say 8 to 10 percent. Therefore we feel that's a very reasonable approach to take. Which shouldn't precipitate a mass onslaught of people moving from our memberships' properties.

MRS. WESTBURY: Not at those increase, I wouldn't think. Page 6, you are referring to the archaic language and concepts in the Act. I just wondered if having heard some descriptions of some of the harsh treatments you didn't think archaic language was suitable for the archaic treatment that some of these tenants have been describing.

MR. MIGNEAULT: Well, Mr. Chairman, I can't comment on other peoples actions . . .

MRS. WESTBURY: Well, you have, you said that we should eliminate the terms landlord and tenant. That is . . .

MR. MIGNEAULT: To a more suitable terminology that reflects todays society and concepts.

MRS. WESTBURY: I think you're in a dream world, perhaps, that today's society is all polite and nice, and we've been hearing . . .

MR. MIGNEAULT: Well, I'm striving like hell to try and make it a dream world, that's all I can really say.

MRS. WESTBURY: It would be very nice.

MR. CHAIRMAN: Could I perhaps interrupt at this moment and say to Mrs. Westbury and to you, sir, that the proceedings are being taped and Mrs. Westbury and you are having a conversation rather than her getting her full question in and then you giving her your full answer. It's very hard for the man running the recording machine to be straightening out who is speaking and who isn't. So would both of

you just pause for a brief second after you either answer a question or ask one?

MRS. WESTBURY: Thank you. Mr. Chairperson, through you, going to Page 8. You say, if rent controls stay in there will be a flattering of supply activity from the private sector and all urban development, particularly in the downtown area, will have to be borne by the public sector and taxes adjusted upwards. Would you agree, perhaps, that government should be providing some sort of incentives to the private owners of older apartment accommodation, say in the form of a freeze on assessments for necessary restoration and renovation over a period of three to five years or something, in order for older stock to remain on the market instead of it all being destroyed or much of it being removed and replaced by government subsidized housing. How would you respond to that?

MR. MIGNEAULT: Well, I think I would probably be in favour of some type of program, although I believe the city administration is being somewhat lenient in this regard, with its upgrading orders to property owners of older buildings, in extending some of the times and requirements for upgrading of particular buildings, dealing with fire regulations and general building upgrading. I believe they're being much more positive in their approach in that regard and I think in the long term that will probably equalize out any financial burdens that any particular building owner has to succumb too, to repair his building and bring it up to certain building code requirements.

MRS. WESTBURY: However, they don't allow for any freeze on the costs. I understand that this is a great hardship to some of the owners and this . . .

MR. MIGNEAULT: Well, it's basically out of the realm of the Winnipeg building commission, who is the party that looks after these types of requests. I believe the commission has addressed the government in the past to consider some type of mechanism in the Rent Stabilization Act to take into account these types of repairs and that the Rent Stabilization Act already provided for certain amortizations of certain types of repairs over a period of five years say, or something like this to . . .

MRS. WESTBURY: My final question, Mr. Chairperson. Page 8, you say, if Bill 83 is intended to sort out the validity of the 1 percent of complaints thus far received — and so on. The 1 percent of complaints, from where did you get that figure please?

MR. MIGNEAULT: We received this information in discussions with the Rentalsman's office and the Rent Stabilization Board.

MRS. WESTBURY: Is this in the last little while?

MR. MIGNEAULT: Yes.

MRS. WESTBURY: This is since the June 30 deadline?

MR. MIGNEAULT: I believe it has been.

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MRS. WESTBURY: So the information you have is that there have been 1 percent of complaints since the . . .

MR. MIGNEAULT: I think the figure that was used was in the vicinity of 1,000 to 1,500 complaints.

MRS. WESTBURY: Since when?

MR. MIGNEAULT: Mr. Ayre, would you remember the date that we . . .? Precise date I don't really have.

MRS. WESTBURY: Alright. So about between a 1,000 and 1,500 complaints in two weeks . . .

MR. MIGNEAULT: Relating to exorbitant rent increases.

MRS. WESTBURY: I don't suppose you can explain why then they've reduced their staff by 50 percent? You can't have anyone there to . . .

MR. MIGNEAULT: I'm not aware of that.

MRS. WESTBURY: Thank you.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Mr. Migneault, just to follow up on this for one second. You say that only 1 percent of the apartment universe has complained, although it could be a bit higher, and those complaints have just come in over a two week period, as people became aware of the exorbitant rent increases. Surely that figure isn't just 1 percent, it's 1 percent of the total universe have complained for one month's rent increases, but every month tenants will be getting notices of rent increases because they're required to give three months notice, so that in November, conceivably you will have another 1 percent of the universe, or 1-1/2 per cent of the universe. In December you'll have another 1-1/2 percent of the universe and if you took that through for 12 months, you're not talking about 1 percent of the apartment universe complaining about exorbitant rent increases, wouldn't you be talking about something in the order of 15 to 20 percent of the apartment universe complaining about rent increases, which is a fairly substantial number, if we're using your own figures.

MR. MIGNEAULT: Well, you're compounding the figure. The figure is 1 percent received to date.

MR. PARASIUK: That's right. But you see, you're only required to give three months notice, those complaints have come in with respect to rent increases due October 1. People haven't received notices of rent increases yet for November 1, they will get them for November 1 in about two weeks. Then a month later they'll get them for December 1. Won't that add to the number of complaints if we get this type of progression continuing?

MR. MIGNEAULT: It's quite possible.

MR. PARASIUK: Okay. I just wanted to make you aware of the fact that 1 percent actually was a

somewhat misleading figure in terms of what was going to happen over the course of the entire year.

MR. MIGNEAULT: I'm sorry but I'm not in a position to determine exactly how many . . .

MR. PARASIUK: Sure. I want to ask if the Manitoba Landlords' Association is a member of HUDAM?

MR. MIGNEAULT: I don't believe so. We're two separate bodies as far as . . .

MR. PARASIUK: And so that means that the members of HUDAM are not members of the Manitoba Landlords' Association, because we do get landlords coming in here occasionally as individuals, or coming here as representing groups, but from what I can see, I don't know if I've ever come across any of the HUDAM apartment managers being members of the Manitoba Landlords' Association.

MR. MIGNEAULT: Not that I'm aware.

MR. PARASIUK: So in one sense the Landlords' Association consists of basically small landlords and the HUDAM apartment managers, from what I can tell from this list, looking through them, are really the large apartment managers and the fairly significant ones.

And you are also saying in your presentation here that you're group of large landlords are only making rent increase demands of something in the order of 3 to 12 percent. Do you have any documentation for that because we'll be sitting here listening to a number of landlords coming forward and I've heard a lot of tenants come forward saying that they're getting rent increases of 30 percent, or 40 percent, or 50 percent or some of them are getting rent increases of 100 percent. I'd like to know from any of the landlords whether, in fact, any of them are aware of where these demands are coming from, from what group of landlords, and I'm asking therefore, if you are aware of any of your members putting out rent increase demands of 30 percent, or 40 percent, or 50 percent?

MR. MIGNEAULT: I'm not aware percentage-wise what they are but I've been told that there are some that have exceeded those and we've indicated that would be the case in some special circumstances.

MR. PARASIUK: The reason why I ask that . . .

MR. MIGNEAULT: I can't be specific and tell you who they are or what the percentages are. But I suspect there will be some, because each of us have to make our best judgment as to the operations of our properties and I suspect there will be some.

MR. PARASIUK: Well numbers sometimes become very important in this type of exercise and that's why I'm wondering where you derived your statistics which you gave us on behalf of this group, saying that your people have only asked for increases averaging between 3 percent and 12 percent, which is a fairly big range. If you have any of that documentation I think that would be of interest to the committee and certainly be of interest to the Rentalsman and possibly that would just, in a sense,

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undercut a whole set of complaints that might exist with respect to all the tenants in this group. But we, earlier today, for example, heard representation from tenants, for example, from Edison Rental Agencies, whose rents have been very much higher than 3 to 12 percent and Edison Rental Agencies are very large apartment managers, so I'm wondering where you got your figures.

MR. MIGNEAULT: We're not denying this, I simply pointed out to you earlier that there would be some that would be submitting for increases larger than that figure.

MR. PARASIUK: So that really, in reality then the rent increases range from 3 to 12 percent, with exceptions going . . .

MR. MIGNEAULT: With exceptional — could be to 30-50 percent for . . .

MR. PARASIUK: Precisely. I just wanted that clarified, Mr. Migneault.

I wanted to ask you to clarify statements that you make in your report on Page 5 and on Page 8 respecting new construction. You are saying that if rent controls were abolished we'd have this big spurt of new construction in apartment building. Could you tell me whether you're aware of the fact that rent controls right now do not apply to new construction, indeed they do not apply to apartments constructed after 1975, and given the decontrols which came in last year, they don't apply to apartments that were built after 1973. So, can you tell us how you come to the conclusion that you reach on Page 8, which says that the removal of rent controls means new construction. That's what you say on Page 8, and prior to that you say, that the tendency for new projects has been for them to be shelved since the federal government incentive programs that encouraged construction in December of 1979, but interest in these projects could be renewed if rent controls were removed.

Well since these new projects aren't controlled by rent controls, how will investment interest in building these new projects be somehow renewed if rent controls are removed? Could you explain that, because I think that's very critical with respect to this issue?

MR. MIGNEAULT: I think that has to be taken into context then, what each individual builder, depending on his land position and how he feels he can operate in the marketplace. Probably he would feel if rent controls were eliminated, and depending on his view of the marketplace, depending on again where he may have certain strategic pieces of property where he'd feel there's still a market, would entice him to take the risk and produce something which he feels he has a market for.

MR. PARASIUK: Okay. But the point is that even if he took that risk it wouldn't be affected by rent controls at all, unless, of course . . .

MR. MIGNEAULT: Well, if decontrols were taken off, it could make movement much freer to his product.

MR. PARASIUK: Oh, okay, that's a point then. Is it the position of HUDAM and the large developers, and those are the ones that are building the new apartment blocks and those are the ones which, according to the CMHC statistics which you have given us, have the high vacancy rates. Indeed, the structure is completed between October 1978 and September 1979, the rate in these new structures which were really built as, in a sense tax dodges, using the multiple urban residential building units incentives, that the vacancy rate in those units increased to 13.2 percent from the 8.8 percent recorded. That's on Page 3 of your own set of statistics, while at the same time, the vacancy rate for older structures fell from October 1979, from 4.9 percent to 4.4 percent in October of this year.

So we have a situation where the older blocks, the vacancy rates are decreasing. There is a tightening of the market; there are people staying in the older blocks; the rents to a degree have been fairly reasonable in the past. But in the newer blocks, especially those that are being constructed in part as a result of the federal tax dodge legislation, you have high vacancy rates. So it the position of HUDAM then, to clarify your position, that rent controls should be removed for the older apartments; that rents should go up fairly substantially for tenants in these older apartments; that the only appeal procedure would be one where both sides would have to, in fact, agree to arbitration? If they don't agree to arbitration, that means then that tenants could be given one-month's rent to move somewhere else, conceivably where? To your apartments. And that's the conclusion that I tend to draw from your presentation when you say that new construction would be, in fact, induced if rent controls were taken off. Yet, since rent controls don't apply to new construction, is it that HUDAM wants rent controls taken off older buildings, rents put up, in order to economically force tenants to have to move into newer construction where the vacancy rates are higher and, of course, where the rental rates are higher? Is that the position that HUDAM was taking when it states formally that the removal of rent controls would induce new construction of apartments?

MR. MIGNEAULT: No, I don't think that's the position that HUDAM would take. I think, if I can just look at these statistics just for one more second, Mr. Chairman. I don't think the construction of new apartment buildings would force tenants anywhere. The only point we're trying to make is that we're providing them with some form of choice, and building new apartment buildings is strictly an economic decision taken by any apartment owner, manager, developer, what have you, and I find it difficult to interrelate downtown apartment buildings with newer construction. The disparity in rents would not make it as such or conducive for residents in the downtown core, in the older buildings, to move up unless their circumstances in life change that they wanted to seek out better accommodation.

MR. PARASIUK: Of your 23,000 units, how many are controlled by rent controls?

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MR. MIGNEAULT: That I really couldn't tell you without soliciting the exact numbers from our membership. Our membership not only manages newer apartment units, we manage some in the older universe of apartments, as well. That figure would have to be obtained; I can't cite new figures.

MR. PARASIUK: But your group, in fact, is the group that builds the newer units.

MR. MIGNEAULT: Yes, correct.

MR. PARASIUK: If my memory is not incorrect, I think that there have been something like 8,000 MURB units built since 1976 and that these MURB units would be built predominately by your group and would not be subject to rent controls in any way, shape or form. That has been a fairly substantial amount of construction of new apartments. In fact, that is the major reason why we have any vacancy rate at all . . .

MR. MIGNEAULT: Pardon me for interjecting, but those units were committed and are only coming onstream, a good number of them at this point in time, creating a very large vacancy factor amongst, as pointed out, in the newer types of apartment buildings. You know, with the planning time required to bring these apartments onstream, a lot can change in the marketplace. We've all seen it happen, the distortion in the marketplace by subsidies of the government. Now, what motivated the builder, whether it be market factors or whether it be investor pressure or what have you, to build these units, those are decisions taken by the individual which I really can't address myself to.

MR. PARASIUK: Would the removal of rent controls and, therefore, the increase of rents that people have to pay in older apartments, would that be an incentive for people living in these older apartments to then look at the accommodation that may be available, and obviously it is available if you have these high vacancy rates, in the new units constructed recently or managed by the group that you represent ?

MR. MIGNEAULT: It's always possible. You know, it all boils down to individual cases and what they can afford to pay, and what they're looking for is accommodation and facilities.

MR. CHAIRMAN: Mr. Uruski.

MR. BILLIE URUSKI: Thank you, Mr. Chairman. Could you indicate, when you spoke about that new construction would provide a choice in tenants changing apartments — I gather that was your intent on trying to indicate that stimulation and the removal of rent controls would stimulate new construction — what choice do tenants now have who have had rent increases of 30 percent or more?

MR. MIGNEAULT: That depends on who those tenants are, what their circumstances are, what programs they can take benefit from to minimize what they feel is a hardship situation to them.

MR. URUSKI: Okay. You indicated in your brief that there is great sophistication in both the professionalism of the property managers and the sophistication of tenants. Could you explain what you mean by that?

MR. MIGNEAULT: I think what I am trying to explain is that, as we plan projects, for example, we do market surveys. We try to take into account any particular quadrant of the city or wherever we propose to put the building up relating to needs and requirements of people in apartment buildings today and what they expect, as far as services, as far as amenities are concerned, and try to come up with a product which we feel will be acceptable to the marketplace.

MR. URUSKI: Mr. Chairman, what would you recommend to people, since your brief indicates that increases of anything should be limited to less than 50 per month? What would you recommend that people do who have had increases above the 50 a month by some members of your association?

MR. MIGNEAULT: I would expect and suggest that they appeal their increase if they feel it's on justifiable grounds.

MR. URUSKI: Mr. Chairman, to appeal to whom, since you are recommending total removal of all controls?

MR. MIGNEAULT: Yes, we're recommending this. However, Bill 83 is recommending a process of arbitration for rent increases that are deemed to be in excess by any particular individual. Therefore, we would recommend that these people apply to the Rentalsman's Office, or in the eventual case, the Director of Arbitration, to look into their case.

MR. URUSKI: Do you believe the remedies that are proposed in the bill are adequate for tenants in terms of the appeal procedure?

MR. MIGNEAULT: I think we're almost there. I don't know what the ultimate resolution of this committee will be, but I believe that the bill presents a fair approach for both parties, if they can't negotiate themselves, to come to a suitable solution to their problem of an increase, which appears to be exorbitant, then I think the arbitration proceeding and the mediation proceeding by the rentalsman is a good avenue to take.

MR. URUSKI: Would you consider a rental increase of 50 a month or more at the present time exorbitant?

MR. MIGNEAULT: That depends on the individual circumstance.

MR. URUSKI: Mr. Chairman, when our witness indicates that it depends on the circumstances, what kind of circumstances does it depend on?

MR. MIGNEAULT: That's a difficult situation to address oneself to. The individual, what type of building he's residing in, what he's currently paying in rent, what accommodation is available down the

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street, what the rents are there for comparable type of accommodation, then, by a market comparison of what everybody else in the area appears to be charging.

MR. URUSKI: Mr. Chairman, Mr. Migneault must have come to some conclusion by using the figure of 50 as a maximum increase. Now, you must have arrived at that 50 a month increase somehow. How did you arrive of that 50 increase as being the limit what you consider the limit?

MR. MIGNEAULT: I think we pointed out that would be the very optimum situation for any particular increase relating to what possibly our members would be asking for, based on their type of accommodation and what they are offering to the public.

MR. URUSKI: Okay, based on your member's accommodation, then would you tell me that if your members, based on the accommodations that your members have, if they were charging more than 50 a month, would you consider that exorbitant?

MR. MIGNEAULT: Again, you're putting me on a spot, which I really can't answer you clearly without your citing a specific instance, a specific person, a specific building and all the other specifics that go along with that type of request.

MR. URUSKI: Mr. Chairman, also in your brief you indicated on Page 3 that rent controls erode public confidence, limit community investment and result in an unnecessary build-up of publicly-owned housing. Would you say that your association has and is able to meet the demands of the residents of the central area of Winnipeg, it has been meeting those needs?

MR. MIGNEAULT: I believe it has. I can't speak actually for the membership. We're not involved in the construction of public housing; we've had no experience with it. We're really not attuned to it, therefore I find it difficult to answer. I believe the needs of the people in the inner core are being adequately served inasmuch as the vacancy of MHRC's own units seems to be reasonably high, higher than what it's been. Therefore, there seems to have been some movement in their own accommodation which has freed up their own particular situation in order to allow units to be occupied that were before not available.

MR. URUSKI: So you believe that there has been, that because there is a vacancy — and I'm not sure that's accurate, but I'm taking your word for that — that there should be no further public housing construction in Winnipeg because your association is able to meet the needs of those people? Is that what you're suggesting?

MR. MIGNEAULT: No, I'm not suggesting that. Again, I assume the government in power assesses the requirements of public housing, and if the private sector can't meet it, then we can only take our lumps in not being able to provide accommodation which, perhaps, maybe some of us feel we should have.

MR. URUSKI: Mr. Chairman, but you've made the statement that there's been an unnecessary build-up. Can you give me some background information of how you feel and why you feel there's been, and where you feel there's been an unnecessary build-up of publicly-owned housing?

MR. MIGNEAULT: I think it's probably just in recent times. Where now we're experiencing, in the Manitoba Housing and Renewal sector, a much larger vacancy because units that were previously committed were carried through and, consequently, in certain areas of the city — I believe around the Elgin-Pacific Avenue — there's been a number of units constructed in that particular area, and various other infill projects throughout the city that did fill certain needs, but in others have seemed to have left some buildings not quite occupied the way Manitoba Housing would have felt they should be. I think it's probably trying to displace some residents, perhaps, to a periphery or an area where perhaps they didn't want to live or it could be for a number of reasons.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: Thank you, Mr. Chairman. Most of what I wanted to talk about and discuss with this delegation has already been polled, but I do have a few things I wanted to clarify. With respect to the increases that you have cited in your brief, Mr. Migneault, you talk about an expectation that your membership's increases would be surveyed in the range of from approximately 3 to 12 percent.

MR. MIGNEAULT: Correct.

MR. CORRIN: Mr. Parasiuk talked about the MURB Program and you talked about several other interventionist incentive programs that have been established by government to encourage people to construct housing. Can you tell us how many of your members have developed housing through the auspices of those programs?

MR. MIGNEAULT: No, I can't give you exact numbers but there are some listed in the report that you have before you. Now, which ones precisely, I can't tell you without asking those individuals. I expect a number of them there have, for whatever reasons that they felt necessary, or the simple fact that the units constructed under the ARP and MURB programs allowed for a 75 subsidy per unit, for the simple fact that the market rents, based on construction costs, were approximately 100 higher than what was obtainable, therefore, some type of subsidy mechanism had to be put in place in order to make these projects viable.

MR. CORRIN: But it is fair to say, Mr. Migneault, that ARP and MURB, to some extent distort the picture.

MR. MIGNEAULT: No argument.

MR. CORRIN: Okay. Because I think in fairness that the point is well taken that somebody who builds, pardon the expression, for a tax dodge — and I think to a large extent MURB was exploited in that

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respect, and we would agree and that was in the minds of . . .

MR. MIGNEAULT: Well, I have to qualify that, in that there are two parties to every situation. Now, the program was offered by Canada Mortgage and Housing and, in some respects, it may have failed in its analysis to stop or to limit the numbers of apartment buildings which they allowed in certain quadrants of the city. Perhaps they overestimated themselves, or miscalculated what the impacts of this program would be in certain markets. In other markets, it is badly needed. Vancouver, other areas where the vacancy rates have been historically quite low, it may be well-justified in having the program; here it has created the situation of a very large oversupply situation and has done various things in the marketplace.

MR. CORRIN: I just wanted to make the point that, and I know we can't have it both ways but, to a large extent, MURB and ARP has significantly and will significantly effect the total spectrum in the sense that increases will be moderated as a result of the effect of those specially-assisted programs. And I think that's a fair point and I think we both concur in that regard. So that what I am saying is that in the suburban setting, where the MURB and the ARP programs were, as you have submitted, overbuilt — I am not sure I agree with that. But, notwithstanding that, we can expect some modification. Most of the complaints, frankly, that have come before the committee, I don't know whether you have been here all day, but most of the complaints seem to be emanating from the inner part of the city. I think, in fairness, one could suggest that certainly the — call them the more desirable areas where there are a lot of amenities such as shopping, access to downtown, that sort of milieu, seems to be providing the major thrust of the problem.

MR. MIGNEAULT: Yes, but it seems to be in two types of accommodation, two rent-structured accommodations, that's providing problems. Some of our members have built apartment buildings in the downtown area and have a substantial vacancy factor; also there are vacancies in the older stock. You know, what relationship you want to place to that boils down to what the particular individual wants to live in in a given quadrant; whether he wants to live in the suburbs or whether he wants to live downtown is his choice. What the relationship is between the newer units, which rent at a figure substantially higher than most older apartment buildings, is a very interesting question. And, not having property in the downtown core ourselves, it is a very difficult situation to address yourself to, but it's a very interesting problem.

MR. CORRIN: Mr. Migneault, can you tell us what percentage of your blocks were built after 1975?

MR. MIGNEAULT: Are you talking about the membership's buildings or our own?

MR. CORRIN: Well, the ones you control and manage and membership and so on.

MR. MIGNEAULT: Percentagewise?

MR. CORRIN: Yes.

MR. MIGNEAULT: I wouldn't venture a guess, but it will probably be 50 percent of, I believe, the 13,000 figure constructed. Let me put it this way, there were a sizable number of units built between the period 1974 to 1979.

MR. CORRIN: Of course. That was partially, I presume, Mr. Migneault, because there was an encouragement, an incentive, when rent controls were not applied to new construction after that year. And, of course, a lot of builders took advantage of that, because in effect it put them in a better position than was the case of a lot of the people who own properties that were constructed before that year. I'm just pointing that out, not to try and facetiously or sarcastically play with figures or discredit your submission, but rather to point out that it probably explains why your group's rental increases could and would in fact be predicted to be so slow as compared to a such a large part of the rest of the rental spectrum.

You know, when you associate MURB and ARP with new construction in the order of 50 percent as applicable to your units, not within the control program, it's fairly obvious that the conjunction of the two, the tax write-offs which discourage that sort of profiteering — you know, the profiteering is in the tax dodge, let's call a spade a spade — and in the other case you're passing the rents through each year; you're passing your overhead through each year.

So I think in fairness, you can be making a fairly creditable argument, but I'm telling you I have some difficulty with it because I think that your membership is peculiar in the sense that it represents this group of large owners. Mr. Parasuk made the point that he felt that decontrol was almost to the benefit of your group. I think that might be stretching the point, but certainly you'd have to admit that when the older blocks fall under decontrol and rents start to rise in the older units, it is going to make your association's members' units much more desirable in the sense they will become much more marketable. On a comparable basis they will be, relative to the older blocks, much more competitive. In other words, you'll get more for your money.

MR. MIGNEAULT: That's not going to happen tomorrow. Based on the maximum rent the older units can obtain and still the disparity of at least 100-150 between the older universe and the newer universe, these types of movements and things aren't going to happen overnight granted, but one thing you seem to forget is that during the same period we were building all these units, we also were subjected to very large increases in certain types of utilities, gas increases, hydro increases. Now, thank goodness, they've been frozen for a while, which will at least help us in some measure — taxes, these types of increases have had to be borne. What more can I say? I agree with you in the sense that it's a very peculiar situation. We represent the units that are of a different rental structure than a lot of the people that have been dealing with you today, I

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assume, and yes, we've had to keep our rent increases to a reasonable level because we're suffering a lot of vacancies in certain areas, there's no question about that. But that doesn't mean that next year or the year after, just because we asked for 8 percent this year, we're going to ask for 35 percent next year. There's a certain maximum people will pay for accommodation, and we don't mean to take an unfair share, but we do have to realize a fair return for the owners of these buildings and try to manage them as best as we know how without curtailing services to our residents.

MR. CORRIN: I just wanted to deal with the SAFER program again, because there's been some controversy as to how the provisions of this bill will impact that particular government subsidy program. You know I presume, if you read the newspapers, that rent monitoring reports did demonstrate that tenants in older blocks experienced the largest increases in the now decontrolled areas. That is a matter of fact.

MR. MIGNEAULT: Well, yes, it's a matter of fact in the instances that have been presented to date. What ultimately will happen, and just how many of these units are affected is something that's to be determined.

MR. CORRIN: Would you agree with me that there's some reason for concern when controls fall away, with respect to the older blocks, with the less affluent tenants as a result of the easy availability of exploitation of SAFER beneficiaries. What I'm pointing out is the fact that, sure there's a ceiling on SAFER, but a landlord simply simply by pressing for high increases can absorb the recipient's benefit, by raising the rent, simply absorb all the benefit that should have flowed from the government, or really I should say, from the taxpayers of the province who are more affluent to those who are far less affluent.

So we're creating a situation where we may simply be allowing landlords who wish to exploit that situation to siphon off the benefits that were intended for low-income tenants. Would you agree that's a problem?

MR. MIGNEAULT: I agree with you, that shouldn't happen, yes, I agree that it could be a problem. I don't think the program was put in place anticipating that type of situation happening. It was well-intentioned, and I think it is a good program, from the very brief knowledge that I have of it to date. I've gone personally to the extent of advising some of our own residents that they perhaps can take advantage of it, not for the sake of raising my rents sky-high, but that it should be of benefit to them. Besides, it has to be taken into account on these deliberations, there's no question about it.

MR. CORRIN: Would you agree with me then that with respect, at least to the low income tenant, the SAFER recipient, that compulsory arbitration would be a prudent feature from, not only their point of view, although of course that would be the major aspect of it, but also from the point of view of fiscal economy and prudence, just the government's management of its own business.

MR. MIGNEAULT: I'm a negotiator, I don't favour compulsory arbitration; I think things can be negotiated. I think the mechanism recommended in Bill 83 is sufficient to allow enough latitude to the Rentalsman's office and, if necessary to the director of arbitration, to come to a satisfactory conclusion for these people, I really do, otherwise I don't think I'd be saying it. I don't operate properties whereby this could be a problem for me or our organization, but I feel the mechanisms that are proposed could handle the situation quite nicely.

MR. CORRIN: But in your submission you fairly extensively canvassed the subject of SAFER and public housing and the effects of rent controls in this area. I'm wondering whether or not you would agree that if there isn't some sort of effective mechanism that will stop that sort of exploitation with respect to the low-income tenant, that we're going to have a problem insofar as a lot of those people are going to have to leave their situations, and presumably that's why the government has decided to bring in these amendments that will allow people to break a lease and vacate if a landlord refuses compulsory arbitration.

So what we're doing is we're forcing ourselves as a result of the intransigence of some very repressive landlords to build more public housing. I don't know what the alternative is — where do they go? I think if there's a tight market and you have landlords who won't arbitrate, what's the alternative? I mean, they've got to go somewhere and I presume the only place will be into public housing, which is again a drain on the public purse. And you made that point in your brief.

MR. MIGNEAULT: Well, you're stating that there's a tight market. There's not a tight market in either sector, both the private and public sector have a vacancy that allows movement for both the elderly people and those that can pay the rents or live according to the lifestyle that they've come to expect. Our presentation regarding the SAFER program was not geared to handle what's been quoted in the newspaper, I guess, as gouging aspects of that. We simply feel that is the proper mechanism for elderly people — if they feel they want to move they can take advantage of the program or they can take advantage of it where they are.

MR. CORRIN: But you do recognize that, as we've heard from a number of people, that it's very difficult for elderly people who have lived in a unit, or a block, a community for a long time, to just pack up and go and I would point out that even though generally we have got fairly high vacancy rates, that in some communities we don't. Transcona, for some reason, has a very low vacancy rate and St. James. And you know, I'm just wondering, in the context of the modern urban community, whether you tell somebody who's lived in a neighbourhood for 20 years, who settled in that neighbourhood and feeling comfortable and knows people, friends, institutions like churches, associations, community clubs, so on and so forth, whether you can just tell them when they're in a low vacancy rate area to pack up and go. I mean, where do they go? I suppose you could

say the lady from Transcona could move off to Fort Garry or the Maples. But I'm wondering, you know, she probably doesn't have access to private transportation and doesn't want to leave her friends and go to the Maples, 15 or 18 miles away.

MR. MIGNEAULT: At some point in time, in any given situation, movement will take place for whatever reason. It's a personal decision and at times a very difficult decision, for the circumstances you pointed out.

MR. CORRIN: The other thing I wanted to talk about was the evidence of rent controls destimulating, disincentiving the construction of new shelter, accommodation. You've time and time again reinforced what seems to be now a fact, an acknowledged fact, that one of the reasons we have a high vacancy rate right now, is because there's been a lot of construction in the past few years. You say that in your brief, I think you talked about 13,700 units in five years, was that the figure? That's a lot for Winnipeg, that's well beyond the absorption rate. I'm wondering how you reconcile that with the rent control program and its deleterious effects on the housing industry.

MR. MIGNEAULT: Well, there are still areas, as you've pointed out, Transcona being one, St. James being another, where there still may be some possible markets. Those quadrants have tightened up, perhaps where there might be a vacancy of 17 or 18 percent in St. Vital, or a 20 percent vacancy in the Maples. You know, these are decisions that are taken every day, now it's up to the individual builder himself to feel that he can build that building and make it economically viable. And we're not talking about subsidies here. For new construction and based on his particular circumstance and feel for the market that he can still build, decontrols may probably precipitate him to maybe move a little faster into his development something that may have been shelved for two or three years. It's hard to explain. You know, you have to get in and talk to individuals.

MR. CORRIN: So to a large extent you would probably say then that it's just general imprudence that people have been building in areas where there's not a demand and we're now experiencing an over . . .

MR. MIGNEAULT: I guess we all make mistakes.

MR. CORRIN: Yes, just general mistakes in the trade as it were.

MR. MIGNEAULT: It's been known to happen in any trade. It happens with people building shopping centres, it happens with people building warehouses, it happens with people building anything or marketing anything. They take risks and hope to have a market for their product, and they don't always succeed. Whether they've been able to receive incentives or not, it's only part and parcel of the package to make their project economically viable for them.

MR. CORRIN: So when you say at Page 7 of your brief, and I'll just quote, "for the most part rents are not arbitrarily decided but are carefully researched and then adjusted depending on the response of the marketplace, the property manager's professionalism is at stake and so is the health of the buildings he manages. Owners today are often groups of people who have invested their savings and have become a part of a syndicated situation that is dependent on the professional knowledge and judgment of the property manager" — and when you say that Bill 83 ignores the professionalism of today's property managers and the general sophistication of today's residents and so on, we're also on the other hand saying that sometimes people in the industry do make mistakes, notwithstanding their sophistication and their general ability to control the market in a manner that's consistent with both the developer and consumer, that sometimes mistakes are made. And they're not only made by government when it goes into rent controls or when it inappropriately drafts a bill to decontrol, but also by people in the industry.

MR. MIGNEAULT: It's been known to happen.

MR. CORRIN: So when we weigh out who is more responsible and more at fault, it's difficult to determine, isn't it?

MR. MIGNEAULT: Well, I think you're addressing a philosophical question, there's no doubt about it. I think that any given gentleman around the table here would have his own particular opinion to that statement, and again, we're all back down to what is the essence of this bill. It all goes back to individual cases, people making their appeals based on what wrongs they feel have been done to them, and they will have the opportunity to get that matter resolved, and hopefully to their satisfaction.

MR. CORRIN: I had one other question; it dealt with your discussion of exceptions. Pages 1 and 2, you talk about some increases going beyond the predicted range, the 3 to 12 percent range, and you listed some exceptions. One of them was what you say is the fact that some people who have invested in the housing market are becoming uneasy with their earnings. I guess you're suggesting that they feel that there's a better buck to be earned in some other sort of investment, a term deposit with a bank or a trust company; I think you cite that. I'm wondering whether we really feel that we should put the tenant in the position of having to compete in the marketplace with "capitalists" — and I'm using that word with quotations around it; these are people who are marketing capital; they are capitalists in the truest sense of the word, because that's their investment — should have to compete with those entrepreneurs' priorities in determining investment decisions. In other words, just because an owner can earn, let's say, 18 percent in the current bond market with prevailing high interest rates, should we say that we should look the other way when that owner passes on a comparable increase of 18 percent in his rent, simply because that's what money attracts?

Our philosophy, and now I think I'm becoming quite candid, our philosophy was that the only

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increases that should be passed through were costs that were actually verifiable as matters of overhead. We had a cost-pass-through method; as you know, it wasn't just a fixed ceiling level, there was a cost-pass-through method too, so meritorious applicants were able to go beyond certain ceiling levels. I'm wondering whether you think it's fair, the submission you've made, that we should stand by and allow people, because there is no compulsory arbitration, to simply pass on rents in order to make the same sort of money in housing as they can make in the bond market. I have some real reservations about that sort of approach, and I want to discuss that.

MR. MIGNEAULT: It's not the only method; it's simply a method cited to point out our position that any apartment owner would like to realize a certain profit on his investment, and if he's not doing so then he should seriously consider advice from some professionals whether or not he should do something about that investment. I feel the rationale is a sound one. I don't think, if you owned an apartment building, you would want to realize a certain profit over and above your cost to operate that building, and whether 18 percent or 5 percent is the figure you would use is a matter for the individual to decide what rate of return he wants on that investment.

MR. CORRIN: Right. But you would agree with me, that if a particular building is in a particular desirable situation — and many of the buildings that we've discussed in today's hearings are those types of buildings, the buildings that these older people are living in that are convenient to shopping for them — there are good reasons why a lot of those tenants would be willing to pay, I suppose, a little bit more if they could afford it. But there's also, I suppose, good reason why a landlord could expect an exceptional return if he could just get rid of some of those tenants; if he can get rid of the rent control program and any sort of compulsory ceiling limit or review process. You can see that, you can see how a landlord could become a touch avaricious in those circumstances.

MR. MIGNEAULT: Yes, and it could be said for any — it could be said for the oil companies; it could be said for almost any type of organization, but I don't honestly feel that that's the type of criteria that building managers take. We don't want to take a position whereby we're forcing people out.

Now again, there's an exception to every rule. It depends on what each individual manager's philosophy is with reference to the human being and who he is dealing with; there's the bad apples in every barrel — and need I say more?

MR. CORRIN: No, you don't have to say more, because I agree with you. And my last question is, do you think we should leave people at the mercy of those bad apples; should we leave people at the mercy of those who might take advantage of the disadvantaged and might be reluctant to show compassion when confronting a big profit?

MR. MIGNEAULT: Yes, I think we've stated our position. We're taking that position of a moderate approach, and a reasonable and rational approach

towards our own membership's accommodation. Therefore, certainly the exception should be dealt with. Now, how they'll be dealt with is to be determined.

MR. McKENZIE: Mr. Migneault, on your outlook in the statistics you provided us with tonight, you mentioned here there is a total of 1,831 apartments were completed in the six-months period ending March 31, 1980.

MR. CHAIRMAN: Which page are you . . . ?

MR. McKENZIE: 5. And there were some 1,192 added to the private rent universe, and 874 in the assisted rental programs, then 140 in public housing projects, and 292 in non-profit units. Then down at the end of the paragraph, at the end of May, you said there were 1,653 were under construction this fall. That last figure, they're not in conjunction; 1,831 were completed in May, and now there's another 1,653 under construction, as we sit here tonight. Is that correct? At the top of Outlook there, No. 40, there's 1,831 as completed in March; down at the bottom of the paragraph you mention 1,653 are under . . .

MR. MIGNEAULT: Yes, these are CMHC released figures.

MR. McKENZIE: Those are under construction tonight in the city, eh? Page 5.

MR. MIGNEAULT: I would expect that's correct, yes.

MR. McKENZIE: You mentioned earlier, I think, in your remarks, that you don't contemplate converting any of HUDMAN's apartments to condominiums, did I hear you correctly?

MR. MIGNEAULT: I don't believe I said that.

MR. McKENZIE: Well, then, may I ask you, does any of

MR. MIGNEAULT: I made reference to condominium conversions, but I

MR. McKENZIE: Do you intend to convert any of these units that are mentioned in your group to condominiums?

MR. MIGNEAULT: I couldn't really say. I can't speak for our individual members; those are decisions they may have to take themselves.

MR. McKENZIE: There are none that you know of, though?

MR. MIGNEAULT: Not that I'm aware of.

MR. McKENZIE: The other one — this includes the city of Brandon, the figures we have, or just for Winnipeg?

MR. MIGNEAULT: I believe these are Winnipeg figures.

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MR. McKENZIE: That's what I figured. I don't notice that it's Brandon.

MR. MIGNEAULT: Are you referring to condominium conversions, or are you referring . . . ?

MR. McKENZIE: I was wondering if the city of Brandon was included in these statistics provided to us.

MR. MIGNEAULT: No, I don't believe so, not in the CMHC statistics that I'm aware of.

MR. MCKENZIE: That's fine. Thank you, Mr. Chairman.

MR. CHAIRMAN: Any further questions? Mr. Parasiuk.

MR. PARASIUK: I just have one, Mr. Migneault, that arises out of your response to Mr. McKenzie. Are you not aware that Akman Realty is converting Hampton Green into a condominium at present? Are you not aware that Shelter Corporation of Canada has converted a number of apartments in the precise area that many of the people have come here to talk about expressing their fears, indeed, that their security as tenants within apartments is jeopardized by this legislation which allows owners of apartments to, in a sense, really get a 50 percent conversion, either by volunteer acceptance or by, in fact, giving people too much notice to move out when their lease expires.

MR. MIGNEAULT: First of all, Hampton Green conversion was a fait accompli before these proceedings happened. Shelter Corporation, to my knowledge, has not put anything that I am aware of . . .

MR. PARASIUK: Edinburgh House.

MR. MIGNEAULT: Well, Edinburgh House. on the market. I believe that's the only advertising I've seen.

MR. PARASIUK: Are you aware that both Hampton Green and Edinburgh House are presently advertising for the sale of condominium units?

MR. MIGNEAULT: Yes, like I say, Hampton Green has been advertising for a while. Prior to these proceedings happening you were asking me the question whether or not any other conversions were taking place.

MR. PARASIUK: That means that your group is involved in condominium conversions?

MR. MIGNEAULT: Yes, Shelter Corporation.

MR. CHAIRMAN: Any further questions? Seeing none, thank you very kindly.

Is Neal Hescold available?

Mrs. A. Gould?

Mrs. Beatrice Scott?

Mrs. Muriel Watters? The Clerk has, to the members of the committee, just handed me a letter from Mrs. Watters. She said if she could not be present that she would like it either distributed or

read, and she mentions that she resides at 503-11 St. Micheals Road, re: Rent Increases. "My rent for the above suite has been raised from 224 per month to 285, on a one-bedroom apartment. This is an increase of 30.67 percent, which is much more than the suggested increase of 10 percent. I wish to protest the high increases." Signed, by Mrs. Watters, and she puts P.S. at the bottom, "Globe Rental Agency is the landlord."

Do members of the committee accept that, or do you need copies? (Agreed) It will just be tabled then; it's on the record. Mr. Jorgenson would like that letter forwarded onto the Rentalsman as well.

MR. PARASIUK: Just to clarify procedure, we have a number of people here who possibly are waiting to make presentation. At the same time there may be some people who are out of town who may have some difficulty in coming back tomorrow. I am wondering if the Chairperson would consider asking the group to see how long they might want to wait.

MR. CHAIRMAN: I am aware of one from out of town and it just happens to be the next one that we would be calling, but I could ask if there are others who are present tonight that have driven in from out of town. I believe it's the Government House Leader's intention to have the House sit in the morning and have this committee reconvene again tomorrow afternoon and tomorrow evening.

MR. PARASIUK: What time would adjournment be?

MR. CHAIRMAN: I would think we will go to midnight anyway, tonight.

MR. JORGENSON: We will try to get through. A lot of them have been waiting a long time, and I think out of courtesy to them, we should try and see as many as possible.

MR. CHAIRMAN: The next party on my list is the Manitoba Association for Rights and Liberties.

MR. CORRIN: Excuse me, before we start can we have an assurance then that we will definitely convene in the morning, so that anybody who doesn't feel they can stay till . . .

MR. JORGENSON: Not in the morning, in the afternoon at 2:00 o'clock.

MR. CORRIN: Or in the afternoon rather, excuse me. Anybody who doesn't feel that they can stay until 12:00 midnight waiting their opportunity can go home and know that they will have an opportunity to come back tomorrow.

MR. CHAIRMAN: This committee will sit again at 2:00 o'clock tomorrow afternoon for anybody that is interested in knowing that in advance.

The Manitoba Association of Rights and Liberties. I have three names here, perhaps the spokesman can identify themselves.

MR. GARTH ERICKSON: Mr. Chairman, and members of the legislative review committee, my name is Garth Erickson. I am the co-convenor of the Legislative Review Committee of the Manitoba

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Association of Rights and Liberties. I have with me tonight Maureen McMillan from the Brandon chapter of Manitoba Association of Rights and Liberties. She is also the director of the Indian and Metis Friendship Centre in Brandon. Our procedure, if it can be permitted, would be to permit Miss McMillan to give a short presentation with respect to the situation in Brandon, following which I will present the main brief, and I assume questions may be desired. Is that acceptable, Mr. Chairman?

MR. CHAIRMAN: Yes that is. Miss McMillan, would you like to proceed.

MISS MAUREEN McMILLAN: My name is Maureen McMillan. I am from Brandon. I am here as a member of the Manitoba Association of Rights and Liberties and as the Executive Director of the Brandon Friendship Centre. I will be speaking only of my experience with the Brandon housing market. Following me is Garth Erickson who is presenting the Manitoba Association of Liberties brief, which specifies the minimum protections we see as necessary for the Manitoba tenants.

In Brandon rent controls have been lifted for almost two years. As Executive Director of the Friendship Centre I have been in a position to observe the effects of increasing rents on those people from the lower socio-economic bracket. Presently it is almost impossible for larger families to find affordable housing. Provincial assistance for instance, gives a maximum housing allowance of 265 a month. This is the maximum allowed for a family of six or more people. It is reasonable to expect that at least three or four bedrooms would be required, however the average rent for three-bedroom apartment houses are 350 to 450 a month in Brandon. Consequently people on low incomes and social assistance are unable to find suitable housing.

This has many ramifications. One of the most obvious and insidious is the fact that landlords in Brandon are able to discriminate against tenants on the basis of source of income, a prohibited category under The Human Rights Act, simply by raising the rents to levels higher than allowed by social assistance, minimum wage or the fixed income people. Secondly, slum landlords are able to circumvent the present Landlord-Tenant Act by keeping their lower priced units in unacceptable conditions; units with dangerous wiring, broken windows, peeling tiles, infestations of insects and animals, mildewed carpets, non-operative plumbing and other health hazards are left in a state of non-repair. Tenants generally do not complain because they may be evicted when even under the present act they can order the landlord to make the necessary repairs. This was a common ploy even when controls were still in effect. I know of at least one case where a tenant was evicted for renovations to be made to the suite and all that was done was to replace a carpet, therefore hereafter the rent was raised from 130 to 198 a month, an effective method for keeping out troublemakers. The difference now with no rent controls is that adequate housing for families on low incomes is almost non-existent.

I know of one landlord who has told me that the fact he has not increased rents by very much over

the last two years has resulted in a unspoken agreement that the tenants don't complain about needed repairs and he won't increase rents unduly. He says he obviously is not a slum landlord because he has a low turnover rate and no vacancy in his apartment block. I can't help wondering how one would define a slum landlord if not one who keeps his units in substandard condition because of the captive market of low-income tenants.

Some people argue that this a problem of too-low income not of too-high rents. I disagree. Rent increases are used to discriminate against low-income families. I can use my own apartment building — it's a new apartment a year old. There are six suites that rent at 300 each, which would be 1,800 a month. In that year there has never been more than four suites rented which is 1,200 a month. If the landlord charged 250 it would be 100 percent occupancy, I could guarantee him that; monthly income would be 1,600. He would make 400 a month more than he is making presently. Therefore it seems obvious to me that higher rents are not charged in order to meet the landlords costs, for in fact this particular landlord would earn more money by decreasing the rents. But the argument we have heard tonight of supply and demand in Brandon at least does not hold. Only those in the upper income brackets have freedom of lateral movement. There is almost no vacancy in the lower rental units and the waiting line for assisted housing in Brandon with our clients is at least a year and a half long.

Brandon is an example of what happens to lower-income families, especially when rent controls are removed. It is for this reason that I am here as a member of MARL and as the Executive Director of the Brandon Friendship Centre to ask the members of this committee to sympathetically and realistically look at the Brandon situation. If Bill No. 83 is passed, this committee must ensure that adequate protection is provided for the tenant against exorbitant rent increases, otherwise Winnipeg's housing market will be the same as Brandon in a very short time.

MR. CHAIRMAN: Mr. Garth Erickson.

MR. ERICKSON: Mr. Chairman, I believe that copies of the brief are available and presumably have already been distributed. I do not propose to read the brief word for word but to summarize as I go through.

The Manitoba Association of Rights and Liberties expresses concern about the amendments in The Landlord and Tenant Act and in The Condominium Act which is now before you. We wish to emphasize that the brief we are presenting is based solely on the failure of certain of these amendments to make adequate provision for what we feel are certain rights of tenants, and clear that in some cases protection for the rights of tenants is being reduced to a lower level than that which presently exists.

We have noted that one of our daily newspapers has suggested that it is unfair to provide that there should be government intervention against excessive rent increases only when tenants are not able to find other accommodation at a lower rent. The editorial points out that moving can be expensive, and it involves other problems, particularly the problems of

moving during school terms for tenants with families, and the tenant may have to afford a steep rent increase because he cannot afford to move. The editorial also points out that to this extent landlords have tenants over the barrel and the government's new proposed system for preventing excessive rent increases does not correct this imbalance.

We would like to point out once again that Canada is a signatory to the International Covenant on Economic, Cultural and Social Rights, and our concerns about the amendments to The Landlord and Tenant Act and Condominium Act relate to Article II of the International Covenant which declares, "The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing, and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right."

It is our understanding that before Canada acceded to this Covenant discussions were held with provincial governments to make sure that they agreed and would be prepared to do their part to carry out this Covenant. We think that there can be no better guide in these deliberations than to look to the International Covenant which clearly declares that there is a responsibility on government to provide adequate housing.

In dealing with some particular provisions of the bill, the first point that I would like to deal with is the arbitration procedure. I might say that the brief that is before you is written prior to the indicated amendments, which have been apparently made by the Minister and consequently the brief does not speak to those amendments.

In Section 33, of Bill No. 83, it provides for a system of arbitration, but in our view it leaves a lot to be desired in terms of making an arbitration system that will really work for the individual tenant who is the subject of a particular, what may be an excessive rent increase. The arbitration procedure tends to deal with rent increases generally in areas or by landlords as a whole, and de-emphasizes rent increases charged by a specific landlord to a specific tenant. The only definition of excessive rent increase, which may or may not apply to a particular tenant's situation, is an increase, "that has the effect of making the rent charged for the residential premises substantially in excess of the rent charged for comparable residential premises in the same general area in which the premises are located." In other words, it would appear that as long as everybody increases then it will not be considered an excessive increase.

Before arbitration can be considered, the rent increases must not only be excessive but the choice of alternative comparable accommodation must be limited, which would appear from my reading of the Act, to suggest that as long as the tenant can move, then no other action will be taken.

It is our position that the tenant in many cases should not be required to move because of excessive rent increases and that in some cases the rent increases should be controlled. Generally speaking, we would be in favour of having a mandatory arbitration procedure for at least a period of time in order to permit rents to find perhaps their correct

level but not to put particular people who are living under certain rentals at this time in a situation where suddenly as a matter of a month or three months maximum down the line they are going to be into a situation that is vastly different insofar as their standard of living is concerned, than they are now.

I would also like to address Section 23 of Bill 83, which deals with categories of eviction. Subsection 113(1) of The Landlord and Tenant Act in fact expands the categories of eviction in such a manner as to deprive the tenant of the traditional right to determination of the question of eviction in a court of law. By leaving the matter to mediation of the provincially appointed Rentalsman or arbitrators appointed by the Minister, it may be that this amendment in fact would violate section 96 of the British North America Act.

We submit that eviction orders have been traditionally dealt with by judges and that provincial Rentalsmen and arbitrators should have no jurisdiction to make the eviction orders under the proposed Section 113 of The Landlord and Tenant Act. The proposed sections 113 (c) and (d) would further jeopardize the education of children by allowing eviction during the school year of tenants who have children of compulsory school age; such eviction now being allowed to landlords converting premises to condominiums or for mobile home site use. In either case the landlord should at least be required to wait until the end of the school year before evicting a tenant with children.

I would like to turn next to Section 25 of the Bill which removes Section 114 of the present act, and I must say that as a member of the Association of Rights and Liberties, I find my objection to the removal of this section to be one of the strongest objections that I could make before any legislative committee at any time. I do not understand a Legislature which proposes to remove the provisions that have been in the act that will prohibit discrimination because of race, religion, religious creed, colour, ancestry, ethnic or national origin. I can only deduce that by the removal of a section that is already in the act, the government is in fact saying it is now permissible for a landlord to discriminate on the basis of race, religion, religious creed, colour, ancestry, ethnic or national origin. I can come to no other conclusion.

I notice in the news media a short while ago the Minister made some concessions apparently with respect to this section and he now proposes to put back into the section the prohibition against discrimination because of membership in a tenants association. That much I am least pleased to see, but I do not understand how the removal of other provisions of Section 114 can be proposed by anyone in modern society.

There are many reasons why they should be there, not the least of which is the fact that although these similar provisions are contained in the human rights legislation, there has from time to time been conflict of interpretation as to whether the human rights act takes precedence over another act dealing with being specific — the old question of the specific over the general.

I would like to turn next to Section 38 which deals with condominium conversion. This section would permit written notice of termination to be presented

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to tenants by landlords who wish to convert their buildings to condominiums and in our view will unfairly allow landlords to secure the required percentage of consents to condominium conversion by the simple expedient of terminating the tenancies of tenants who object to conversion.

It is our view that there is a fair and easy way to set out both the rights, a reasonable position for both landlords and tenants with respect to condominium conversion. The conversion insofar as the legal aspects of breaking up the condominium into a number of separate units is a legal matter, is simple enough and does not in fact affect the premises as such. There is no reason why a condominium unit cannot continue to be rented by the landlord for those persons who wish to continue to rent their premises. As those people leave, for whatever reason, the unit can be placed for sale and if a new tenant wishes to come in on the understanding that the unit may be put up for sale and he may have to leave because of that, then so be it. At least he knows what the rules of the game are before he starts.

I was interested tonight, and I had not heard it before, to hear the contents or at least part of the contents of the New York state legislation with respect to that, and I think that is generally the position that we would — that kind of position is a position that we would support.

In summary I would like to point out that in dealing with the amendments to The Landlord and Tenant Act we have not taken a position with respect to the elimination of controls as such on a wholesale basis. It is our understanding that rent controls were originally introduced not only in Manitoba but in other provinces as part of the anti-inflation program. We acknowledge that there are rights of landlords and there are rights of tenants and that the strict rent control as previously legislated may have been, for particular reasons that were prevalent at that time, more in favour of the tenant than of the landlord, that they perhaps unduly restricted some of the rights of the landlords. However at the same time we think that it is necessary that some of the tenants rights now be protected so that on the return to decontrol or a state closer to decontrol, tenants are not made to suffer undue hardships unnecessarily.

I would once again like to state my strongest objection to the repealing of Section 114, and I cannot over-emphasize that point. At the outset of this brief we cited a daily paper editorial regarding the unfair provisions for review of rent increases. In conclusion I would cite another editorial from a Winnipeg daily which said of The Condominium Act amendments, the proposed change would wipe out all protection for tenants while trying to leave the impression that protection exists. Government action to render tenants powerless in the face of condominium converters serves no public interest. This is a confirmation perhaps of the fact that in our view the amendments to The Landlord and Tenant Act in this section would constitute an unfair imposition on the rights of tenants.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Mr. Erickson or Maureen McMillan, are either one of you or both of you prepared to answer questions?

MR. ERICKSON: I am certainly am. I don't know about Miss McMillan.

MR. CHAIRMAN: Mr. Corrin, would you say who you wish to direct your question to.

MR. CORRIN: Yes, Mr. Erickson, please, and I might say I appreciated both submissions, Mr. Chairman.

Mr. Erickson you have taken a somewhat more jaundiced, perhaps a more cynical point of view than we on the opposition had with respect to the deletion of Section 114 of The Landlord and Tenant Act. I must admit that we had presumed and I think that the government has given us reason to believe that the deletion of this particular provision would not in any substantial way affect the reduction of rights provided tenants by the human rights legislation. We believe that The Human Rights Act superseded The Landlord and Tenant Act in that respect and I am trying to fair to both parties now, because certainly what you have said is indeed correct and I think you make a substantial contribution and MARL of course is indeed a substantive organization in this field.

I think that all members of the committee would like to know which interpretation and opinion is correct because it is very important. We certainly don't want to see landlords put back in a position where the, what we always termed the rotten apples can discriminate as between people on the base of race and colour and creed. Could you elaborate a bit on that, tell us why you feel that . . .

MR. ERICKSON: I have not done any recent research on it and perhaps therefore I am not in as good a position as perhaps many members of the committee are to speak on it. I was not aware, first of all, that there had been any sort of public statement with respect to this particular section in that its deletion in effect meant the position that in effect its deletion means nothing.

I am concerned that wherever we have acts such as The Human Rights Act, the Canadian Bill of Rights, is perhaps the classic example, that the courts have very frequently said this is all fine, these rights are here, but, they don't apply because of the fact that this particular act doesn't contain any such provision. And this is a specific act dealing with rental accommodation, and when an act is there and deals with rental accommodation and it doesn't say anything about discrimination, then the tendency is to say well, you know, the Bill of Rights is of general application but it doesn't deal with the specific kind of thing.

I am perhaps more familiar - not familiar enough to be able to give you cases and citations - but with the history of the Canadian Bill of Rights which has been if anything very ineffective in attempting to have any application in specific circumstances, in specific cases. That debate has gone on certainly within the legal community for some years and as I say if there are in fact cases which would satisfy people that the legislation from The Human Rights Act will apply in spite of the fact that the government has specifically removed it from this act, then of course I would withdraw that objection but I am concerned about it.

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MR. CORRIN: Frankly until you raised it I hadn't thought a lot about it, I just presumed that it would be all right because of the provision in the human rights legislation, but when you raised it something started to tick in my mind and I remembered the objective laws of judicial interpretation that are generally applicable to statute law interpretation, and one of them of course is the presumption that when a government decides to remove something from a piece of legislation, it's removing it. So if there is a law of general applicability and there was a comparable law in a particular section of an act, and then after the general law, the specific law dealing with landlord and tenant relations is removed, I think the rule of interpretation is rather mandatory. I think the presumption is in favour of the deletion of the right as it regards to the specific case, landlords and tenants.

MR. ERICKSON: That's my understanding. Maybe you and I have done the same amount of research, like way back. I have not looked at specific cases lately to give a legal opinion on that particular issue, but I would be interested in knowing whether in fact the government has received a legal opinion from their own department as to whether or not, with the deletion, The Human Rights Act will continue to apply to rental accommodation. The Minister is not here, I guess, so I don't know.

MR. CHAIRMAN: Yes, he is here. Mr. Jorgenson.

MR. ERICKSON: I'm sorry. So I don't know whether they have received it or not. I would be very interested in knowing.

MR. CHAIRMAN: Let Mr. Jorgenson comment.

MR. JORGENSON: I wonder if the witness is trying to tell us that if the same provision is contained in two Acts, that the protection is doubled; or whether he believes, if it is contained in one Act, that that is sufficient? Our difficulty has been that there has been a conflict between the interpretation on this Act and that in The Human Rights Act. That's the reason why we removed it, so that we have one authority and not two, so that the interpretation that is placed by the Human Rights Commission is the one that will be followed. The reason we moved this one back in again, because that was not contained in The Human Rights Act, so it is now totally covered, as it was before.

MR. ERICKSON: I take it you have, then, received a legal opinion from the Attorney-General's Department?

MR. JORGENSON: Yes.

MR. ERICKSON: Is it possible to get a copy of it — the research.

MR. JORGENSON: Well, I don't think we have anything in writing but when the bill was being drafted . . .

MR. ERICKSON: I see, okay.

MR. CHAIRMAN: Mr. Corrin.

MR. CORRIN: I just want to reinforce that this is a very important matter and perhaps recourse should be had to securing a written opinion so that the Department of the Attorney-General is bound in writing, Mr. Chairman. We wouldn't want a conflict as between the Minister of Consumer Affairs and the Attorney-General in the future.

Mr. Chairman, I wanted to talk to this delegate about the former appeal provisions of The Rent Stabilization Act, because implicit in what he was talking about in his observations on the present decontrol mechanism, I think in juxtaposition has to be the provisions that were accorded tenants who were decontrolled in 1978.

I don't think this gentlemen was here this afternoon when I discussed this briefly with Mr. Savino.

MR. ERICKSON: No, I wasn't.

MR. CORRIN: But if you were, you would have heard us talking about provisions that did provide — and these were enacted sometime in 1978 by the government — did provide for tenants, whose units were the subject of decontrol, rights of hearing and appeal and there was provision even for the Rent Review Board to consider what constituted appropriate rents. Section 28.1 of The Rent Stabilization Act said that in the case of decontrol, if rents were unconscionable in relation to other rents within the province, the board could set this mechanism in motion.

So there was, to make a long story short, because it is very late, there was a compulsory arbitration-type procedure built in. I was wondering, since this Act applied to tenants whose rentals exceeded 400.00 per month, the 1978 amendment, I am wondering whether you would agree that there seems to be some discrimination as between how we are effecting final decontrol generally with respect to all units that are left in the program, and the way we treated the, call them the upper-income renters that we decontrolled in 1978.

Can you perceive an inequality and injustice there?

MR. ERICKSON: On the basis of what you have said, it would appear that there is. May I say that my position is, I think, very simple. I don't propose to deal with the particular section, the particular wording of the section, is that I think there should be some protection for those people who find themselves in a situation where their rent is increasing by massive amounts. There is no question that that is happening, because we have heard it. Even if it's only 1 1/2 percent of the people, that's an awful lot, a pretty healthy number of people, and those are only the ones that have bothered to complain. The actual number has got to be much larger than that who believe that they are in that position.

Many of those people are not in a position to move and I think that there should be some kind of protection for those people. The one that I see immediately as being available is a compulsory arbitration, which would let a third party decide if that rent is unreasonable.

Now, if someone can come up with some other alternative, I may well be happy with that, but that's

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the one that I see immediately as being possible and not, hopefully, unduly prohibitive in terms of cost. You know, the cost will be directly related to the number of inordinate increases. If, as some of the landlords have indicated, there are very very few of these things, then it's a very simple matter; there are very few arbitrations to be heard. If there are massive numbers, as some of the tenants have suggested, then obviously the cost will be substantial, but then you are dealing with a big problem. It is going to be related.

MR. CHAIRMAN: Mr. Jorgenson.

MR. JORGENSON: Do you not think that compulsory arbitration would be the worst escalator that you could place in landlord and tenant relations. It would be very simple for a landlord to ask for rental increases three times the size that he really wants and hope to get about half of that, when in fact he would have, on his own, perhaps asked for rents much lower than what he would get through an arbitrator. You know the history of arbitration, both sides are far apart and then they come together, but it sets the landlord in the position where he can very easily get rent increases that he is not entitled to, or that he would not ordinarily get in bargaining with a tenant.

MR. ERICKSON: That assumes incompetent arbitrators who don't know what the market is. If that is the situation, if there are not competent arbitrators available, then I guess that's a problem. I would have thought there would be such people.

MR. JORGENSON: Then I would think there are an awful lot of incompetent arbitrators, because that has been the result of the arbitration process in labor-management relations.

MR. ERICKSON: You are suggesting that as a result of the arbitration process, wages have increased more than they should have, more than the people would have been happy with otherwise?

MR. JORGENSON: As a result of compulsory arbitration, yes.

MR. ERICKSON: Well, I think you would have some difficulty establishing that. We could debate that all night and I don't think we would get anywhere.

MR. CHAIRMAN: Mr. Corrin. Do you have any further questions?

MR. CORRIN: I was just pointing out that we do it in the Legislature all the time and we don't come to any satisfactory result.

MR. CHAIRMAN: Any other questions? Mr. McKenzie.

MR. MCKENZIE: I am wondering, do you have any idea of the vacancy rate in Brandon?

MR. ERICKSON: I don't.

MISS McMILLAN: In the upper, 300.00 and up, I would suggest at least a 10 percent vacancy, and I would suggest in the low rental, almost a nil vacancy.

MR. MCKENZIE: The other question I had was, are there quite a number of apartment owners in Brandon converting to condominiums?

MISS McMILLAN: What I have heard is there is only one at the present time.

MR. MCKENZIE: I am wondering, some of the complaints that you have brought before the committee earlier, have they been laid on the door of the Rentalsman?

MISS McMILLAN: I believe they have. I have a co-worker of mine who deals in that area, and these are some specific complaints that she had. Maybe she could — Irene, would you like to come up and answer that question.

MR. CHAIRMAN: Perhaps, Maureen McMillan, you could answer for her and then we'll have less names on the tape.

MISS McMILLAN: All right. She is Irene Bloomfield and she works with me at the Friendship Centre. The clients come to her with these complaints and she has investigated this particular one with the carpet, mice, the whole bit, and she has written to the Rentalsman, who did give the landlord an ultimatum to have that repaired by July 1st. I'm not sure, has it been done, do you know? It hasn't been all completed yet.

MR. MCKENZIE: Could you leave the name of the landlord with us, privately?

MISS McMILLAN: Yes.

MR. MCKENZIE: Thank you.

MR. CHAIRMAN: To both of you, we thank you very kindly for appearing.
Mr. Erickson.

MR. ERICKSON: Mr. Chairman, if I might, Mr. Arnold, the director of the association, has requested, has asked me to ask if he can make a particular statement with respect to Section 114?

MR. CHAIRMAN: Yes.

MR. ERICKSON: Yes, I dealt with it, but he would like to make, perhaps, a further statement on that.

MR. CHAIRMAN: For the record, ask him to start by giving his full name, please.

MR. ABE ARNOLD: My name is Abe Arnold. I am the Director of the Manitoba Association for Rights and Liberties.

I just wanted to comment briefly on Section 114, on the removal of Section 114. There were some questions about that and the reason why we feel it should be left in with regard to the anti-discriminatory section on grounds of race, religion, etc. We realize that it is in The Human Rights Act

and that The Human Rights Act does apply, but it is our experience and our feeling that every government department and branch which deals directly with the public should share in that responsibility of defending people against racial discrimination and other forms of discrimination. If that section is removed from this Act, I feel the tendency would be for insufficient attention to be paid to this problem.

The other thing that we find is that the Human Rights Commission is pretty loaded with work and if the Rentalsman's department could handle certain cases of discrimination which arise in the field of housing, it would be helpful.

In any case, there should be some mechanism whereby there is more direct co-operation and whereby every department recognizes that they do have a responsibility in this field. This is the thing that we think should be emphasized and why it should be left in the Act.

Thank you.

MR. CHAIRMAN: Thank you, sir.

Mrs. Steiner, is she present? Mrs. Stadelmeir. If not, Mr. Smethurst, in place of Mr. Sidney Silverman, on behalf of the Landlords and Tenants Association. Is that correct.

MR. ROBERT G. SMETHURST, Q.C.: That's right, Mr. Chairman. I have some copies of our brief, Mr. Chairman, for distribution.

MR. CHAIRMAN: Proceed, Mr. Smethurst.

MR. SMETHURST: Thank you, Mr. Chairman. I wish to thank you for the opportunity to present this brief on behalf of the executive and members of the Manitoba Landlords Association, an association of approximately 800 members, most of whom are what are generally referred to as small landlords.

As both your government and the previous NDP government of Manitoba are aware, our association has strongly opposed, from the outset, the imposition of rent controls in Manitoba. In our very first brief to the government of the day, we detailed our many objections, some of which were based on the following:

Firstly, it was made retroactive, so that landlords were not given an opportunity to equalize rents for similar accommodation in their premises;

Second, landlords were severely restricted in rental increases to certain arbitrary amounts sets by the government, which may or may not, in any given situation, have some relation to the actual increased costs being borne by the landlord;

Thirdly, if a landlord wished to make application for an increase over and above the arbitrary limit, then he was forced to an expensive and time-consuming procedure, the costs of which could not be taken into account in considering the allowable rent increase;

Fourthly, the landlord was not allowed to take into consideration many types of expenses that should have been allowed in determining his operating cost, and I have just referred to two or three examples such as increased mortgage rates, architect's and other professional fees relating to city work orders and the carrying out of same, etc.

It was also our contention, as has been borne out by events in other jurisdictions, in other countries, that rent controls simply do not work. In fact, in the long run, they have had the effect of reducing construction of rental units, of reducing amounts being available for and being spent on maintenance and improvements, and reducing mobility of the population because of reduced numbers of units available and the fact that tenants do not want to leave accommodation where they have abnormally low rents. We recall at the time of the imposition of rent controls, members of the government including the Premier himself, Mr. Schreyer, indicated that rent controls had to be imposed because of the federal government's decision to impose wage and price controls, but that as soon as they came off, then rent controls would be removed as well. Obviously certain members of the Legislature today seem to have conveniently forgotten Mr. Schreyer's undertaking and seem to have ignored the harm that rent controls have been doing to our city.

In the course of the past few weeks I have read a number of newspaper articles quoting proposed rent increases that are allegedly extravagant and unreasonable. Let me immediately make it very clear to you that our association is firmly opposed to rent gouging, and by that I mean to the setting of rents that are completely unreasonable having regard to the landlords investment and to his actual operating costs. Our members are against that type of landlord, just as are all responsible citizens of our province, and we recognize the need for there to be some protection against those who would take or try to take advantage of the situation.

We do not however agree with the proposition that any increase in rent over a certain percentage necessarily amounts to rent gouging. Those opposed to the removal of rent controls have been suggesting day after day over the radio and in the newspapers and through other media, that rental increases of 20 percent or 40 percent or even 100 percent are automatically rent gouging. They would have you believe that all landlords are villains and that all tenants are Simon-pure. What they would like to have you believe is that every landlord on the removal of rent controls will immediately increase all of his rentals by unreasonable amounts.

Let us examine the situation a little more closely. At the present time the Manitoba Housing and Renewal Corporation, an uncontrolled landlord by the way, has a vacancy rate I understand of close to 8 percent. By the last figures made available to us, there appears to be an overall vacancy rate in the city of Winnipeg of somewhere between 6 and 7 percent. This covers all types of rental accommodation. A recent survey taken of our association members of the vacancy rate among lower rental units, and by that I mean those with rentals of from 150 to 300 per month, revealed a vacancy rate of 15 percent, and this rate was as high as 15.9 percent approximately one year ago. I ask you, does it seem reasonable that landlords with a substantial number of vacancies in their buildings are going to increase their rents by inordinate amounts and risk even greater vacancy rates in their apartments? It just does not make sense to expect that they would.

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Let us consider the many cases that have been reported to us and to the government over the past years of those landlords who were caught by the retroactive provisions of The Rent Stabilization Act. In many many cases landlords had been keeping the rents down to assist tenants who were just not in a position to pay higher rents. In some cases these tenants were senior citizens on pensions. In other cases they had only part-time employment, and there are many other reasons for it, I might say, that have been reported to me in particular, and to other members of our association from time to time. Whatever the reason, many landlords were caught in a situation where some, at least, of their rentals were inordinately low in comparison with other suites of similar size in their own blocks. In most cases this disparity in rents has been maintained during rent controls. Is it wrong that the rentals on those units that are still far too low should not now be brought into line with other units of a similar size and location? We suggest to you that this should be allowed, whether or not it results in percentage increases in rent that may seem high to the casual observer.

We have heard of the so-called horror stories presented to you by those wishing to retain rent controls. What about the case of the elderly lady who approximately 10 years ago rented out a unit at 75 per month and has retained that same rental throughout all these years, notwithstanding that some rental increases, although allowed to her by the legislation, were not taken on humanitarian grounds? The unit, I might add, on the basis of today's market, and having regard to the investment value and the costs of utilities provided, would have had a value of approximately 250 per month. That lady wishes to increase the rent from 75 per month to 150 per month, an increase of only 75 per month, an increase which in percentage terms would be 100 percent. Now who among you would say that rental increase was exorbitant or amounted to gouging? I really give you that example, and it is an actual example that has been reported to us, just to illustrate the problem in looking only at percentages and how misleading they can be.

What about the case of the landlord on Magnus Avenue who had a 22-suite apartment block that is now in the process of being foreclosed by the mortgagee because of the fact that the allowable rentals have not enabled him to support the mortgage payments, the reality taxes, the utilities, and all of the other expenses? Do you feel that man should be restricted to a nominal 8 to 10 percent increase under the circumstances?

What about the more than 138 landlords with rental properties that we know have been foreclosed in 1979. These figures were taken from a publicly reported publication. Many of these landlords are or were members of our organization. And speaking of statistics, it is interesting to note that in 1979 there were 150 percent more foreclosures than in 1978, and even more startling is the fact that in 1979 there were 750 percent more foreclosures than in 1975, the year that rent controls were imposed. I am sure these statistics must indicate something to all of you. Certainly to us they suggest that rental controls have had a devastating effect on the availability of rental properties here in Winnipeg and that landlords are

not having an easy time of it as some would have you believe.

We realize, Mr. Chairman, as I am sure you do, that we could give you countless cases to support our position, just as we are equally sure that those opposed to the removal of rent controls can point to cases where undue increases have indeed been asked for, and you have heard certain examples of that this evening. And I recognize that there are individual situations for the tenants as well as for the landlords. But in simple terms, it is our submission to you, that with vacancy rates being what they are and having regard to the long-term necessity of encouraging the construction of rental units, this is the time for the removal of rent controls that should never have been put on in the first place.

We commend the government for including in Bill No. 83, the provision for the repeal of The Rent Stabilization Act and the act to amend The Rent Stabilization Act.

I might add as a personal observation, Mr. Chairman, I think if rent controls had not been imposed in the first place, I don't think you would have had the rash of condominium conversions that we have also been hearing about tonight either. I think one of the reasons that has taken place is because of the pressures that have been brought upon the landlords who have not been able to realize a reasonable return on their investment dollar and have had to look to other opportunities to try to break even or to make a reasonable profit on their investment. That's a personal observation, Mr. Chairman, that I am quite prepared to discuss aside from the brief that I am presenting on behalf of our association, because our association has not, in fact, dealt with that aspect of it.

Having said that, Mr. Chairman, we would not want you think however, that we are in favour of all of the provisions of Bill No. 83, or that Bill No. 83 contains all of the amendments which our association feels are necessary to bring equality to respective positions of the landlord and tenant, for we are talking of a landlord and tenant act, and it is still known as that in Manitoba notwithstanding the earlier suggestion made to you this evening, an act which we feel should not favour one or the other, but which should strive to equalize the positions of both so that each are dealt with fairly and equitably.

May we now turn your attention to some of the other provisions in Bill No. 83 that we do not feel are fair to the landlord. We note that section 94, subsections 2, and 2.1 of the former act are to be repealed and new subsections substituted. These subsections relate to the storage of personal property of a tenant who has vacated or abandoned the premises. These sections require the landlord to remove the personal property left on the premises and to place them in safe storage for a period of at least three months, unless they are worthless or unsanitary or unsafe to store, or the sale of them would not realize an amount to cover the costs of removing storage and sale.

We recognize that there is small change in the wording of these subsections, but to all intents and purposes the provisions of the former subsections are continued in the new. These sections impose a great deal of responsibility on the landlord, and in many cases require him to spend a great deal of

time and money that seems to be uncalled for. If a tenant has abandoned the premises, why should the landlord be put to trouble and expense of removing and storing that former tenant's property for a period of three months? Surely at the very most, one month would be more than enough. I realize, Mr. Chairman, that there is a provision that if the costs expected to amount to more than what a sale would realize, and I deal with this in my next paragraph, that there is a provision then that an application be made to the Rentalsman, but as I ask the question here, how in fact is a landlord to know whether the sale of goods would realize an amount that would be sufficient to cover the costs of removing and storage and sale? Is he going to have to go out and have the goods appraised? This in itself is going to cost money, and what is the Rentalsman going to require before granting permission to dispose of the property? The proposed amendment is silent on these requirements, and perhaps intentionally, but we do recommend to you that this burden on the landlord should be minimized in all fairness.

The next point I would like to bring your attention to is the proposal to repeal Section 105 of the act and to substitute Section 105, subsections (1) and (2). The former section required the landlord to post up a copy of sections 100 to 103 of the Act in a conspicuous place in the premises, and the new section would require the landlord to provide each tenant with a copy of those sections, either by registered or certified mail or by delivering it to the tenant. Mr. Chairman, we ask why should the landlord be required to provide the tenant with a copy of these sections? In fact, why was he ever required to post up those sections in the premises? If you feel they are so necessary, then perhaps they should be printed on the statutory form of lease that is required. Why are these sections any more important than certain other sections in the statute?

And for example, you seem to ignore the sections imposing any responsibility on the tenant to pay rent or not to make a noise or not to damage the premises. Are these not equally as important? Surely if a tenant wants to know his rights regarding the vacating of the premises, and he can obtain a copy of the act from the Queen's Printer, just as the landlord is required to do if he wants to know his rights. In fact, Mr. Chairman, the government of Manitoba, I know, provides booklets outlining the rights of tenants and those looking for accommodation, and these are available to tenants, or to anyone for that matter, at no cost, simply by contacting the Rentalsman's office or the department office, and these are very detailed books and very well descriptive of the rights of the tenants.

The proposed amendment is just another example, we feel, of discrimination against the landlord, and speaking of discrimination, that brings to me Section 103, subsection 4 of the present act. Subsection 4 deals with the right of the tenant to continued occupancy of the premises notwithstanding that a tenancy agreement provides a predetermined expiry date. Clause (e) of subsection 4, sets out one of the exceptions to this by providing that the landlord is entitled to terminate the lease where he requires the premises for his own occupancy or for occupancy by his parents, his spouse's parents, or his married son or his married daughter. We would like to draw your

attention, Mr. Chairman, to the words "his married son or his married daughter." We suggest to you that this clause contains a discrimination against unmarried sons and unmarried daughters of landlords. May we refer you to The Human Rights Act, in Chapter 175 of the Statute of Manitoba. In that act there is a definition of family status which, for the purposes of the act, and I quote, "includes the status of an unmarried person or parent, a widow or widower, or that of a person who is divorced or separated, or the status of the children, dependents, or members of the family of a person".

Subsection 4(1) of The Human Rights Act is entitled, "Discrimination Prohibited in Occupancy of Commercial Unit or Housing Accommodation and provides as follows." Mr. Chairman, I won't read the whole section, it sets out there in our brief. Subsection (2) goes on to provide that for the purposes of subsection (1) the race, nationality, religion, colour, sex, age, marital status, physical handicap, family status, and I refer specifically to those words, ethnic or national origin or the source of income of a person does not constitute reasonable cause. Having regard therefore to the provisions of Section 4(1) and (2) of The Human Rights Act, it is our submission that Section, 113 (4)(d) should be amended by the deletion of the words "married" where they appear therein. Why should not the landlord with a single son or single daughter be as entitled to obtain occupancy of the premises for that single son or daughter?

Our fourth comment on Bill No. 83, you have proposed adding a new Section 85(3.2), which allows the Rentalsman to levy an administration fee on the landlord of 50.00, or 100.00, depending on the section of the Act involved. —(Interjection)— 200.00, I'm sorry, did I say 100.00? My apologies, Mr. McKenzie. . . . on the landlord, of either 50.00 or 200.00, depending on the section of the Act involved. The Act already gives the Rentalsman the power to require the landlord to perform certain repairs or provide certain utilities, and to use rental moneys for this purpose if the repairs are not carried out or the utilities provided.

It has been the experience of many of our members that quite often the damages are caused by the tenants in the first place. The tenant then runs to the Rentalsman in order to have the damages repaired. Unfortunately, over the years, the Rentalsman's office has been very partial to the complaints of tenants, at the expense of the landlords, and have required the landlords to carry out such repairs that have, in fact, not been his responsibility. Now you are proposing to charge the landlord a fee, a fee which we submit is really a penalty. This, we suggest, is adding insult to the injury. Our association is strongly opposed to the addition of Section 85(3.2) and (3.3), and urge that they be withdrawn from the bill.

We now wish to bring to your attention certain amendments which we recommend be included in Bill 83 in order to make the statute more fair to both landlords and tenants alike. Firstly, we note that the amount of the security deposit has been left untouched. Section 84.1 provides for the security deposit not being in excess of one-half month's rent. Having regard to the condition in which many rental units are left at the time of the tenant vacating the

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unit, and having regard to the very substantial increase in labour and material costs in today's society, we are of the view that one-half month's rent is not sufficient as a security deposit and that it should be increased to at least one month's rent for the protection of the landlord. After all, the tenant gets it back if he leaves the premises in good condition when he vacates.

Secondly, Section 101.1 provides that a landlord or a tenant may give notice to terminate either orally or in writing, but a landlord cannot enforce a notice to terminate, under Section 103, unless it is in writing. Because of the fact that in many circumstances a question may arise whether a tenant gave the necessary notice as required by the Act, we recommend that the Act be amended to provide that any tenant's notice to terminate should be in writing as well.

Mr. Chairman, once again I thank you for the opportunity to bring these various matters to your attention. We trust that you will give them your earnest consideration. I thank you.

MR. CHAIRMAN: Mr. Smethurst, would you submit to questions?

MR. SMETHURST: Certainly, Mr. Chairman.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Thank you, Mr. Chairperson. Mr. Smethurst, I appreciate your presentation in that I do feel that the rent controls have probably had the greatest impact on the small landlords and indeed have probably caused them the greatest difficulty and that in many other instances where you have a large landlord with many tenants, this landlord is able to, in a sense, refer the matter to his accountant or refer the matter to his or her attorney and have a whole set of cases dealt with at once, whereas the small landlord finds himself or herself in a difficult situation.

Notwithstanding all that, I am wondering about some of the aspects of your presentation, especially when I compare it to the presentation of HUDAM, the group which was said that it represents the large landlords, the large developers and constructors of apartment units. I guess it started off on Page 2 where you say that rent controls have the effect of reducing construction of rental units. In view of the fact that Mr. Migneault of HUDAM indicated that over the last five years we have had over 13,000 apartment units constructed during a period of rent controls, in fact a huge number of rental units, far greater proportionally than increases in the number of rental units in past years, how do you make the statement that you do there when it is so totally contradicts the facts as we have experienced them to date?

MR. SMETHURST: Mr. Parasiuk, the comment I make here is of a general nature. First of all, it has been the experience in many countries, many other cities and provinces, that this has been the case.

In Canada, over these past years, we have had certain federal government programs that have made it more attractive for investors, developers to build rental units and in fact that has taken place and you

are quite right, there has been a good level of building of rental units, both here in Manitoba and elsewhere in Canada over these past years. But those programs, at least for the moment, are off and I suggest to you if it wasn't for those programs then we probably would not have the amount of rental housing built over these past years that we have had.

When I make this comment here, I make it in the context that you look at the amount of rental units that are under construction now by private industry in the province and I think you will find that the building of apartment developments has pretty well dried up, for many reasons, because of the fact that some of these government programs have been discontinued, by virtue of the high interest rates and so on. But the overall, and this is what I am referring to in the brief, the overall effect is that there is a reducing construction of rental units.

One of the reasons for that, I feel, is this, and statistics seem to bear this out, that when you have rent controls on, they have the effect of maintaining levels at a reduced level, at a lower than natural level that they might otherwise reach in that shorter period of time. When this happens, there is no reason then for developers to go out and build new units, because they are not going to be able to get the type of return that it is necessary for the investment that they are putting into the developments, and it is a matter of straight dollars and cents. I heard some suggestions here earlier tonight that it seemed to be wrong that people should be putting their money into the building of rental construction when they could put their money into bonds, and although I think the interest rates that were mentioned by the speaker at that time were much higher in today's bond market than what is the fact today, in other words, he was mentioning, I think, a figure of 18 percent, I don't think your bond market is anything like that now.

But your developer must obtain a reasonable return on his investment dollar or he is not going to put his money into the building of rental units, because he has other aggravations. You can buy a bond and you can put it in your safety deposit box and you can clip your coupons or receive your cheques. But if you are a developer and if you are a property owner, especially of a rental property, there are a lot of responsibilities that go with that. You are dealing with a lot of complaints. You are getting telephone calls at all times of the day and night to deal with problems. This is the sort of thing why a person has to get a reasonable return on the dollar, and this all really reduces back to this point here, that when you have rent controls, that in the long run it has the effect of reducing the construction of rental units.

MR. PARASIUK: Mr. Smethurst, that is the theory of what happens when rent controls are on, although over the last five years, specifically in the Winnipeg and Manitoba context, we have had a fairly significant construction . . .

MR. SMETHURST: Right.

MR. PARASIUK: To go on, various landlords are coming to us saying that there are high vacancy rates and we have heard — I guess HUDAM said that vacancy rates were 13 percent. You are saying

that the Manitoba Housing and Renewal Corporation rates are 8 percent.

MR. SMETHURST: I believe that was fairly reasonable.

MR. PARASIUK: That's somewhat higher than what I experienced when I have tried to get senior citizens, especially, into Manitoba Housing and Renewal Corporation senior citizens' housing; I believe there is a waiting list right now of something in the order of about 1,000. So, certainly with respect to senior citizens there is no vacancy rate. People are lined up trying to get into elderly person's housing.

Then you, yourself, on Page 4, say that your own survey reveals a vacancy rate of 15 percent. Again, that is done from an internal survey and it doesn't correspond at all to any of the surveys that have been done by CMHC, and I respect that you have done your own internal survey and you have come up with an internal figure of 15 percent, and HUDAM, when it does its survey, it comes up with a figure of 15 percent, and those are pretty substantial vacancy rates, I would agree.

I look at the CMHC vacancy rates for older blocks, and they do that fairly systematically, I think, and they get a vacancy rate of 4.4 percent. So there is that discrepancy and I get their information and I am able to look at how they have done it systematically and I wondering, when you in fact have a vacancy rate figure of 15 percent which you publish, like this, whether you have got any documentation to back it up.

MR. SMETHURST: We have made telephone calls, through the members of the association. I can't say that all of them have been called, but a substantial number have been called, and those are the figures. I believe, as well, that there are some other figures that correspond to this; I believe they were from a survey taken by one of the provincial departments. I am not sure of just which one and perhaps Mr. Silverman might be able to assist me in that regard, but I think it was a figure of approximately 15 percent in the lower rental units, which was basically the older type houses and, of course, would include your . . . and I think one of the reasons for this, may I say, in terms of the vacancy rate in among the members of the association, having regard to the makeup of the membership, I think that it has been effected by the amount of public housing that has been built over the past number of years and where people are able to obtain, in effect, subsidized housing of one kind or another and the private landlord, who perhaps before was supplying that type of housing, has found it difficult to rent out his units because of the availability of other housing.

He has been faced, as well, with the increasing costs and, as a result, in many cases the landlords have not been able to perhaps put the amount of money into repairs and maintenance than they would otherwise have done and it is reflected in the vacancy rate.

I may say, too, one of the things that the members of our association, a great number of these people, are people whose whole lives are tied up in these dwellings. These are people who have purchases small blocks, or multi-unit homes for rental purposes

to provide an income for them. They make their income, their sole livelihood, on the rental of those units and of performing the caretaking duties with respect to them. Their investments are tied up in them and they have seen these investments just drift away over the past year because they have been faced with losses. If you were to come to one of our meetings and talk to many of these people and have them come forward with their problems, then perhaps you would understand better. Maybe if you have had an opportunity of talking to some of these people, you do understand the difficulties that they have had over these past years.

MR. PARASIUK: In fact, Mr. Smethurst, I have attended the annual meeting of the Manitoba Landlords' Association, I have talked to people and I have had the landlords make their case to me. That's why I said I have some sympathy for them, and when you say that these people, basically the smaller landlords have their whole lives, basically their whole lives or a great part of their lives tied into that set of apartments that they run, I can sympathize with that position.

At the same time, I ask you to consider the other side of the coin. We have had so many people come before us today who are telling us that so much of their lives are tied into their living in an apartment as a tenant. So of course what we start looking for, if we can, is to try and find some balance between people whose whole lives are tied into trying to have a home, trying to be certain and be a bit more secure about their home, especially if they have been caught in a situation where their purchasing power has diminished very substantially, where, if they are on fixed incomes they find themselves in almost an impossible situation in trying to keep up with those rents. Of course, those are the people that we have had coming to us today complaining and saying, "Look, I've got a 30 percent increase; I've got a 40 percent increase," and I think that these people were undoubtedly as sincere as you are when they come forward today documenting their particular cases.

So from that sense, although I sympathize with the landlord, especially the smaller one who is doing it full-time, owner-occupied landlords in a sense, apartment owners, I do have sympathy for the other side of the coins; their whole lives are tied in as well.

But getting to your point with respect to vacancy rates, I don't think that this is a debating place, I would just say that we have received surveys of vacancy rates from the landlords, which are very high, which don't corroborate in any way, shape or form with the statistical surveys done by CMHC, which by the way are used by landlords themselves and financial institutions when they try and get mortgages. So it is difficult that they would use them in one instance and not use them in another.

But even if I accept your figure of 15 percent, and even if I accept the figure of HUDAM of 15 percent, then I have to wonder whether in fact the market is working as you say it will work, and whether the market is working as HUDAM says it will work because, frankly, if there are 15 percent vacancy rates, what I can't understand is why are certain landlords, and we have had at least 1,000 instances so far, maybe 1,500 instances since July 1, and the figure is going up so rapidly it might be 2,000 right

now, if the market is working and if we have these high vacancy rates of 15 percent with older blocks and 15 percent with newer blocks, why are we getting rent increases of 30 and 40 and 50 percent, as we have heard all through the day today?

Is the market working, or is it not working, when that type of situation occurs?

MR. SMETHURST: I think you will find that the rental increases, on the removal of rent controls, and this has been the experience elsewhere, will level out; they will find their own level. In terms of the vacancies and in terms of areas involved, in terms of the type of accommodation that is available, the market itself will find its own level in time, and it will take perhaps a few months for this to take place. I don't see any mystery in that. I think the high vacancy rate in certain areas is caused by many factors, such as the amount of public housing that has been built, perhaps because of migration from the province over the past couple of years, which is now changing around. It could be for many other reasons. All we know is that there is this situation here and this is the time.

You mentioned a figure of 4.4 percent on vacancy and, again, I don't want to get into a figure — I don't know whether this is the most recent figure or not — but we have had other figures given to us by CMHC and the Manitoba Housing Authority over the past several months, which seem to be much higher figures than those. I just mention that to you. As I say, if that's the latest figure, then so be it.

MR. PARASIUK: Page 3 of the HUDAM submission.

MR. SMETHURST: I'm not aware of it; I don't have a copy of that.

You mentioned, if I might just make one further comment on your last statement or question, you mentioned certain problems of people having difficulty in meeting rent increases. Basically what we are saying is this: The problem is not to impose rent controls. I don't think you solve that problem through establishing a rental level. I think there may be other ways of dealing with those problems, such as the provincial program of SAFER, and I'm not familiar with it, other than what I have read in the newspaper. But I think that's the way that you go about dealing with those problems, not through maintaining a control on rents, which is going to have many other effects as well on the community.

MR. PARASIUK: Mr. Smethurst, in relation to your last point, what I think we are talking about here is what constitutes any type of fair transition. You are saying that if there is going to be any transition, and if you end up with some high rents, or high rent increases, that you have other devices like the SAFER Program. The point of that, surely, is that as Manitoba taxpayers, shouldn't Manitoba taxpayers be concerned that they are footing a fairly exorbitant bill to accommodate these transitions, many of which may not be able to be justified or perhaps are too large in one year.

MR. SMETHURST: All I am saying is that when you are determining rentals, or whether a rental increase is unjustifiable or not, whether it is excessive, is the

general term that is used, I am saying you have to look at all of the factors. You have to look at the investment; you have to look at the operating costs; and you have to look at a reasonable return for that person. If they are putting into it their own labour in terms of management or caretaking, that is something that has got to be taken into account too.

What I am saying is that when you look at that and the procedures that are set up in Bill 83, although I am not completely in agreement with all of them, but I think the arbitration provisions provide a reasonable basis for dealing with the problems. There is the specific provision in the bill dealing with area — where in a given area, there can be an arbitration imposed under that particular section, and I forget the section number offhand, right now. But these are means that are covered in the bill for the protection against the excessive increase. I think that they are reasonable; I think they are generous in a way, but I think they are ones that can be lived with.

MR. PARASIUK: Do you think it reasonable that if, say, a landlord wants to increase the rent by 50 percent or 60 percent, and we have had cases where that has in fact been documented, that if the tenant wishes to refer that case to arbitration and the landlord doesn't want to go to arbitration, the case doesn't go to arbitration? And the analysis that you say should be done with respect to that particular disputed case doesn't get a chance to be done, because the landlord pre-empted any investigation, he puts forward a high rent increase and says, "I don't want to go to arbitration." At that stage, there is nothing that forces that landlord to go to arbitration, one; and secondly, the option for the tenant is to take his month's rent and try and go somewhere else. But we have had other people say that one month's rent doesn't come close to meeting their moving costs. Thirdly, it doesn't deal with all the psychological costs of having to move out of the place that you might have been in for a number of years. Do you think that those provisions of this Act are reasonable?

MR. SMETHURST: I think that there are other alternatives that might be in the Act. For example, if you are to require a compulsory arbitration, I think a corollary of that would be to offer appeal procedures, or allow an appeal, rather than to make the arbitration binding, as it now is. Now, that is one alternative that might be considered. I do feel that the provision that was just recently added, and I haven't actually seen it yet but I read a brief bit on it in the newspaper today, that it provides that moving expense up to one month's rent, I think it is, that can be allowed. That goes a way to, I think, a way to dealing with the situation.

MR. PARASIUK: Just to follow up on your comment, you are saying that the landlords, as far as you can tell, may in fact be interested in arbitration. It would be compulsory, but not necessarily binding, provided that there was an appeal procedure.

MR. SMETHURST: That is one suggestion. I haven't dealt with that one in detail with the association;

again, I am speaking personally, as an alternative to the procedure that has come forward today.

MR. PARASIUK: I think that is a suggestion that may in fact go a long way to sort of meeting some of the concerns and the uncertainties that some of the tenants have, and that is certainly a suggestion that, I can assure you, Mr. Smethurst, we will take under advisement very seriously and may indeed put forward in the form of an amendment.

I wanted to just take a couple of seconds, because you obviously spent time with your presentation, your representation with us, and I think it deserves attention on our part. You point out on Page 5 of your report the case of, in a sense, rents being frozen for 10 years for humanitarian grounds.

MR. SMETHURST: Not frozen, but allowed.

MR. PARASIUK: Then you say that on the 11th year, for some reason, this humanitarianism ceases and that there would be this massive adjustment then of 100 percent in one year and you say that that isn't fair, and possibly in one sense, if you look at it over 10 years, there is some justification to it. But I fear the tenant who is being socked with a 100 percent rent increase in one year, you just aren't in a position to make that adjustment at all and, you know, I can appreciate some aspects of your example, but at the same time, looking at it from the tenant's point of view and being able to try and cope with a 100 percent rent increase adjustment in one year, surely that is an unreasonable jolt to someone who had their rent frozen for 10 years because of humanitarian grounds.

MR. SMETHURST: I think in this particular case, that if the person felt it was wrong, they could always apply to the Rentalsman for a determination, and I am quite convinced of what the determination would be, namely that even at level, that it is unreasonably low. And I would be happy to act on it. I am not at liberty to mention this person's name, but it is a situation.

MR. PARASIUK: My point was something like this, that is a concrete case where maybe the Rentalsman or someone, an arbitrator, might decide well, okay, maybe there should be some adjustments, but spaced out over a period of five years so that the tenant doesn't get that huge jolt in one year. In fact, there have been a number of agreements that have been signed, I think, collective agreements that have been signed, where people have said, "Okay, we want some catch-up for past years," but the catch-up doesn't all come at once.

But the way the Act works right now, getting back to the Act, the way the Act works right now, the landlord doesn't necessarily have to go to arbitration, can refuse to go to arbitration and this lady, who has had her rent frozen for 10 years for humanitarian grounds, then gets a humanitarian one month's rent and is asked to go somewhere else. Again, do you think that provision is reasonable?

MR. SMETHURST: I think it is from this standpoint, let us assume for a moment, on an example like this, that the party's situation has changed. Maybe the

person hadn't been working and now they have, or maybe they have received a bequest. Whatever the reason, their situation has changed. If you impose an arbitrary percentage limit on your increase, that's a hardship then on the landlord. I think, in all fairness, that there has been an awful lot that has been asked of landlords over the past many years, that have had to shoulder the burden of other federal and provincial policies, and I think it has been unfairly borne by the landlord over this period of time. I think what you have to look at is the investment and the costs of operating, and the landlord, surely, is entitled to a reasonable return on their investment and whatever work goes into it. That's all we are saying, and I think that that is reasonable. If it is excessive, then there are the powers thereto to roll that back. Plus you have the marketplace, that if they are excessive, that person is going to have to be faced with a vacancy and they are not going to be able to rent the units.

MR. PARASIUK: We have agreed before that 15 percent vacancy rates don't necessarily mean that you are going to have that much competition in rent setting, at least in the short-term, but secondly, what you are saying, and you have repeated this a number of times, is that there should be some process of arbitration, if there is a dispute, whereby a landlord gets an opportunity to present his or her case with respect to costs and return on investment, etc., etc., etc. I agree with that position. But the point is, the legislation as it now stands, doesn't mean that that will necessarily take place, and that has been the concern of the tenants. They have said that if a landlord doesn't want to go to arbitration, there is no way we can force him, it is not compulsory. So I think it comes back to your suggestion previously, that maybe what we need is an amendment that has compulsory arbitration with an appeal. That may solve and may well provide the reasonableness that you want.

MR. SMETHURST: That may well be.

MR. PARASIUK: I have just one final question here. On Page 6 you note that there have been a lot of foreclosures in 1979 and that there were many more foreclosures in 1979 than there were in 1975. That's true. You tend to attribute that to rent controls and I wonder if you are not aware of the fact that we have had huge numbers, huge increases in the number of foreclosures in private house mortgages, AHOP houses, and businesses. It may be a bit unfair just to imply that this is because of rent controls and not because of the general economic malaise that we have had over the past period of time and the fact that we have had outmigration and a whole set of other things. There are other factors leading to these foreclosures.

MR. SMETHURST: Certainly there are other factors. I am not suggesting that rent control did the whole thing here, no, absolutely not.

MR. PARASIUK: I want to give you a couple of positive comments on this. I think that the comment you make with respect to the storage of goods from vacated suites for three months is a valid one. I think

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that is an unfair onus on the landlord and I think that our points regarding unmarried sons and unmarried daughters are valid and certainly will be taken into consideration by people on this side of the House.

MR. SMETHURST: Thank you.

MR. CHAIRMAN: Mr. Uruski, did you have a question? I might, just before you start, mention that we only have about another six or seven minutes on the tape, but the operator could put another four-minute tape on and go until four in the morning if the committee wants. —(Interjection)— Well, I was going to suggest to Mr. Silverman that we would take him first tomorrow afternoon at two o'clock and I could guarantee him a full house. He would have a very large audience here.

MR. SILVERMAN: I accept your proposition.

MR. CHAIRMAN: So we would wind up with Mr. Smethurst and we'll take Mr. Silverman first thing tomorrow afternoon and we'll have a large crowd, I'm sure.
Mr. Uruski.

MR. URUSKI: Mr. Chairman, I just have one or two questions to Mr. Smethurst. You indicated that there were costs in your brief that weren't able to be passed on in terms of the rent control legislation. What kind of costs have you found that were not able to be passed through in terms of rental increases?

MR. SMETHURST: What I was speaking of there, Mr. Uruski, was at the imposition, at the initial stages of rent controls, there were many costs that could not be passed on. You may recall the regulations that were passed at that time prevented certain costs being taken into consideration. There was a whole long list of them. I think there were about 15, or even more than that, as I recall. Our association, at that time, and I, in particular, on behalf of the association, put in a number of briefs, both to the government, to the Ministers of the day. I remember I spoke to Mr. Turbull, I believe was one, and I'm sorry, I forget all the gentlemen now, but on different occasions anyway.

My comment here was dealing with, at the start of rent controls when the first regulations were passed on, these things and many others could not be taken into account. It wasn't until, I believe, about two years later that there was an amendment to the regulations. I may be wrong on the exact timing, but it was sometime afterwards that the regulations were amended to allow a deduction of many of the expenses that we had proposed to the government that should be taken into account.

MR. CHAIRMAN: Did Mr. McKenzie have a question?

MR. MCKENZIE: Yes, I wonder, Mr. Smethurst, as long as we are fighting inflation in this province and across this country, regardless of what controls we put on the landlord or the tenant, we will never solve this problem. Is that a fair statement?

MR. SMETHURST: I would think so.

MR. CHAIRMAN: Any further questions? Seeing and hearing none, thanks very kindly Mr. Smethurst.

MR. SMETHURST: Thank you, Mr. Chairman, gentlemen.

MR. CHAIRMAN: Mr. Silverman, you will be first on at two o'clock tomorrow afternoon.
Committee rise.