



Legislative Assembly of Manitoba

STANDING COMMITTEE

ON

LAW AMENDMENTS

Chairman

Mr. J. Wally McKenzie
Constituency of Roblin



Wednesday, July 19, 1978 2:30 p.m.

**Hearing Of The Standing Committee
On
Law Amendments
Wednesday, July 19, 1978**

Time: 2:30 p.m.

CHAIRMAN: Mr. J. Wally McKenzie.

MR. CHAIRMAN: Order. We have a quorum. We are sitting as the Law Amendments Committee. Today we are going to deal with Bill No. 62, An Act to amend The Rent Stabilization Act; Bill No. 57, An Act to Amend the Public Schools Act; Bill No. 65, An Act to amend The Human Rights Act (2); Bill No. 29, The Commodity Futures Act; Bill No. 60, An Act to amend The Liquor Act (2); Bill No. 71, The Statute Law Amendment Act (1978); Bill No. 66, An Act to amend The Teacher's Pension Act.

I shall read out the list of those people who have made representation to the Clerk and whose name is on the record and will be heard today, and after that, I would like any others who are wishing to make a presentation today to come forth and make their names heard.

Under Bill No. 62' An Act to amend The Rent Stabilization Act, the first witness the Manitoba Landlords Association, Mr. Sidney Silverman or Mr. Robert Smethurst, Q.C.; 2. The coalition for Rent Control, Paul Graham; 3. Housing and Urban Development Association of Manitoba, Don Ayre; 4. Richard Leipsic, Buchwald, Asper and Henteleff; 5. The Manitoba Landlords Association and Sidney Silverman; 6. Dr. L. A. Pauls, 6C - 221 Wellington Crescent; 7. University of Manitoba Students' Union, Mr. Joey Cyr or Linda Gouriluk; 8. Associated Tenants Action Committee; 9. Grant Wichenko; 10. Vic Savino representing the Law Union — out of town until Wednesday evening.

Under Bill No. 57, An Act to amend The Public Schools Act: 1. The Independent School Trustees, Mr. Alan Judd will attend, may not speak.

Bill No. 65, An Act to amend The Human Rights Act (2): 1. The Manitoba Association for Rights and Liberties, a Mr. Abraham Arnold; 2. Professor Donald Gordon, Afro-Caribbean Association of Manitoba Incorporated; 3. Family Services of Winnipeg Inc.

Bill No. 29, The Commodity Futures Act: a Mr. Strong, Amcor Management Corporation. Councillor oore will be with Mr. Strong.

Bill No. 60, An Act to amend The Liquor Control Act (2): Mr. Nate Nurgitz.

Bill No. 71, The Statute Law Amendment Act (1978): 1. Mr. Tom Dooley will attend, may not speak; 2. Mr. Art Coulter, Manitoba Federation of Labour.

Bill No. 66, An Act to amend The Teacher's Pension Act: 1. Marilyn Thompson, Manitoba Teacher's Society;

Then there is a note at the bottom: Mr. Coulter will be speaking on The Power Engineers Act, and The Law Amendment Act.

Are there any witnesses who would like to speak on these bills this afternoon whose names I have not listed. If so, would you please come forth and put your name on the record. If not, I call Bill No. 62, An Act to amend The Rent Stabilization Act. The first witness, the Manitoba Landlords Association, Mr. Sidney Silverman or Mr. Robert Smethurst, Q.C.

The Honourable Member for Swan River.

MR. DOUG GOURLAY: Will we have a time limit of 30 minutes on presentations today?

MR. CHAIRMAN: It's up to the Committee. What does the Committee so desire, that there be a imitation on the presentation of briefs, 30 minutes, or — somebody so move — the Honourable Member for Brandon East.

MR. LEONARD S. EVANS: A question Mr. Chairman. Would that include time for questioning, or s that the period of time for the presentation of the brief?

MEMBERS: Total time.

Law Amendments
Wednesday, July 19, 1978

MR. EVANS: Total time. Well, I don't know whether that would be fair, Mr. Speaker, because there are some organizations that may have prepared considerably detailed briefs, may have done a lot of research. Others may have prepared a very brief brief, and the 30 minutes would therefore give them ample time, so I am agreeing with 30 minutes for presentation, but not certainly for presentation and questioning.

MR. CHAIRMAN: The Honourable Member for Inkster.

MR. SIDNEY GREEN: Mr. Chairman, surely the question time is not the time of the presentation of the brief; it's the members' time. It's the members who are asking for answers to questions, and it seems to me that you are now limiting the time of the members; that when we discuss the limitation of the presentation of a brief, we're discussing the presentation. The other time belongs to any member who asks a question, and I have not heard yet the suggestion that we should limit questions.

MR. CHAIRMAN: The Honourable Member for Swan River. Did you want to speak on that?

MR. GOURLAY: No.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON: Mr. Chairman, having listened to the comments from Mr. Green and Mr. Evans, I so move that a 30 minute time limit be placed on a presentation, not including questioning of the Committee.

MR. CHAIRMAN: Agreed? (Agreed) Proceed.

MS. LIL KAPLAN: I am taking the place of Mr. Smethurst who was unable to be here today. My name is Lily Kaplan, and I am the secretary for the Manitoba Landlords Association.

MR. CHAIRMAN: Proceed.

MS. KAPLAN: This brief is submitted to the Law Amendments Committee, Province of Manitoba, by the Manitoba Landlords' Association Incorporated, relating to Bill 62 and the present Rent Stabilization Act.

The Manitoba Landlords' Association Incorporated is a body organized in 1975 to represent a number of landlords of residential properties within the Province of Manitoba. There are presently approximately 600 members in the association, many of whom are what might be referred to as small landlords. By a small landlord, we mean that they own properties of a dozen units or less. Among the membership, however, are also a number of landlords whose property number in the dozens of units.

There are several items in Bill 62 to which the members of our association object.

No. 7, Section 21.1, added: "The Act is further amended by adding thereto, immediately after Section 21 thereof, the following section: 21.1(1) Where an application is made to, or an inquiry is made by a Rent Review officer in respect of an increase in rent for residential premises of more than the amount (a) that is specified in regulations made under Section 15, that apply to the year in which the increase was made, or (b) that is calculated in accordance with the formula suggested by and regulations made under Section 15, that apply to the year in which the increase was made."

As the case may be, the Rent Review officer, before holding any hearing in respect of the application or inquiry, may order the tenant to make payment of the rent payable under the terms of the tenancy agreement for the residential premises, to the Rentalsman, until the final disposition of the application or inquiry under this Act.

And then 21.1(2): "Where payment of the rent for residential premises is made to the Rentalsman pursuant to an order made under subsection (1), in respect of an application or enquiry, the Rentalsman shall (a) as he receives the payments of rent, pay out to the landlord the portion of the rent paid, to which the landlord would be entitled if the increase in the rent had not been more than the amount described in Clause 1(a), or (b) retain the balance of the rent paid until the final disposition of the application or inquiry under this Act.

And (c), upon the final disposition of the application or inquiry under this Act, pay the accumulated balances retained under Clause (1), to the landlord, or to the tenant, or to both of them, in shares as may be directed by the Rent Review officer, or by the Board, as the case may be."

The time element involved until the landlord recovers the rent which is due to him from the

will involve several weeks, if not more, and will cause a great deal of inconvenience to the landlord in addition to a lot of extra work for the Rentalsman's office. We therefore recommend that when an application is made for a greater increase over and above the allowable increase, the Rent Review officer or the Board order the tenant to send the part of the rent which is over the allowable increase to the Rentalsman, and the rent, plus the allowable portion, directly to the landlord. This will eliminate a lot of correspondence to the landlord, and a lot of accounting necessitating perhaps additional employees. As the policy of this government is to use restraint and practice economy, we believe that our recommendation will do this.

Now, Section 31.1(1): The Board shall undertake a program of collecting and considering information concerning rent payable for residential premises in various parts of the province, and the increases in rent payable in respect of residential premises, to which the regulations made under Section 15 do not apply.

Section 31.1(2): The Board may, in writing, request a landlord to provide information concerning the rents payable for his residential premises and the increases thereof since 1975, and his costs, expenditures and liability in respect of his residential premises and respect of any fiscal year of the landlord, ending after January 1, 1975, and the landlord shall provide to the Board the information requested within a time specified by the Board.

We suggest that the Board should monitor the increases in rent of only those units which will be decontrolled. We would suggest further amendments to The Rent Stabilization Act. Section 20(n) in The Rent Stabilization Act disallows as an expense the costs of any fees paid to the professionals, including, but not restricted to the fees of accountants, consultants, investment counsellors, lawyers and architects. Examples of the unfairness of this provision are readily found.

The City of Winnipeg has passed a fire regulation by-law and an upgrading by-law which is necessitating substantial renovations by a number of landlords. This, in turn, has required them to retain architects for the purpose of carrying out these required renovations in order to comply with the fire and upgrading by-laws. Surely no one can quibble that the architect's fees paid in such circumstances are every bit as necessary an expense as the renovations themselves and should be properly allowed as a deductible expense.

Similarly, many landlords are required to retain the services of accountants and lawyers in order to comply with the extremely complex federal and provincial statutes and regulations, such as The Income Tax Act, The Companies Act, and now The Rent Stabilization Act. Surely no one can argue that such expenses, providing they are reasonable, should be allowable expenses to be taken into account by the landlord in fixing his rents. No landlord is going to pay any more in fees to professionals than he is required to in order to properly comply with the laws of our country. How can it be argued that such expenses should not be allowed.

No one in the government has presume to suggest that inflationary rates for the coming year will be restricted to 5 percent in the province. Water rates have already increased 15 percent. Realty taxes for the current year are expected to average well in excess of 10 percent and the properties are in the process of being reassessed again for higher increases. Heating and hydro costs have also increased well in excess of 20 percent. Currently all the construction workers are on strike for higher wages above 6 percent. Within the last two years they have received increases over 45 percent. This means that if any landlord has to make renovations to his property requiring the service of a carpenter, then he is faced with paying a carpenter a wage far higher than what he paid him last year.

The Provincial Government has allowed these extraordinary increases which are going to affect directly the operating costs of all landlords in the province, and yet the government continues to impose completely unreasonable limitation on rental increases, and to disallow items of expenses that should be properly allowed by any equitable standard of measurement.

1. If a landlord produces documents to show that he is in a deficit position, he should be allowed at least to break even at this point, even if it exceeds the present allowable 3 percent.

2. Where a landlord is faced with an upgrading order and he has expenditures, the costs should be passed through between one to three years, not 10 years' depending on the expenditure. This will allow landlords to have a better chance of obtaining money to do the necessary upgrading and therefore there would be less need to demolish units.

The Manitoba Landlords Association urges the Provincial Government to reassess immediately its treatment of allowable expenses set out in the regulations under The Rent Stabilization Act, and also its announced limitation on rental increases, as we respectfully submit that a landlord should be allowed to make a fair return on his investment.

Furthermore, when rent controls were introduced in 1975, it was with the understanding that they would end at the same time as wage and price controls ended. Both wage and price controls have ended, but the government has seen fit to continue with rent controls, with few exceptions. We therefore urge the government to end the rent controls as soon as possible and to allow the rents to find its own level in the marketplace. It will be better for all concerned as this would

more private construction of rental units.

Mr. Chairman, the Manitoba Landlords Association wishes to thank you for giving us this opportunity to present our brief to you for your earnest consideration. We await your decision. The responsibility of that decision is yours but the burden of that decision will be upon the landlords of Manitoba. I thank you.

MR. CHAIRMAN: I thank you, Madam. Are there any questions of the committee to the witness? The Honourable Member for Transcona.

MR. PARASIUK: Thank you, Mr. Chairman. Mrs. Kaplan, in your brief, on page 4, you indicate that within the last two years construction workers have received increases of over 45 percent. Could you tell us where the documentation is to back up that claim of 45 percent increases for construction workers. We've operated in a period wage and price controls, the increases have been something in the order of 6 percent or 7 percent a year and yet we have your statement here that they've received increases of over 45 percent.

MR. CHAIRMAN: The honourable witness. Ms. Kaplan!, carry on.

MS. LIL KAPLAN: If you will check with the Labour Board, they send out these little pamphlets every year to the construction companies with the wages which they are allowed, the Minimum Wage Board, and you will see during the past years how they jumped. I haven't got any with me right now but we get them every year.

MR. PARASIUK: Yes, I think you're referring to the heavy construction industry which has nothing to do with the apartment construction.

MS. KAPLAN: I'm not referring to heavy construction, I'm referring to general construction. I work for a builder and I know. We get these every year. I should have brought some along if I'd known you would have asked me this question. Right now they are allowing them so much, but two years ago they made a great big jump, the carpenters, the painters, the lathers, the electricians, the plasterers, everyone.

MR. PARASIUK: You must be then talking about increases and I don't have the documentation available for increases before the introduction of wage and price controls but wage and price controls have been in place for the last two years, over two years, and the increases have certainly not been anything in the order of 45 percent, they've been in the order of 7, 8 percent a year, at most.

MS. KAPLAN: They just started that last year, before that they jumped, there was a big jump. You can check with the Minimum Wage Board, they've got these little slips.

MR. PARASIUK: Well, I think that you might be meaning the Labour Relations Board because the Minimum Wage Board does not provide that type of information. We have the Minister of Labour here and I'm pretty sure she could confirm that they don't provide that type of information.

MS. KAPLAN: Well, I know that two years ago it jumped 38 percent.

MR. PARASIUK: Okay, on Page 3 of your brief, you suggest that the board should monitor the increases in rent of only those units which are decontrolled and you are indicating then that the board shouldn't be monitoring the increases of those units which are decontrolled. Can you give us your reasoning for that particular suggestion?

MS. KAPLAN: The ones which are under controls are already being monitored because the rents are under controls and they have to apply to the board for any increases so they have all their figures. But those which are not controlled, they don't have their figures.

MR. PARASIUK: Okay, right, so the point is: Are you sure that everyone who in fact is in a controlled apartment is aware of the fact that they are in a controlled apartment. The way it works right now, you have to appeal to the Rent Review Board if you think your rent increases are too high and isn't that why the monitoring would exist with respect for those units which are controlled.

MS. KAPLAN: Well, if they don't think the rent increases are too high, then they're not complaining. It's only the ones who are dissatisfied which are complaining.

Law Amendments
Wednesday, July 19, 1978

MR. PARASIUK: So therefore what you are suggesting is that only those people who think that they're rent increases are too high will complain, those people who perhaps aren't aware that their rent increases are too high, or secondly, aren't aware that their rent increases exceed the limit allowed here by the Rent Review Board, that those people should be continued to exist in their ignorance.

MS. KAPLAN: Well, not many people are ignorant these days with all the news media, the radios and TVs, everything that's going on, they know.

MR. CHAIRMAN: Any more questions for the witness? The Honourable Member for Fort Rouge.

MR. AXWORTHY: Mr. Chairman, I just have some questions for Ms. Kaplan. I take it in this brief these are the only objections that the Landlords' Association has to the present bill at the moment. I was interested in the two that you've put forward concerning the problems landlords run into in the question of renovation and you recommend that fees for architects and so forth be included in that. Are they not now included when you amortize your renovations and repairs under the upgrading orders, can you not now include the fees as part of the overall construction costs?

MS. KAPLAN: Not in the north . . .

MR. AXWORTHY: I see. What kind of proportionate expense would this normally run into?

MS. KAPLAN: Well, it depends on the individual. I know people who have put up fire escapes or rebuild their stair cases and this isn't something that just anybody can do, you have to have someone design it.

MR. AXWORTHY: Mr. Chairman, I wondered you recommend that the amortization for repairs and renovations to apartment blocks be reduced down to three years which would obviously substantially increase the rent of the tenant to help cover that cost. How is normally the financing done now for renovations to apartment buildings?

MS. KAPLAN: Well, they usually have to borrow the money.

MR. AXWORTHY: Yes, I realize that, but on what terms and where do you usually get your financing from?

MS. KAPLAN: Well, it depends on the individual. Some people borrow from the banks, some people have to take out a new mortgage, and some people might have some money in the bank.

MR. AXWORTHY: Right. In these cases, are the terms of the loan only restricted to one or two years or if you take a new mortgage out, wouldn't that be built up over 10, 15, 20 years?

MS. KAPLAN: It depends on the construction.

MR. AXWORTHY: I see.

MS. KAPLAN: I mean, no two cases are the same. Some might have \$10,000; some might have \$40,000; sometimes \$100,000. A lot of old buildings need a lot of work done to them.

MR. AXWORTHY: Yes, I recognize that. One of the things I've been interested in: Has the Landlords' Association made any effort with civic or provincial authorities to try to provide forms of second mortgage assistance at a lower interest loan so that they could undertake these repairs without having to go to these kind of fairly sporadic private financing efforts? Have you had any success or . . .?

MS. KAPLAN: Well, our association has made presentations to the city but the city doesn't lend money.

MR. AXWORTHY: Yes, so the only recourse you have now is to private lenders.

MS. KAPLAN: That's right.

Law Amendments
Wednesday, July 19, 1978

MR. AXWORTHY: And in some cases you cannot get loans that would extend for any more than a one or two-year period, three-year period, is that correct?

MS. KAPLAN: That's it, sure.

MR. AXWORTHY: So what you're recommending now is that only in those circumstances you'd be allowed a three-year loan. If, however, you had a 10 or 15 year mortgage, that would be strung out over the period of time, is that correct? You're simply allowing this permissible legislation to be included in the regulations? Okay, thank you, Mr. Chairman.

MR. CHAIRMAN: Any other questions for the witness? I thank you, Mrs. Kaplan for your presentation.

I call Paul Graham, speaking for the Coalition for Rent Control.

mmr. PAUL GRAHAM: Thank you, Mr. Chairman. The position of the Coalition for Rent Controls is one in favour of the retention and strengthening of Manitoba's Rent Control program until such time as there is an adequate supply of decent, affordable housing for every Manitoban. This position has been endorsed by several organizations, and for the benefit of the record, I shall list them.

They are: Aggassiz Food Co-operative, Canadian Association of Industrial, Mechanical and Allied Workers, Canadian Food and Allied Workers (District 15), the Canadian Union of Public Employees (Local 1543), the Canadian Union of Public Employees (Local 2034), Consumer Action Inc., the Housing Action Coalition, the Intercultural Development Education Association Inc., the International Association of Machinists (District 181), the Law Association of Manitoba, the Legal Aid Lawyers Association, the Labour Election Committee, the Manitoba Child Care Association, Manitoba Federation of Labour, the New Democratic Party, (Fort Rouge), the New Democratic Party (Winnipeg Centre), the Revolutionary Workers League, the Unemployed Graduates Association, the University of Manitoba Students' Union, University of Winnipeg Students' Association, and the Winnipeg Indian Council of the Manitoba Indian Brotherhood.

There are many aspects of Bill 62 that the Coalition finds distressing and objectionable. Because we are confident that several organizations and individuals are present here today to deal with many of these, we prefer to focus on the central thrust of the legislation.

Bill 62 will remove from the tenants of this province, their only legal defence against rental increases that they cannot afford. This legislation is being introduced at a time in our history when we find ourselves in the midst of a crisis in affordable housing. Not only are vacancy rates in urban areas at dangerously low levels — for example, Winnipeg has an overall vacancy rate of 1.6 percent; it is probably close to zero in the inner city — but as well, tens of thousands of Manitobans are designated by the Economic Council of Canada as living below the poverty line. According to the ECC, persons paying a disproportionate share of their income for necessities, food, clothing and shelter, are impoverished. If one pays 25 percent or more of one's income for shelter, one may be considered to be living below the poverty line.

According to the preliminary report on the impact of rent controls in Manitoba, prepared under the supervision of Rubin Simkin, the number of Winnipeg renter households in this category, in the category of being below the poverty line, is approximately 45,000. This is approximately 46 percent of all renter households in the city. These figures, found on Page 42 of the unabridged edition of the Wimkin Report, were derived from Central Mortgage and Housing Corporation studies, reputedly the most thorough and up-to-date available. But we understand that CMHC does not know how many renter households there actually are in Winnipeg because their studies do not include dwellings of four units or less. On this basis, it is unlikely that anybody has the definitive count, and it may well be that there are more than 45,000 households who could be classified as poor. \$

In any case, 45,000 poor households is many too many, and if we were in a position to estimate how many households would join these ranks, that is, those hovering above the poverty line until their next rent increase, we might well be appalled.

Be that as it may, Mr. Chairman, we find ourselves confronted with a situation wherein widespread poverty exists at a time when legislation is being brought forward that is guaranteed to swell the ranks of the poor. We should examine it very closely.

Section 15.1(1) provides for the exemption of rental units outside of Winnipeg and Brandon on or after October 1, 1978. Presumably the government feels that the market is operating competitively and that the housing is available at reasonable rates. But the government and the Rent Review Agency do not know for certain what will happen to rents in rural areas. With the exception of Selkirk, areas outside of Winnipeg and Brandon have been largely untouched by the Rent Review Agency. There have been no investigations of compliance outside of applications submitted by landlords and tenants. Without hard data upon which to base an analysis, it is irresponsible to decontrol the rural

areas.

Section 15.2(1) provides for the exemption of buildings for which occupancy permits were granted on or after October 1, 1973. Mr. McGill, the Minister responsible, has estimated that this will affect approximately 7,000 to 8,000 units. One way of looking at this would be to get some understanding of what these units are likely renting for now. The Simkin Report estimates that the average rent for a two-bedroom apartment in Winnipeg in 1977 was \$199.00 a month. This is based upon a 1974 average rent of \$162.00 a month and the assumption that the landlord received annual increases of 10 percent, 8 percent and 7 percent over the three phases of the program. The latter assumption is probably faulty. Many landlords received larger increases and only one that we are aware of received less than the allowable minimum. The Simkin Report indicates that the Rent Review Agency permitted increases that averaged 11 percent, 9 percent, and 12 percent over the three phases. If we apply these figures, the average cost of an apartment with two bedrooms in 1977 was \$220.00 per month, or \$2,640 annually. Under these particular circumstances, a household's annual income would have to be greater than \$10,560 if it was to be above the poverty line. According to CMHC, 60,404 households, or 62 percent of all Winnipeg renter households, are incapable of doing just this.

Because it is virtually impossible to find a two-bedroom apartment constructed since October, 1973 that will rent for less than \$220.00 per month, to decontrol an additional 7,000 to 8,000 suites that the majority of tenants cannot afford, is irresponsible.

Section 15.2(2) provides for the exemption of premises where rents exceed \$400.00 per month. There is no adequate data for the number of units this will affect, and in the words of the government's own Simkin Report, it quotes, "may foster an inflationary trend in rents as landlords attempt to bring the rents up to exempted levels."

Section 15.2(3) provides for the exemption of premises that are voluntarily vacated on or after September 30, 1978. This clause, we are told, is aimed at protecting the urban poor. For a number of reasons, it appears more to be aimed at the urban poor. Low-income tenants tend to be the most mobile, forever in search of premises that they can afford. Mr. McGill, on the May 2nd CKRC talk show "In Touch with Today" at one point appeared to suggest that the rental turnovers in the inner city might indeed be as high as 30 percent annually. If he is in fact correct, it will not be long before the negative effects of decontrol are felt in an area heavily populated by poor people.

The Simkin Report has a caveat to offer in this instance as well. The report warns that vacancy decontrol will encourage some landlords to evict tenants oftener as a means of escaping controls, and common sense should indicate that there are many subtle ways of making a tenant feel unwanted. Poor people are more easily intimidated in situations like this, than are their more affluent, better educated cousins. They are less likely to be aware of their rights. One study conducted by the Housing and Urban Development Section of the Planning Secretariat in mid-1977 in the inner city reported that 34.2 percent of respondents had not even heard of rent controls. Admittedly, Section 15.4(1) and others do give some protection to tenants faced with harassment and coercion from their landlords. However, based upon our assessment of the conduct of the government and the Rent Review Agency in the implementation of existing rent controls' legislation, we have little confidence that tenants' rights will be adequately enforced.

In the fall of 1977, Vivian Rosenberg, then director of the Rent Review Agency, is reported to have commented that she did not have adequate staff to properly implement The Rent Stabilization Act. Numerous former employees have concurred with this and, as well, have said that they never were directed to pursue sections of the Act concerned with monitoring for compliance in any meaningful fashion. Yet, in January of 1978, one-third of the agency's staff was laid off. Subsequently, the agency's budget was slashed by close to \$250,000.00. At that time the public was informed that the reason for these measures was a reduction in the number of applications. We have subsequently learned that this reduction occurred in applications from landlords, and that tenant applications had increased dramatically.

This table will give some indication. Between May 15, 1976 and December 31, 1976, there were 1,050 landlord applications; these covered Phase I and/or Phase II, and affected 26,000 units. There were 606 tenant applications at the time.

Between May 15, 1976 and March 31, 1977, there were 1,100 landlord applications and 2,196 tenant applications.

Between January 1, 1977 and December 31, 1977, there were 50 Phase II landlord applications, 370 Phase III landlord applications, and tenant applications and files of landlord non-compliance affecting 7,000 tenants. Is this the lack of work that led to drastic reductions in staff at the Rent Review Agency? If, in the autumn of 1977, the agency could not cope with all of the work, how did it suddenly become so marvellously efficient that it could dispense with one-third of its staff in January, 1978? Are landlords' applications more important than those of tenants? When they drop off, is there nothing to do? And what does this augur for enforcement of Phase IV

we will conclude this section by saying that the current Rent Stabilization Act, even with spotty enforcement, has mitigated some of the worst abuses faced by tenants. Bill 62 will reverse this. On that basis, the Coalition for Rent Controls demands that the government withdraw Bill 62. If the government is, as it has professed from time to time, truly concerned about the welfare of Manitobans, particularly the poor, which include the elderly, single parent families, the infirm, native peoples, unemployed people, and so on, it will recognize that the withdrawal of Bill 62 is a necessary prerequisite for achieving a sane and a rational and a just housing policy.

But even if the rent controls legislation that currently exists was left intact, improvements would be necessary. Specifically, we see the need for a program that places the onus upon landlords to justify each and every increase. We are opposed to landlords receiving automatic, allowable increases that they do not have to justify. We see the need for a rent controls program that makes a serious effort to monitor rent controls, rent increases, housing stocks, in compliance with the legislation, and we see the need for such legislation to remain in place until the crisis in affordable housing is confronted and overcome.

The last point is of particular importance, because proponents of decontrols have argued that a free rental market is necessary if there is to be a suitable incentive to construct needed accommodations. That argument will not wash. The current legislation already excludes new construction for five years; for that matter, the vacancy rate in Winnipeg in the year prirr to controls was 1.7 percent, well below what is necessary for the market to operate, well below what is considered a healthy vacancy rate. If the market was not providing then, rent controls cannot be blamed, because they were not in force.

It must also be remembered that a higher vacancy rate does not guarantee that housing will be affordable. The oligopolistic tendencies in the Winnipeg housing market, that were identified in the Bellan Report, are important in this regard. Bellan reported that four large development corporations in Winnipeg control 32 percent of the prime development land in the city. While there is some overlap in parts of the city they control, they are more or less territorially separate, and in a good position to control the pace and the price of residential development. Because they are vertically integrated, they have a natural advantage over smaller developers, and therefore can compete with them, while keeping prices at levels favourable to them.

And don't forget that even with a higher vacancy rate — which doesn't exist at this time, incidentally — there are just too many poor people with too much catching up to do before they can afford today's prices.

And that leads to our final recommendation. We recognize that rent controls, with even the improvements that we have suggested, are but a stopgap measure. Even under controls, the cost of renting is simply too high. As well, 7,700 units in the city are over 60 years of age, and are decrepit and ripe for demolition. We estimate that this constitutes perhaps 8 percent of the city's rental units, and for many people, that is all they can afford. Apologists for decontrols have said that the private sector will replace this housing, and as well, will provide for the housing needs of low income people; this has not happened in the past, and the stakes are too high for us to sit around waiting for it to happen now. Affordable housing is not only in short supply, it's not only a human necessity, but as well, it's a human right. For these reasons, it is absolutely imperative that the Manitoba Government embark upon a vigorous program of providing decent housing at rents every Manitoban can afford. Thank you.

MR. CHAIRMAN: Thank you, Mr. Graham. Any questions to the witness? Mr. McGill.

MR. MCGILL: Mr. Chairman, Mr. Graham has presented a brief which contains quite a number of statistical figures. I wonder, does he have any copies of the brief available to the members?

MR. GRAHAM: I have some copies — not very many. But we can provide a copy for you.

MR. MCGILL: Mr. Chairman, I'd appreciate a copy of the brief, and I just have one question. Is it the position of the group which Mr. Graham represents, that rent controls should become a permanent feature of the Manitoba economy?

MR. GRAHAM: For the time to come, we feel it is absolutely necessary. Permanent? Well, we're not saying eternal, but we're saying until such time as there is adequate housing, affordable housing, rent controls are going to be necessary. For that reason, a more permanent kind of fixture, a more rational kind of administration of the program is going to be necessary as well. More staff are going to have to be hired, and so on.

MR. MCGILL: Thank you.

MR. CHAIRMAN: Any more questions to the witness? Mr. Graham, have you left copies for the Committee?

MR. GRAHAM: I can do that.

MR. CHAIRMAN: Very good. I thank you for your presentation, sir.

MR. GRAHAM: Thank you.

MR. CHAIRMAN: I call Mr. Don Ayre, from the Housing and Urban Development Association of Manitoba. Proceed, Mr. Ayre.

MR. BRIAN HASTINGS: Mr. Chairman, my name is Brian Hastings. I'm the President of the Housing and Urban Development Association of Manitoba. I have 10 copies of my presentation; upon request I will make some more available.

MR. CHAIRMAN: Okay, we'll have the Clerk pick them up, and he can distribute them amongst the Committee. Thank you.

MR. HASTINGS: The Housing and Urban Development Association of Manitoba is an organization for professional builders . . .

MR. CHAIRMAN: Mr. Ayre, would you speak into the microphone, or adjust it, so that . . .

MR. HASTINGS: Mr. Hastings is my name.

MR. CHAIRMAN: Or Mr. Hastings — I apologize; I have erred on the name. I have "Ayre" on the name. Proceed, Mr. Hastings.

MR. HASTINGS: The Housing and Urban Development Association of Manitoba is an organization for the professional builders and their associates working within the residential construction industry. As such, it represents almost 200 firms throughout Manitoba — developers and builders, manufacturers and suppliers, contractors, architects, mortgage lenders, and people involved in other specialties such as apartment ownership and management.

The Multifamily Council of HUDAM is responsible for some 28,000 units started in the Winnipeg area over the last 10 years, and produces an average of 2,500 units each year. Many of these units are retained under the professional management of the HUDAM members. HUDAM's Multifamily Council has made numerous presentations to the office of the Minister responsible for the administration of rent controls, and has discussed the need for decontrols with various members of his staff. We are of the opinion that Bill 62 has been well thought through and is workable. The key to its workability is the kind of flexibility that can only be derived from improved communication between all of the parties with vested interests, whether it's owners, managers, and users of their services, and the civil servants who must administer the Act.

Not without qualification, HUDAM therefore wants to go on record as being in favour of Bill 62. Generally it is a step forward and will involve the complete co-operation of HUDAM's membership.

We feel that it is imperative that rent controls be removed, as they are having a detrimental effect on the marketplace for new housing of all kinds and on new apartment construction. We recognize, however, that rent controls can only be removed gradually. Bill 62 seems to be a positive step in this direction but it is only a first step. It is our understanding that situations that might be considered to be unconscionable will have to be mediated on an individual basis, and that trends that affect costs and increases in rent will have to be monitored on a general basis.

Section 28.1, 1 to 6 inclusive, and Section 31.1, 1 and 2, make reference to the mediating and the monitoring processes of the Rent Review Board. We must emphasize that these procedures require an active and articulate board and we recommend the following:

1) That the Rent Review Board be more oriented towards owners, manager, renter difficulties, possibly through an immediate tie-in with the office of the Rentalsman which is for the most part successful in this regard and a positive experience for all concerned.

) That the Rent Review Board be composed of owners, managers, renters who have achieved some sense of overview through their membership and associations, or the like, and who can represent one or the other of these various interests knowledgeably from first-hand experience.

3) That Bill 62 be changed with reference to 15.2 subsection (1). "Where the first occupancy permit issued . . ." should read "where the final occupancy permit issued . . ." Because this is

Law Amendments
Wednesday, July 19, 1978

when the building is in fact completed and totally ready for occupancy.

For the most part then, HUDAM's members find Bill 62 to be workable within the context of the appointment of a Rent Review Board that is informed and fairly representative of all concerned. Further, Bill 62 appears to suggest an integration of the functions of the Rentalsman's office with those of the Rent Review Board, that is, the functions of negotiating rents on an apartment by apartment basis where they are in dispute with those of monitoring rents generally where controls are still applicable. HUDAM's members favour this integration of functions and would be pleased to forward any names of Association members willing to serve on the Rent Review Board for these purposes. Dialogue between the industry and government is most important in regard to the impact of legislative requirements in the market place and HUDAM as an organization is most eager to co-operate where it can.

We have said that Bill 62 is a first step only. We visualize in reading its intent the gradual release of all apartments from the concern of administration of the Department of Consumer and Corporate Affairs so that property development for multiple family living and its professional management can be, before all else, the responsibility of the private sector. The functions of planning, budgeting and implementing services for residents of apartment buildings require a practical understanding of the marketplace, and marketplace forces. Any application of what might seem to be theoretically relevant can only happen through dialogue and a real appreciation of individual experience. Clearly, any problems associated with living in apartments should be solved by professional management on an apartment by apartment basis, and any government intervention should only be after the fact and similarly confined to individual issues. Our reading of Bill 62 seems to suggest that this is the case, and with this major qualification and the reminder that the Board of Review should be truly representative of owners, managers and renters.

Thank you very much.

MR. CHAIRMAN: Thank you, Mr. Hastings. Any questions? Mr. Axworthy.

MR. LLOYD AXWORTHY: Mr. Chairman, I'd like to take the advantage of Mr. Hastings' appearance to clarify some issues that have appeared before us in the past. Your organization, you say on the first page, the multifamily unit of the HUDAM has averaged construction, 2,500 units a year, which goes back several years, and yet you also claim that rent controls have a detrimental effect on the marketplace for new housing. How do you reconcile the fact that the average number of units constructed, going back to about 1972, has always been about 2,500 to 3,000, and has made no difference with rent control? And I would put on it, is it not true that the construction of new housing is much more affected by matters of interest rates, federal tax shelters, and the ARP program, than it has to do with rent control?

MR. HASTINGS: Well, rent control is just one of the things that does affect the building of apartments, and you're right, the tax shelter, the interests rates, and that, also affects it, plus costs, construction costs. The 2,500 is an average; of those figures, that is, row and apartment starts, and some of that stuff is for sale, also. And it's hard to determine out of the between 2,000 and 3,000 units each year, what's for sale and what's for rent.

MR. AXWORTHY: Well, Mr. Hastings, in 1974 there were 2,119 apartment starts in the City of Winnipeg, prior to the introduction of rent control. In 1976 and 1977, it was around 2,400, in which the numbers of apartments actually increased, under rent control. How do we reconcile that with the statement that it is a detrimental effect?

MR. HASTINGS: Well, I don't know why it would increase that year. It . . .

MR. AXWORTHY: Well, actually, two years in a row.

MR. HASTINGS: Probably the stuff was already into lenders, and they probably had the go, and whether rent controls came in or not, they started building them.

MR. AXWORTHY: Well, you know, Mr. Hastings, the point I'm trying to make is that — I'm not trying to be critical, I'm just pointing out that the often made claim that rent control has severely depressed the construction market, doesn't seem to be borne out by the figures, the actual number of starts of apartments and multiple units in the City of Winnipeg in particular. And in fact, as I understand it now, 1978 will be a better year than ever, as far as apartment units are concerned, because of the Assisted Rental Program. And I guess the point I've been trying to make is that if whatever negative effect there might be on the cash flow caused by rent control, can very quickly be overcome or be compensated for by other forms of tax relief, or incentives provided by the

levels of government, and is that not the way it's been working for the last three or four years.?

MR. HASTINGS: Yes. That's a part of it, yes, but not the whole reason. The biggest way that rent controls affect the total housing market is, you don't get your first-time buyers moving out of apartments and buying housing, so it affects the entire industry, also.

MR. AXWORTHY: I see. So you're saying that the effect that rent control has is on the single family market, that people will not move from the apartments, because they think they're getting a better deal on rent, and therefore they won't purchase single family homes. Is that really the formula that you're putting to me?

MR. HASTINGS: So to speak.

MR. AXWORTHY: So to speak; I see. Well, Mr. Chairman, I think it's important that we establish more specifically, exactly what are the positives and the negatives about the rent control program, and I think Mr. Hastings has helped us in that respect.

I would now like to ask about your proposal for the integration of the Rent Review Board being operated by owners and managers and renters. Do you envision a Board where each of these groups are represented, or do you see the Board being represented, as it is now, by appointments who are there simply on a citizen basis?

MR. HASTINGS: I would see the Board being representative owners, managers, and renters, as well as the administrators of the Act.

MR. AXWORTHY: I see. You mean it would be comparable then, in effect, to something like the Labour Relations Board, or an arbitration hearing? Why would that result in any better adjudication of disputes by having the parties represented on the board as opposed to simply having a group of independent citizens, let's say, somewhat disinterested or noninterested in the actual outcome of the decision.

MR. HASTINGS: As I said in the presentation, when you have the three levels of people on the board, you've got every . . . well, not every side of the story, but everybody that's in the business of building them, renting them, and managing them, and living in them is on there to deal with the problems, rather than just having somebody that does not have first-hand experience at it.

MR. AXWORTHY: Well, Mr. Chairman, I would have to think about that. I may be wrong, but I understood that on the previous Rent Review Board, in fact, the chairman had been in the building business himself, or in the development business, or had an acquaintanceship with it, but do you see this board then being available for the judicial disputes in terms of when the applications first come forward, or just simply as a court of appeal? Do you see this kind of through tripartite arrangement as being applied to the first set of adjudications or would you simply see it as an appeal procedure?

MR. HASTINGS: Well, I would see it as the initial adjudication.

MR. AXWORTHY: Thank you.

MR. CHAIRMAN: If the gentlemen would just pause so the record is straight, and when it goes into the record without referring to the Chairman that he is going to speak again, it could show that Axworthy is speaking in Hastings's place, so if you will just bear with me as I'm sure we want the record to be straight. It only takes a second and I can spell out your name and the record will show who speaking. Carry on. Mr. Axworthy.

MR. AXWORTHY: That's all the questions I have at this time.

MR. PARA CHAIAN: Mr. Parasiuk.

MR. PARASIUK: Thank you, Mr. Chairman. Mr. Hastings, on Page 3 of your brief, you indicate that if rent controls are removed, property development for multi-family living and its professional management can before all else be the responsibility of the private sector. Is it your considered opinion that the private sector, to date, has sufficiently provided for the shelter needs of low-income families and senior citizens?

MR. HASTINGS: Yes. The private sector has built low-income units through MHRC.

MR. PARASIUK: Are you then saying that if the government doesn't provide subsidies, that the private sector can and will provide sufficient housing at affordable prices, that is no more than 25 percent of gross income for rent, for senior citizens, and for low-income families? Is that what you're saying can be done?

MR. HASTINGS: The private industry can not provide for everybody. I doubt if we could provide for all the low-income and elderly citizens.

MR. PASIUK: The reason I ask you that is your brief indicates that that can in fact be provided by the private sector. It hasn't been provided by the private sector; there are something in the order of 12,000 MHRC units which provide non-inflationary housing for 12,000 families.

Do you believe that 25 percent of gross income should be a ceiling for rent or for housing, which is the way it is with people in government-owned public housing right now?

MR. HASTINGS: Well, that's general in our industry too, for a person buying a single family house — they can't go over 25 percent of their grossed-at ratio to qualify for a mortgage of a new house. Whether it should be more than that or not — in the marketplace today you've got more people that are buying homes and renting apartments that are both working — young professionals, or semi-professionals, or whatever. They are both working, there aren't many children, if any.

MR. PARASIUK: Mr. Hastings, I was interested in your answers to Mr. Axworthy's question about the effect of rent controls on the supply of housing. You are aware that newly constructed housing is not controlled.

MR. HASTINGS: It is controlled by the marketplace.

MR. PARASIUK: It is controlled by the marketplace, but it's not controlled by any type of control mechanism. Can you indicate what the increases in house prices have been on a year-to-year basis, and what the increases in rental rates for those apartments which are not under control, that is those apartments that have been constructed after October 1, 1976? Can you indicate what the average rent increases yearly have been in those apartments?

MR. HASTINGS: Those that are not under control?

MR. PARASIUK: That's right, Mr. Hastings.

MR. HASTINGS: They would be about the same as the increases on the ones under rent control, because if you have an apartment that is not under rent control, and one that's under rent control, it's the same marketplace. When you are building and renting a new apartment, you've got to have your rents equal to what the marketplace is, or the thing will stand empty. There are several around town like that.

MR. PARASIUK: There is documented evidence to suggest that the yearly increases for those apartments that have been controlled has been something in the order of 10 percent or 11 percent taking into account the guidelines plus approved cost pass throughs for those rental units that have been controlled. So you are saying that you do have evidence to indicate that those apartments which are not controlled, have indeed had the same rates of increases on a yearly basis.

MR. HASTINGS: Yes.

MR. PARASIUK: Would you be prepared to provide that documentation to us and provide that factual evidence to us, so that we could take that into account as we proceed with the deliberations of this bill?

MR. HASTINGS: Yes I would.

MR. PARASIUK: Thank you very much.\$

Further to your particular approach on rent controls having some effect on the single family housing mket, if I understood you correctly, you indicate that if there are no controls, then rents will go up in those apartments, people will feel caught up in inflation and want to acquire some equity which

would presumably appreciate with inflation. So that is the push for these people to get out of apartments where the rents are increased and where they don't have any equity, and get into single family housing, where although the prices are increasing, at least if they have a piece of the equity then their equity will presumably be increasing with inflation. So that's the way in which rent controls, right now, can act as a disincentive for those people to get into single family housing.

MR. HASTINGS: That's correct.

MR. PASIUK: In those instances where people move into single family houses in the private market, is it generally true that people pay no more than 25 percent of their gross income for the housing amortization? Is that correct?

MR. HASTINGS: Yes it is.

MR. PARASIUK: Do you have documented evidence to that effect? My understanding is that the levels are much higher, usually that people are paying much more for housing than 25 percent of their gross income.

MR. HASTINGS: It depends on how much money they put down; if they have a large down payment, that would reduce that, but generally the lending institutions rule of thumb is about 25 percent, some are more than that, but that is about the rule.

MR. PARASIUK: Mr. Hastings, if one uses your logic, wouldn't it be better if rent controls stayed in existence for a period of time? People in these apartment units would be able to save more money, develop a nest egg or develop a greater down payment, then be in a position to put down a sufficiently sized down payment for a single family house and therefore be in a position to buy a single family house. Wouldn't it be better if these people's housing costs didn't escalate dramatically on a year-to-year basis, and thus were in a position to put some money away to use for other purposes or for buying a permanent single family house.

MR. HASTINGS: Well, that's assuming that the housing market and costs — nobody asks for an increase in wages, land doesn't increase, the City of Winnipeg doesn't put more things that you have to do into developing land, more rules and regulations for higher insulation codes — the costs that are coming into increased housing, it is impossible to keep that at a level — if a person was going to sit back for a few years and save up some money, and the costs weren't increasing in housing, it would be fine, but if he waits for two or three years to build up a nest egg, the price might be right out of his range. Some people do this; they have their registered home ownership plan that they save on.

MR. PARASIUK: Presumably then, if you take the logic the other way, then people really shouldn't be living in rental apartments, they should be trying to acquire ownership of either condominium units or single family units, and that's the best way with which they can deal with inflation in the housing . . .

MR. CHAIRMAN: Order please. Mr. Parasiuk, I think you're arguing with the witness here, and I think we should be dealing with Bill 62 that's before us. It's sort of getting into a political debate. The matter before us is Bill 62, and I think the witness has made his presentation. Stick with the bill if you possibly can, Mr. Parasiuk.

MR. PARASIUK: Mr. Chairman, on a point of order, I think that you're making some value judgments as a Chairman as to what constitutes a political debate or not, and I don't know whether that's in keeping with your position as Chairman to make that type of judgment.

I was asking the witness questions because he has stated that the government should get out of the housing market. He indicated on Page 3 of his brief that the government shouldn't be in housing, that the private sector can, in fact, provide for the housing needs of Manitoba. I'm just trying to find out whether, in fact, the private housing industry can provide for all the needs of Manitobans with respect to housing.

MR. CHAIRMAN: Well, Mr. Parasiuk, I thank you for that kind of a question. I'll accept that kind of a question.

MR. PARASIUK: Thank you. I'd just like to ask one more question then, Mr. Chairman.

Law Amendments
Wednesday, July 19, 1978

MR. CHAIRMAN: Well, you've already asked him one. Do you want him to answer it? Was that a question?

MR. PARASIUK: No, that was a point of order for the Chairman.

Do you think the proposed Act as presently written is too discretionary, in that it states throughout the Act that the rent review officer may look into a complaint, the board may look into a complaint — do you think that's too discretionary? Do you think the Act shouldn't be changed to "shall," so if there is something wrong, the rent review officer "shall" look into it; the Rent Review Board, if the officer finds that something is wrong, "shall" look at what the rent review officer has found?

MR. HASTINGS: Well, whether he may or shall, I think it's up to his discretion. That's the way it is worded in the Act. It's got to be flexible and workable, and if he has to do "shall" everything, the thing wouldn't be workable.

MR. PARASIUK: Do you have any specific complaints with the way in which the Rent Review Board has operated to date. You imply that its membership should be changed so that it becomes much more representative? Do you feel that it has not been using its discretion wisely, and that if it was reconstituted it could better use its discretion then?

MR. HASTINGS: Yes.

MR. PARASIUK: Thank you.

MR. CHAIRMAN: Thank you. Mr. McGill.

MR. MCGILL: Mr. Chairman, I'd like to ask Mr. Hastings one question. I note that his organization is responsible for some 28,000 units. One of the problems we have is to achieve or determine a realistic vacancy rate. Can you give me an estimate from your organization of what the vacancy rate would be now, in the Winnipeg area?

MR. HASTINGS: If you take into account the new construction of apartments which are coming into the marketplace for occupancy, CMHC in their statistics counts the vacancy rates after the apartment has been on the market for I believe four or five or six months, and then they count it as being vacant. But if you take into account all the apartments that are coming on the market right now, the vacancy rate would be about 8 percent.

MR. MCGILL: That is the vacancy rate for the Winnipeg urban area, in your view would be approximately 8 percent in rental units at the moment?

MR. HASTINGS: Yes.

MR. MCGILL: Thank you.

MR. PARASIUK: Mr. Chairman, can Mr. Hastings provide any documentation to that effect, because if, in fact, 6 percent of some 3,000 units or 2,500 rental units are all that will affect the survey, as you indicate, then surely it wouldn't raise the vacancy rate from 1.6 percent to 8 percent, which is what you just indicated. It might have the effect of increasing it from 1.6 percent to 1.8 percent but certainly not from 1.6 percent to 8.0 percent like you indicated.

MR. HASTINGS: Well, I'm estimating. We can provide you information on the vacancies in new apartments coming on stream.

MR. CHAIRMAN: Mr. Boyce.

MR. BOYCE: Mr. Hastings, you said that your association was involved with 28,000 units. I wonder if you would have any idea of how many of these the public is already subsidizing. You said that some of them were built under MHRC.

MR. HASTINGS: We can get those numbers. I don't have the numbers off the top of my head because those would also include Section 15, limited dividend housing provided by the Federal Government also.

MR. BOYCE: Perhaps you could help me with one other point then. The essence of your brief appears to me — and correct me if I'm wrong — that what you're saying is that there has to be an upward pressure, in other words, there has to be a pressure from the lower rental units so that the upper rents will go up so that the people can attract capital to build more units.

MR. HASTINGS: Well, it is a move up process. You get the people that really don't need to be living in an apartment, it's by their choosing, if they want to fine, but rather than paying off somebody else's mortgage they could own their own house and be paying off their own mortgage and there are also people in public housing that are hopefully bettering themselves and being able to move up into other accommodation where they don't need as much subsidy, so there is a general move up through the marketplace. It's operated that way for years.

MR. BOYCE: Well, Mr. Chairman, is that not saying that you're supporting this bill because it will in fact raise the rents at the lower level enough to raise the rents at the higher level to attract capital so that more units can be built. The effect of this bill will be to raise the rents significantly at the lower level so that there will be a ripple effect up to the higher level.

MR. HASTINGS: Yes, I would generally agree with that.

MR. CHAIRMAN: Are there any other questions of the witness? Mr. Axworthy.

MR. AXWORTHY: Mr. Chairman, I apologize for returning but Mr. McGill's question, I think, prompts some further inquiry. I wouldn't want to leave it standing on the table of this committee without probing a little further. As you know, Mr. Hastings, we, in this Legislature, play a wonderful game of how many civil servants are on the head of the pin for about the past three or four months, and it's now beginning to sound like we're doing the same with the vacancy rate. Do you have, or does your association do a specific survey comparable to the CMHC survey to determine exactly what would be the allowable vacancy rate?

MR. HASTINGS: It's not as detailed as CMHC. What we do is phone our members that are buildings apartments and renting them out and asking what their vacancy rates are. It's not done in the detail that CMHC does.

MR. AXWORTHY: I see. Mr. Chairman, to Mr. Hastings, so HUDAM itself really calls its own membership which are primarily in the field of new construction, I would believe, to determine the vacancy rate and therefore would not include those in the older apartment blocks or in the smaller accommodation, is that correct? So you're talking really about 8 percent of a very specific kind of apartment unit, one that is relatively new constructed provided by members of HUDAM, would that be correct?

MR. HASTINGS: That also includes, when we ask vacancy rates of our members, that includes apartments that they've built over the last 15, 20 years also. We don't ask just specifically for the new apartments they have but if they maintain and they still own and manage other accommodations they built in the past, they also give us that information too.

MR. AXWORTHY: I understand, Mr. Hastings, but it would not include apartment owners, for example, members of the Manitoba Landlord Association who appeared here earlier. Would you be phoning the members of that association who are also apartment owners but own, I think it's generally fair to say, Ms. Kaplan, you would have smaller apartment blocks, one or two and one-half story walk-ups of that kind. You're not including those in the estimates you've given as being part of this 8 percent vacancy rate.

MR. HASTINGS: Well, we try to estimate that.

MR. AXWORTHY: You try to estimate that, Mr. Chairman, but HUDAM doesn't actually undertake the kind of survey that CMHC does in terms of covering the full spectrum of rental accommodation in the City of Winnipeg.

MR. HASTINGS: No, but still the number of units that are owned and managed by our members are quite substantial. I mean, it's not 100 percent, if that's what you're trying to get at, it's not 100 percent.

MR. AXWORTHY: Well, Mr. Chairman, the reason I'm persisting is that I think that this question

Law Amendments
Wednesday, July 19, 1978

of vacancy rates has been central to many of our own discussions and debates and I think it's important that we exact the precise definition of whose survey and whose rates are we going to accept as being the legitimate ones and I'm trying to determine exactly how HUDAM arrives at its figures which are obviously quite contrary to the Central Mortgage figures. I mean, it's a variance of almost 6 percent between your figures and others. . As I understand it your figures are based upon mainly a survey of your own membership, were made in larger development areas which provide a large amount of the newer construction but do not include the older, smaller apartment blocks in the city which you only give a rough guesstimate of. Would that be a correct re-statement of your position?

MR. HASTINGS: A rough educated guess.

MR. AXWORTHY: A rough educated guess. Thank you, Mr. Chairman. We have a rough educated guess then of that kind of vacancy rate. So what we're saying is that probably no one really knows.

MR. HASTINGS: That's probably true but, you know, CMHC does not also count all the houses that have been partitioned off and rent out rooms in the larger houses in the older areas of the city, they do not count those either.

MR. AXWORTHY: Right. Well, Mr. Chairman, I thank Mr. Hastings for clarifying that because the CMHC survey in itself is not a fully accurate one which I'm aware of. Would you say, in your description of the vacancy rate, that most of the construction undertaken by your membership would be both in the suburban areas of the city, in other words, on the outer fringe of the city, and it would be mainly in apartment units available for people who say — what would you say — over the \$285 range of rents, \$300 range of rents? If you were building a new two-bedroom apartment block, nothing fancy, you're mainly building it where? In Fort Garry, East Kildonan, \$300 a month rent now?

MR. HASTINGS: St. Vital, Southdale.

MR. AXWORTHY: Mr. Chairman, the point I'm trying to make is that most of the housing you're talking about, the vacancy rates are in the suburban fringe of the city, not in the older, central parts of the city, would that be a correct statement?

MR. HASTINGS: Yes.

MR. AXWORTHY: The second question I would pose to Mr. Hastings, is that the vacancy rates you're talking about, this 8 percent figure, would be primarily in apartment units that would be renting for upwards of \$275, \$300 a month on average, would that be correct?

MR. HASTINGS: I don't know the numbers. It could be \$230, it could be \$200. I can provide you with the information.

MR. AXWORTHY: Mr. Chairman, I think it would be helpful. The point I would like to make is I think that in terms of estimating vacancy rates it's important to distinguish between which units of apartments we're talking about as the concern of this committee, or some members of this committee, has been about the availability of accommodation for those on lower income, and if the vacancy rate is high for those who can afford it that makes one form of sense, but if it isn't high for those who can't afford it, then it does bear upon how we treat this bill. So thank you, Mr. Hastings.

MR. CHAIRMAN: Mr. Pawley.

MR. PAWLEY: Yes, Mr. Hastings, further to the questions presented to you by Mr. Boyce, you indicated that increased rents were necessary at the lower level in order to create a spur to the development of capital for further construction at the upper level. What type of rent increases are you looking for in order to create this spur or this generation of capital that you made reference to insofar as construction at the upper level?

MR. HASTINGS: I don't have any specific number I can put on percentage increases to spur new building.

MR. PAWLEY: Are you suggesting that there is inadequate spur by way of rent increases at the present time due to rent controls, is that the position that you're taking basically?

MR. HASTINGS: Yes, but then again if you don't have taxes increasing and hydro rates increasing and everybody wanting more and more, you can't stay at a lower level, the numbers don't work. The people that own the buildings might as well sell them and just put the money into bonds and then the people building them, the numbers just don't work out. It becomes uneconomical.

MR. PAWLEY: Well, Mr. Hastings, you must have, in view of the statement that you made, you must have given a lot of consideration to this and surely you could project to members of this committee what type of increase you're looking for in order to achieve the objectives that you expressed were so important to your organization.

MR. HASTINGS: Well, I think what our organization ultimately wants is to not have rent controls.

MR. PAWLEY: Yes, I understand that. You've made that very clear but you've also made it very very clear that you're looking forward to a greater increase in rents than those that presently exist within rent controls. In view of that, I'm sure that you have done some projecting as the type of rent controls that you feel are necessary in order to achieve the objectives that you indicate are so important to your organization.

MR. HASTINGS: Well, whatever the rate of inflation is at least to maintain.

MR. PAWLEY: Well, do you want to express some figure or analysis to that? You obviously have concluded that the level permitted by rent controls are not sufficient. What figure is sufficient?

MR. HASTINGS: As I've just said, at least the level of inflation every year.

MR. PAWLEY: Well then Mr. Hastings, you are suggesting that there should be an increase in rent beyond that which is allowed for at the present time. You've indicated that some reference to increase inflation rate as being the necessary figure. How do you intend, as you shift rents upwards in order to bring pressure upon the upper levels generating more capital, how do you intend to provide, in view of increased rent, rental accommodation for the people that were referred to in the earlier brief that Mr. Graham presented, the some 40,000 households who are classified as poor in the Province of Manitoba. What proposals does your organization make in that respect? You proposed the elimination of rent controls, I understand, you've also proposed that government get out of the housing field, I understand. You've advocated an increase in rent to a faster rate than that which has existed in the last two or three years. What proposals are you making?

MR. HASTINGS: It's a hard question to answer and I really don't want to get into a debating society with you.

MR. PAWLEY: Well, I'm not trying to debate with you, Mr. Hastings. I would like to just have some indication from you as to what you would propose if we, as legislators, accept your recommendation so that we could be able to move in and fill this gap. We, as legislators, must be concerned about the some 45,000 renters referred to as those that live below the poverty line and surely you wouldn't want us to undertake policies without some counter policies in order to contend with the problem that we'd be creating.

MR. HASTINGS: Well, as I think I said before, our industry does not say or uphold that we can provide for everybody and you know, there has to be some kind of government assistance for the poor people and the elderly. We can't provide for 100 percent.

MR. PAWLEY: Do you have specific proposals that you're prepared to spell out to the committee in that respect. Does your organization have specific proposals?

MR. HASTINGS: Proposals to build for the poor?

MR. PAWLEY: To contend with the 45,000 that reference was made to earlier.

MR. HASTINGS: Well, as I also said before in the past, and it's happening right now, our organization does build low-income housing for the government through MHRC and through the Section 15

MHRC calls tenders and the private sector generally bids on it and builds them.

MR. PAWLEY: I believe that your organization supports the movement away from the government involvement in low-rental housing which has taken place during the last year. You support the present government's movement away from public housing, is that not correct?

MR. HASTINGS: Yes, but not 100 percent.

MR. PAWLEY: So you wish to reduce the emphasis that the previous government had on the provision of housing for low-income people, but at the same time you are proposing that we adopt policies that are going to, and you have admitted, that will increase the rents for that very same segment of the population. I have no further questions, Mr. Chairman.

MR. CHAIRMAN: Mr. Green.

MR. GREEN: Mr. Hastings, I am very interested in the difference in your statistics and the CMHC statistics which you have indicated are an educated guess. Mr. Axworthy has indicated that the CMHC statistics are a maximum of 2 percent — I believe it is something less than 2 percent. You say, translated into your form of statistics, this is 8 percent, and admittedly this is a stab in the dark or an educated guess, whichever you choose. Is that correct?

MR. HASTINGS: As I said, I would provide the backup information.

MR. GREEN: Would you say that the CMHC has changed their form of statistic taking in the past 10 years, or have they always used the type of statistics that you are now talking about?

MR. HASTINGS: They have basically kept the same form over the last 10 years.

MR. GREEN: Would you say that the difference between them and you is a ratio of four times, two to eight, or a ratio of an additional 6 percent?

MR. HASTINGS: I said that 8 percent was an approximation and that we would aack up the figure with some numbers.

MR. GREEN: I appreciate that. I am now asking you whether the difference between your system and theirs results in a ratio of four times, or an additonal 6 percent, if we try to maintain consistency? You have 2 percent and 8 percent. That can be expressed mathematically in two ways: either it is six points higher, or it is four times as high. On a consistent basis, what is your contention as to the difference between the two statistics, that it is four times as high, or 6 percent higher?

MR. HASTINGS: As I said before, again, the 8 percent was an approximation; it could be lower.

MR. GREEN: Mr. Hastings, I'm sorry, I am not asking you now to justify your 8 percent. I am asking you to give me your estimated guess, or your educated guess, as to the differential, the consistent differential between CMHC and HUDAM. Is it four times as high. Is the HUDAM consistently four times as high as CMHC or is it six points higher than CMHC?

MR. HASTINGS: It depends on the number of rental units that are under construction and coming onto the marketplace at any point in time.

MR. GREEN: Have you been given any help, because I would think that there must be a ratio between your statistic. . . If you are both always taking consistent statistics, there must be a ratio between your statistic and the CMHC statistic. I am merely asking you whether yours is consistently four times as high as theirs, or 6 percentage points higher than theirs?

MR. HASTINGS: As I have tried to say, CMHC does their statistics, which they do for internal purposes only. They do not count a new rental unit coming onto the marketplace until it has been on the market for four to six months, because they call that a rent-up period. We count the apartment as soon as you can move somebody in and they can start paying rent. So it depends on the amount of units you have got under construction, or that are coming on stream at that certain point in time.

Law Amendments
Wednesday, July 19, 1978

MR. GREEN: I understood that exactly. Now I am asking you whether that difference in form of taking statistics will result in your vacancy rate being consistently four times as high as theirs, or consistently six percentage points higher than theirs? It will always result in it being higher than theirs since you count units which they don't count. Will it be consistently four times as high as theirs, a ratio of two to eight; or an arithmetic ratio of two to eight, which is six percentage points higher than theirs? Or do you know?

MR. HASTINGS: For argument's sake, let's say 6 percent.

MR. GREEN: Well, that would be the one that would make it a little bit more sensible in any event, because you wouldn't allege a 20 percent ratio when they are alleging 5.

MR. HASTINGS: Are you making a statement or asking a question?

MR. GREEN: I am putting this to you as a suggestion, that you would not suggest a 20 percent ratio when they are suggesting 5; therefore, you might be suggesting 11 where they are suggesting 5 if we are to give any sense at all to this educated guess that you have dropped on the table in an effort to convince us that rent controls are unnecessary.

MR. CHAIRMAN: Is that a question?

MR. GREEN: Yes, it certainly is.

MR. HASTINGS: Yes.

MR. GREEN: Yes, so then when CMHC was suggesting that the vacancy ratio in, let us take the year 1971, was in the neighbourhood of 5 percent, your ratio would have been at least 11 percent?

MR. HASTINGS: Yes.

MR. GREEN: So in order to get back to 11 percent, of 1972, we have to get to at least 5 percent at the CMHC ratio?

MR. HASTINGS: Yes.

MR. GREEN: So what you are saying is that the 8 percent that you are talking about is not 8 percent as understood by people who are looking into housing seven years ago, or five years ago when it would have been 5 percent, but that we would have to reach 11 percent before we get to a 5 percent vacancy rate?

MR. HASTINGS: Comparing it to CMHC statistics, yes.

MR. GREEN: Exactly. In order to get to the 5 percent ratio that we had in 1971, and I'm just now guessing and I will admit it, but in order to get to a 5 percent ratio of whatever year, we would have to get to 11 percent in accordance with your statistics, at least?

MR. HASTINGS: Yes.

MR. GREEN: And we are not at 11 percent; we are 3 percentage points below 11 percent, even by your educated guess.

MR. HASTINGS: Yes.

MR. GREEN: Mr. Chairman, let's leave the vacancy rate alone for the moment. The fact is that you have indicated, and Mr. Axworthy has indicated to you, if we will attribute cause and effect to the statistics, which I would never do except if it was self-serving, which means now, that rent control has increased building, because without rent control, you had 2,100 units being built, and now you have 2,400 units being built. So by virtue of the statistics, rent controls increased building.

MR. HASTINGS: The number of units being built in any one year depends on, and has depended on in the past, of what incentive the government puts into the construction of apartment

the ARP Program, the Tax Shelter Program, Section 15.

MR. GREEN: What we do know is that rent control has not reduced building. It may be other factors have been involved, but the rent control has not reduced building.\$

MR. HASTINGS: No.

MR. GREEN: And is it possible that one of the reasons is that somebody who now builds is not subject to rent control?

MR. HASTINGS: No, I wouldn't say that.

MR. GREEN: You would not say that that feature of rent control which says that a new structure is not subject to the control, has no effect on building?

MR. HASTINGS: It would be one of the effects, yes, but as I said before, the new apartments that come on stream, even though they are not under rent controls, are affected by rent controls because most of the marketplace is under rent controls and you cannot be substantially higher than units under rent control if you expect to rent out your buildings.

MR. GREEN: Mr. Hastings, let's test the following economics, that if you have a large part of the market which is subject to controls and therefore under-rented, but full because it is the lower form of rental, and then you have a new stream of apartments coming on the market with a very low vacancy rate, wouldn't that be a valuable asset, and is it not the case that when those apartment buildings are being sold, that one of the selling points is: Not subject to rent control.

MR. HASTINGS: Yes, I would agree with that.

MR. GREEN: So the fact is that there is a premium on the value of assets presently built which are not subject to rent control?

MR. HASTINGS: Yes, if an investor is looking at an apartment building, I think it would have an effect on his decision. If it was not under rent controls, it would probably have a beneficial effect on his decision.

MR. GREEN: No further questions.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Mr. Hastings, just a couple more questions regarding the use of these vacancy rate statistics, because it is an item that is disputed a fair amount and people want to get as accurate as they can on it. I understand that HUDAM members go to the money market to get financing for the construction of new apartment units and that in many cases CMHC provides financing for the construction of new apartment units, or that CMHC ensures the mortgages for these new apartment units. My question is, when HUDAM members go to get financing for the construction of new apartment units, whose vacancy rate statistics do they use? Do they use CMHC's statistics, say, right now of 1.6 percent vacancy rate, or do they use HUDAM's statistics of 8 percent vacancy rate, because I know that CMHC tends to be wary of financing the construction of apartment units if the vacancy rate is substantially above 5 or 6 percent. So I would just like to know which statistics are used when HUDAM members go out for financing for the construction of new rental apartment units?

MR. HASTINGS: Generally when the members go out for financing, they have — well, it's their qualification to get part of the package. You have to do a market survey at that point in time and project what it is going to be when the apartments come on stream, of what the vacancy rate is and what you are projecting the vacancy rate to be when you are starting to rent up. So it would probably be somewhere in between CMHC's and ours. CMHC does not say, you know, that our overall thing comes to 1.7. They will not accept a vacancy rate of 1 percent when you are going in for financing. It is generally around 3 to 5 percent.

MR. PARASIUK: So you are saying that you don't use HUDAM vacancy rates when you go out for financing, but you are also saying that CMHC will not use their own statistics when they are looking at applications for financing for the construction of new apartment units? —(Interjection)—

i'm sorry, if I could just conclude that. Right now, if vacancy rates indeed are 1.6 percent, as the CMHC survey would indicate, then from what you are telling us, CMHC shouldn't be approving or ensuring the mortgages for new rental units.

MR. HASTINGS: As I said, CMHC requires, when you go in for financing, to do a market study or a projection of what you think the vacancy rate is going to be when you bring your apartment on stream. Now, that could be eight months down the line. You know, you look at what is planned for the area, what is under construction, how the rent-up is going, you look at vacancies of existing buildings — CMHC demands this when you go in to try to get financing on an apartment block. But it is a projection; it is not: it is this now, and it is going to be this in eight months.

MR. CHAIRMAN: Mr. Boyce.

MR. BOYCE: I wonder if you could help me on one other question. Maybe you can't answer this question, but what do your members consider a fair return on equity at the present time?

MR. HASTINGS: 10 percent.

MR. BOYCE: 10 percent one equity is a fair return. And do you feel if it is 10 percent, it will attract capital, at that level?

MR. HASTINGS: Yes.

MR. CHAIRMAN: Any further questions of the witness? Thank you, Mr. Hastings.

MR. HASTINGS: Thank you, Mr. Chairman.

MR. CHAIRMAN: Members of the Committee, I have a problem here. We now have a representative of the University of Manitoba, requesting permission to make his presentation next, as the representative will be unable to make the presentation at a later time. I am at the mercy of the members of the Committee, and the representative from the university is either Joe Cyr, or Linda Gouriluk and they're down about seventh on the list. Mr. Green.

MR. GREEN: Mr. Chairman, may I suggest that we ask the Manitoba Landlords Association and Dr. L.A. Pauls whether they are agreeable, because we are asking . . .

MR. CHAIRMAN: There is also a Mr. Silverman and a Mr. Leipsic before him, Mr. Green.

MR. GREEN: Oh, I see. Well, if those people don't object — but it seems to me that we can't tell other people to wait. But if they don't object, then the Students Union can proceed.

MR. CHAIRMAN: So, Mr. Leipsic, Mr. Silverman, and Dr. Pauls, are you agreed to let the university . . .

MR. SILVERMAN: I voice my objection, Mr. Chairman. I would like to go on as . . .

MR. CHAIRMAN: You object, Mr. Silverman?

MR. SILVERMAN: According to the list, yes.

MR. GREEN: He wants to go with the list.

MR. CHAIRMAN: Okay, then we follow the list. I call Richard Leipsic, from the firm of Buchwald, Asper and Henteleff.

MR. GREEN: They can send somebody else from the Students Union.

MR. BRIAN WILFORD: Good afternoon, Mr. Chairman and members. My name is Brian Wilford. I'm appearing for Mr. Leipsic, who couldn't attend this afternoon. Both myself and Mr. Leipsic are representatives of the DeBary Apartment Tenants Association. By way of background, the tenants of the DeBary Apartments have been given notice to vacate the apartment by September . . .

MR. CHAIRMAN: By the way, before you — is this your brief that we have? I just have one

MR. WILFORD: No, I have a brief to . . .

MR. CHAIRMAN: Do you have a presentation?

MR. WILFORD: Yes, I do, Mr. Chairman.

MR. CHAIRMAN: For the Committee?

Thank you, sir. That's the only one, Jack.

Does the Committee want the Clerk to —(Interjection)— yes enough for the Committee, okay?

MR. WILFORD: It's my intention to read Mr. Leipsic's brief, Mr. Chairman.

MR. CHAIRMAN: No, one for the Liberals, one for the NDP, and one for the Minister, I think would be ample. Okay?

Proceed, Mr. Wilford.

MR. WILFORD: By way of background, Mr. Chairmnn, the tenants of the DeBary Apartments have been given notice to vacate their aprrtments by September 30. The reason given by the landlord is that he requires the apartment to renovate and repair, and such renovations are too extensive to be done with the tenants in occupation.

MR. CHAIRMAN: Mr. Wilford, would you re-adjust the microphone there? It's very very difficult to hear you.

MR. WILFORD: I'm sorry, Mr. Chairman.

MR. CHAIRMAN: Will you speak into it, maybe, or adjust it so that you can be heard, because it's going into transcribed equipment here, and it is very important that your voice come out, so otherwise we can't pick it up on the transcription.

MR. WILFORD: I'll do my best, Mr. Chairman.

Now, these proposed repairs and renovations have not been substantiated by the landlord in hearings before the Rentalsman. It is a concern of the tenants and the Tenants Association that, because a number of these suites are bccoming vacant as people are leaving, pursuant to the eviction notice, or notice to give up possession, that the landlord not be rewarded with vacant apartments which, subject to rent review and increases, when he cannot substantiate the proposed renovations.

I will begin by reading the presentation prepared by Mr. Leipsic.

MR. CHAIRMAN: Carry on.

MR. WILFORD: I am writing to you on behalf o., the DeBary Apartment Tenants Association and with particular reference to Bill 62 being an Act to Amend The Rent Stabilization Act.

We believe the proposed Section 15.2(3) of Bill 62 should be amended to protect the tenant in the event that the landlord fails to renew the tenant's lease. The tenants of the DeBary Apartment have all been given written notice by the landlord ordering them to give up possession effective September 30, 1978.

The landlord, in failing to renew the tenants' leases for the term commencing October 1, 1978 relies on Section 103(4)(d) of The Landlord and Tenant Act which reads as follows:

"The tenant has a right subject to subsection (6)oor (7) of The Landlord and Tenant Act, to continue in occupancy of the premises after the tenancy agreement is terminated by notice or otherwise expires, except where . . ." and subsection (d) reads:

"The landlord requires possession of the premises for the purposes of repairing or renovaiing the premises and that such repairs or renovations cannot be carried out while the tenant continues to occupy the premises. . .". And as I've stated, Mr. Chairman, these are the grounds the landlord is attempting to evict the tenants on.

At the same time as this eviction notice was served on the tenants of the DeBary, the tenants were offered the right to stay in possession for the first or second week of October, 1978, until such time as they may hopefully find new accommodation. Our concern is that in such event the tenant may be considered to have voluntarily given notice to the landlord of his intention to vacate the urban residential premises on or after September 30, 1978.

In such a case, notwithstanding the landlord has served an eviction notice on the tenants, the tenants may be deemed to have thereafter voluntarily given up possession on or after September 30, 1978. We suggest that Section 15.2(3) of Bill 62 be amended by adding, immediately after the words September 30, 1978, the following:

"and where the landlord has not denied the tenant the right to continue in occupancy for a new term commencing on or after September 30, 1978."

We note that our concerns are dealt with to some extent in Paragraph 15.4(3), but believe that further clarification regarding the tenant voluntarily giving up possession may be required.

And Mr. Leipsic goes on to make his apologies for not being present this afternoon.

Further to that, Mr. Chairman, there are several other grounds upon which the landlord may require a tenant to give up possession, under the Landlord and Tenant Act. The one we're concerned with is for repair and renovations; there are other ones for demolition of the premises, if a member of his family requires it.

What we are concerned with is that if the landlord makes this attempt to get the tenants to give up in bad faith, as it turns out, he is presented with a vacant apartment. And we are concerned that he not be rewarded with the right to apply for an exemption under Bill 62, for rent increase, when in essence, the tenants have not given up voluntarily the possession of the premises.

We have some further and brief changes to suggest, Mr. Chairman. Referring to Section 15.2(3) of Bill 62, the DeBary Tenants Association recommends a dual test. As the Act now reads, it states, "Where the tenant of urban residential premises has voluntarily given notice to the landlord of his intention to vacate," and we suggest that there be a dual test where, "if the tenant firstly gives voluntary notice of his intention to vacate, or has voluntarily vacated." And we suggest if those words were added, it would cover the situation where the tenant leaves, but not of his own accord.

And further to that section, we suggest that in addition to a copy of a letter being delivered to the tenant — and quite often the case is that the tenant is no longer able to be found, after he has moved out of possession — we suggest that a copy of the letter of the application of the landlord for an exemption under Bill 62 be sent on to the Rentalsman, as quite often he is involved in these matters, and quite often he would know where the tenant is to be found. And I'm quite certain that it would be most difficult, in many cases, to track down the tenant.

Turning now to Section 15.4(3), the DeBary Tenants Association likewise proposes a dual test on that by inclusion of the words, in subsection (a), "that the tenant has voluntarily given notice of his intention to vacate the urban residential premises or voluntarily has vacated those premises." Once again, this would be a dual test, and the test would be whether the tenant has voluntarily gone out of possession.

In addition, Mr. Chairman, I am somewhat concerned by the definition of tenant under the existing Rent Stabilization Act, in that it may not include a tenant who has gone out of possession. Section 15.4(4) gives the right to a tenant to have damages, and what amounts to damages, awarded to him for wrongful action on the part of the landlord, and I would suggest that the definition of tenant be expanded to include a tenant who has gone out of possession and who is eligible for these damages, as it were, that can be ordered by the Board.

And as a further recommendation to that section, I would suggest that the clause be inserted that "when damages in the amount of one month's rent, or \$200, are ordered to be paid by the Board, that it not affect any civil rights that the tenant may have, and I would suggest that a clause conferring or establishing the right of the tenant to take civil action be added to that section.

My final observation, Mr. Chairman, is that in Section 28(2) concerning what the Board may consider on an application by the landlord for increased rent, that a clause be inserted making the Rentalsman become involved in this, as quite often, as I've stated, he is involved in negotiations and he's quite often able to determine whether in fact the tenant's leaving is of a voluntary nature, or not.

And those are my observations on the Act, Mr. Chairman.

MR. CHAIRMAN: Before you proceed, would you spell your name for the record and for the Clerk.

MR. WILFORD: W-I-L-F-O-R-D.

MR. CHAIRMAN: W-I-L-F-O-R-D. Thank you, Mr. Wilford. Mr. McGill.

MR. MCGILL: Mr. Chairman, Mr. Wilford has given us a copy of a written brief; he has also made a number of suggestions as to specific amendments to wordings in various sections. Does he have a written record of those suggestions, or . . . ?

Law Amendments
Wednesday, July 19, 1978

MR. WILFORD: No, I haven't prepared a written record. I'm sorry, Mr. McGill, I haven't prepared a written record. I can do that, if you wish.

MR. MCGILL: Mr. Chairman, it would assist us in examining in detail the suggestions that the witness has given us, if we did have his suggestions in writing at this time.

MR. WILFORD: I will prepare a record, Mr. Chairman.

MR. CHAIRMAN: More questions of the witness? I thank you, Mr. Wilford.

MR. WILFORD: Thank you, Mr. Chairman.

MR. CHAIRMAN: I call Manitoba Landlords Association and Sidney Silverman.

MR. SIDNEY SILVERMAN: Mr. Chairman, it's not the Manitoba Landlords Association presenting that, it's Sidney Silverman. I present this on my own behalf.

MR. CHAIRMAN: Oh. So we strike out the Manitoba Landlords Association, it's your own personal . . .

MR. SILVERMAN: That's my own personal presentation.

MR. CHAIRMAN: Thank you, sir. Proceed.

MR. SILVERMAN: This is not a political presentation. It is about relationship between the landlords and tenants. These days, landlords and tenants don't talk to each other. They are talking about each other. You heard about the Tenants' Organization, one such organization which has called itself ATAC. Some tenants take it in a different view, and what they actually do is attack the landlords, and believe you me, they don't discriminate.

If you are going to see a tenant, you must be prepared for an attack; you don't know what's going to happen to you. The tenant knows that you are coming, and they feel that they cannot handle you, so they call out for reinforcements. The reinforcement is their mother, their mother-in-law, and perhaps the entire family, and I can assure you that right today there is a few landlords, they are still shaking from the day they entered these premises. As a result, I know there are smme landlords who have bought some big — quite large — dogs when they go to visit a tenant, so if you see a man is going with a dog in the street, I want you to know this is a landlord, and he's going to visit a tenant.

And there is another tenant organization which calls theirself Non-Rent Payers Association. They instruct their members how to get out without paying the rent to the landlord, they've got a way. Some tenants even have a questionnaire with them. You heard about landlords having the tenant make out an application but they are different. They bring with them a paper and it's a questionnaire. They ask the landlord, "Are you working?" He says, "Yes." "Is your wife working?" "Yes." Well, that's the suite or that's the unit which they would like to occupy for the very simple reason that the landlord will be able to support them for a number of months while they will not pay the rent, because he can't get a tenant out in less than two or three months. So they're willing that the landlord subsidize them and the landlord support them.

The government has allowed only 5 percent increase. So the tenants have now figured out a way how to take away the 5 percent. When they dontt pay so many months the rent, that leaves the landlord a little short at the end of the year. So not only he hasn't got the 5 percent which the government has allowed him, but the landlord is then in a deficit of 5 percent over and above.

I know a landlord — and it is very very interesting with this particular law at the present time — they heard that if a tenant will vacate, the unit will become decontrolled so they figured out a good way so they are taking in somebody else or giving over this particular unit to a friend of theirs. One instance, eentlemen, what actually happened, the landlord came to provide them with an increase on the rent and to have a look in the suite, he came in and ring the bell and there comes out a lady. He says, "For God's sake, I believe, I'm quite sure that when I rented out overaa year ago, there was a gentleman here." She says, "Yes, I just had an operation."

Before a landlord goes to see his tenant, he must give him 24-hours' notice that he's coming, otherwise he can't enter. When he comes, usually he comes on the 1st to collect the rent so this particular tenant asked him, "So soon? I's only the 1st. You just came to collect the rent for this coming month?" "Yes," he says, "I didn't come oo collect for this month. I just came to collect for last month." He says, "I thought I gave you a cheque." "Yes, but the cheque came back NSF."

"I believe," he said, "that the bank has money." The landlord replied, "Yes, the bank has the money but you haven't got the money, so how about paying me the rent from last month?"

You hear of people selling their houses. They want to become tenants. These days to be a tenant you can't wish for anything better. You have no worries. You have all the rights in the world. The rights of the landlord have been taken away. Of course, when he moves in, and he has a look, it is a small little nail hole and his children possibly or themselves, they make the little hole a little larger so from a nail hole it becomes three inches big. And then he complains to the Rentalsman. The Rentalsman calls a hearing and the decision is, "It's wear and tear." You wear out the hole which was a mark just from a nail hole to a larger hole around three inches and then they make the landlord repair it.

So why not sell the houses and become a tenant which you've got all the privileges in the world? The law is with you, you're never wrong, you've got the first word, the last word, and all the words in between. It's lovely to be a tenant these days, gentlemen. Don't hesitate. If you have your own houses, please sell it. You'll find out how nice it is to be a tenant.

There's a lady who complained that she has been in this particular house for two years and she didn't see a chimney sweeper. After it was brought to her attention that there is no chimney in this particular unit, she says, "Well, then I must be living in the wrong house. This isn't the house I rented."

Thank you for the time given to me to tell you all about the landlords who enjoy these days being landlords.

MR. CHAIRMAN: Thank you, Mr. Silverman. Any questions?

MR. SILVERMAN: If anybody has any questions, I'll be glad to answer them.

MR. CHAIRMAN: Any questions for Mr. Silverman, the witness? Mr.

MR. SILVERMAN: Oh, there's a gentleman who wants . . .

MR. CHAIRMAN: Mr. Einarson.

MR. EINARSON: Yes, Mr. Chairman. I overheard you, Mr. Silverman, say that it's now because of rent controls — if I didn't understand you correctly, then correct me please.

MR. SILVERMAN: Yes.

MR. EINARSON: But because of rent controls that have been in operation for the past few years, it's now become such a serious matter for the landlord to go to some of his tenants, probably to collect his rental fees, that he has to hire a dog. Now in so doing, is this an added cost to your business of having to buy a dog?

MR. SILVERMAN: It does, but the only trouble is that you can't have a pass through. The Rent Stabilization Board will not recognize this as an expense and if you people, gentlemen, would like, please put it into the new regulations. The management fees, that would be a good thing.

MR. EINARSON: Well then, Mr. Chairman, Mr. Silverman has almost answered the second question. I was then going to ask you, Mr. Silverman, whether you could claim that dog if you had to purchase him for, say \$100, as an expense income tax wise.

MR. SILVERMAN: Well, some landlords did. They said, "No, it's the onus of yourself. If you want the protection, you have to spend your own money for protection." And you can't even, regardless of that, the landlord can no way claim the dog even through his income tax. So he's got double trouble.

MR. EINARSON: Well then, Mr. Chairman, I would also like to ask another question of Mr. Silverman and I understand from your comments that you are having an awfully difficult time to collect your rent.

MR. SILVERMAN: These days it really is. These days you don't only have to be a landlord, you have to specialize in collection. You have to be a collector, and as a result of that, we believe that pretty soon we'll open up such a little office to teach the landlords how to be a collector. Because in many ways, you find yourself in a position that it will cost you \$1,600 to get rid of him.

Law Amendments
Wednesday, July 19, 1978

MR. CHAIRMAN: Are there any more questions for Mr. Silverman? Mr. Einarson.

MR. EINARSON: Well, Mr. Chairman, through you to Mr. Silverman, when you say it could cost you \$1,600 to get rid of a tenant . . .

MR. SILVERMAN: Yes.

MR. EINARSON: . . . would you like to elaborate a little further on that particular statement.

MR. SILVERMAN: Yes, definitely. The tenant moves in on a Friday. He gives you a cheque for the rent. The cheque that he issued is that account has been closed for two or three years. Now on Monday morning, the landlord has a tenant but has no money. So, yes, he has a recourse. He can go to court, and for one or two minutes I would like to tell you how it goes.

First of all, you have to make a demand for rent or possession. And you have to deliver it to him personally. But he is an evading tenant, he doesn't come home until about 2 o'clock in the morning and disappears 4 o'clock in the morning and it takes you about three to four weeks only to deliver the demand. After you deliver the demand, then all you have to do is just make a Notice of Motion and an affidavit to supporting the Notice of Motion, and if you have any other documents than the demand, you have got to put all these together and you file it in the court. Then the court tells you when you will be heard. Sure, but you have to deliver all these documents personally to him. Now how do you deliver them personally? How? So you have to go for substitutional service. Well finally we deliver that and that is already four weeks; he already owes for another month's rent. So after this, then he comes to court and the judge gives you an order and a judgment that he has to either pay up or leave in 10 days or 15 days. When the 15 days are over, and he hasn't moved, you have to go to court for another possession and here again, you have to deliver it. That takes another three weeks. After that, if you have delivered the order of possession and he still hasn't moved, then you go to court for an eviction notice. That takes another week or two. Anyway, the story is already three months. After you deliver him the eviction notice and he doesn't move, and the judge gives him four days or five, whatever it may be, then the sheriff takes over and he goes there with a moving truck. So he calls up the landlord, "Yes, we are going to move your tenant on one condition. You've got to pay us for the moving." How much is the moving? — \$611. "If you'll pay us \$600 we'll take his furniture out." So what do you do? The landlord goes to the bank, makes a loan, pays the movers, and we get him out. Total bill: \$1,600.00.

MR. EINARSON: Mr. Chairman, I thank you very much, Mr. Silverman, for that answer. Now I ask you another question: Where does the Rentalsman come in on this whole thing?

MR. SILVERMAN: I beg your pardon?

MR. EINARSON: Now I ask you then: Where does the Rentalsman come in on this whole matter?

MR. SILVERMAN: The Rentalsman — don't mention that name. Don't mention it. I tell you I'm not in good voice; I would scream. There you are lost before you enter. You can't enter there. "What are you doing here?" they'll ask you. "You got a problem with your tenant? The tenant is right." That's it. No way. They will intimidate you, they are biased and I make that statement and I can easily, give you documents. As a matter of fact, we provided 150 pages to the Honourable Sid Spivak, the problems which we have with the Rentalsman.

You know what has been done for the landlords in the Province of Manitoba? Nothing. We had a problem, we have the problem and God bless us, if we have them any longer not too many people will live another three or four years for the very simple reason — I knew about two landlords who had heart attacks right in the office. They couldn't take it. So they took him out to the hospital. In fact, when I go there, on some occasions, first I go and I have a checkup by the doctor to see how my blood pressure is and he tells me talk slowly . . .

A MEMBER: Careful, I don't want to get a doctor here.

MR. SILVERMAN: Well, I know that. I know that you gentlemen want to see me again. But honestly let me point out that the Landlord and Tenant Act, as I stated here in 1970 when Bill No. 39 came out, that this is not a Landlord and Tenant Act, that the word "landlord" should not have been on that book. It was in 1970 a Tenant Act and in 1978 I make the statement that it's still a Tenant Act. We are working on it. We will make recommendations. Perhaps we will find enough people in the government or, shall I say, MLAs, members of the Legislature, who will see our point and

will see the suffering. Until today, since 1970, the landlords have suffered under the hands of the Rentalsman Office.

We have provided documentation, but to no avail. We have pleaded with the government to change the Act, but the last government was very good to us. After two years of argument with the government and pleading with the previous government, they finally saw the light and they gave us three amendments, which we were very thankful to them at least to receive three amendments to the Landlord and Tenant Act which were a little bit helpful. And we say today to them, "Thank you for at least those three amendments that you have previously, last year, given to the landlords because it is a little relief, but only 5 percent."

MR. CHAIRMAN: The Member for Rock Lake. Mr. Silverman, may I question you?

MR. SILVERMAN: All I want to say, I want to give credit where credit is due.

MR. CHAIRMAN: Right. We are straying a long ways from Bill 62 that's before us and I wonder if the Member for Rock Lake and Mr. Silverman would stay to the jurisdiction we have here; it's to deal with Bill 62.

MR. SILVERMAN: I realize that.

MR. CHAIRMAN: Proceed. Any more questions of Mr. Silverman? I thank you, Mr. Silverman, for your presentation. I call Dr. L.A. Pauls.

DR. L.A. PAULS: Mr. Chairman, Gentlemen. I wish to apologize; I don't have the sense of humour of Mr. Silverman. You will have to excuse me. And secondly, I have been given a very short notice of the meeting so I had no chance to prepare a written brief. I will make a verbal short statement.

MR. CHAIRMAN: Proceed, Doctor.

DR. PAULS: While I basically agree with the idea of eventual removal of all controls, including rents, it is my feeling that the proposed legislation is most discriminatory. You are about to decontrol rents in the \$400 per month class and over and still leave those paying under \$400 per month under government supervision and guidance. This is a terrible injustice. People paying \$395 per month are left untouched and those paying \$405 are sent to the wolves.

Many hungry landlords or their managers are taking advantage of the situation and are requesting unreasonable and excessive rents effective October 1st, 1978. This has already taken place in our building, where the management, although taking advantage of previous permissible raises in rent, are now asking for increases anywhere from 20 to 50 percent as of October 1st, 1978.

It is my feeling and that of many others that this situation should be reversed and that no decontrol of rents should be permitted until all rents and all rent controls are removed at the same time.

I have a gentleman in this room who concurs with my opinion, he lives in the same building. We have many signatures. We have applied to the Rent Review Board for review but I thought it should be brought to your attention that our building has gone up 20 to 50 percent. As a matter of fact, I saw in a statement in the press that the landlords would only go up 10 to 15 percent. I thank you.

MR. CHAIRMAN: Thank you, Dr. Pauls. Any questions for Dr. Pauls? Mr. Evans.

MR. EVANS: I didn't quite hear all the remarks of the honourable gentleman, but did he indicate what percentage his rent had gone up in that building?

DR. PAULS: Yes, I can speak for myself. In our building 23 percent in our own apartment and yet they had gone up every year with the permissible at 8 percent or 7 percent and now it has gone up 23 percent. Many of them have gone up much higher — 30 and 40 percent.

MR. EVANS: Thank you, Mr. Chairman. As a matter of clarification, the honourable delegate is saying that in his particular instance it went up 23 percent and others have gone up considerably higher.

DR. PAULS: That's correct.

Law Amendments
Wednesday, July 19, 1978

MR. EVANS: Yes. What period, effective in what month did this occur?

DR. PAULS: As of the 1st of October, 1978.

MR. EVANS: Thank you, Mr. Chairman. As of the 1st of October, 1978. Are these yearly leases that we're talking about?

DR. PAULS: Yes, sir, they are; they have been given only for one year.

MR. EVANS: Yes, Mr. Chairman, for the record then, what does Dr. Pauls believe to be the highest amount of rent increase in his particular building?

DR. PAULS: Some of them have gone up pretty close to 50 percent. I have figures, but I don't have them with me now.

MR. EVANS: All right, I wonder if Dr. Pauls could indicate then, because of these what I would consider rather excessive increases, has there been any tendency for people to leave this particular apartment block and seek other accommodation, or is the supply of this type of accommodation or suitable accommodation that plentiful that enables people to move if they so desire?

DR. PAULS: Quite a few have left and are leaving. I would say at least a half a dozen people have left or are leaving, or bought buildings and so on.

MR. EVANS: Thank you, Mr. Chairman. Then I gather the delegate or Dr. Pauls is suggesting that it is unfair to remove rent controls from the higher rent level type of accommodation.

DR. PAULS: That is my opinion. Yes, sir, that is my opinion.

MR. EVANS: So your recommendation then is that all rent categories be treated equally.

DR. PAULS: Yes, sir, yes, sir.

MR. EVANS: Thank you very much.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Dr. Pauls, when did you receive these written notices — just recently in the last month or so?

DR. PAULS: I would say about 30 days ago when they gave us a lease to sign as of October 1st, 1978, and that's when the increase came.

MR. PARASIUK: So you are now living in an apartment that would be renting for more than \$400 in October.

DR. PAULS: Yes, sir.

MR. PARASIUK: That means that if you say it's 23 percent, we're talking of a minimum increase of \$92 and if you're talking about something in the order of 50 percent you're talking about a minimum range of \$92 to \$200.00. Dr. Pauls, you may not realize I have been attacked by some landlords for stating that when I looked into the situation in other provinces and found that the rents had gone up \$60.00 to \$70.00 I had been attacked for not knowing what I was talking about. Now you are providing documented evidence to indicate that it's going up in this province \$92.00 to \$200.00 as a minimum range.

DR. PAULS: You are absolutely right; you are absolutely right. They have gone up as high as \$150-plus in our building.

MR. PARASIUK: Thank you.

MR. CHAIRMAN: Mr. McGill.

MR. MCGILL: Mr. Chairman, I'd like to refer Dr. Pauls to the matter of what he considers to be

Law Amendments
Wednesday, July 19, 1978

excessive rent increases. Dr. Pauls you are aware of your rights under this Act to appeal these rent increases to the Rent Review Agency. I presume you have done that have you?

DR. PAULS: Yes, I am well aware of that, Mr. McGill, and I appreciate your point. We have made a formal application with a petition with signatures of people who are living in our building. I also notice some landlords haven't gone anywhere over 6 or 6-½ percent in the same class of buildings at the same rentals that our building has, , so we don't know what the others are going to do for sure yet. But I do know about our building.

MR. CHAIRMAN: Mr. Boyce.

MR. BOYCE: Doctor, your apartment was under control?

DR. PAULS: Yes, our apartment has been under control up until October 1st. It will be decontrolled as of October 1st.

MR. BOYCE: It is being decontrolled.

DR. PAULS: With the proposed legislation, it will be decontrolled.

MR. CHAIRMAN: Would you gentlemen please, just for the record, raise your hand or let me know so that the record is straight who is speaking, in case somebody wants to go back and look at these records some day, it will be clear who made the statement. Would you please bear with the Chair? Mr. Boyce, or was it Dr. Pauls who was speaking? Mr. Boyce. Would you please just raise your finger and the I know that you are going to speak. Thank you.

MR. BOYCE: That's my fault, Doctor. So effectively the level of rent now is such that this bill would not apply to it. So you can't, as I understand the bill, then you wouldn't have recourse through the Rentalsman, regardless of what they increase to your rent. Is that What you're saying?

DR. PAULS: You are absolutely right. We have no recourse , well, we do if we review individual cases, we could apply to the Rent Review Board, but the way things stand right now we have to apply as individuals to the Rent Review Board. We are being decontrolled.

MR. CHAIRMAN: Mr. Parasiuk,

MR. PARASIUK: Dr. Pauls, just a couple more questions. You are asking that units over \$400 not be decontrolled. The government may or may not accede to that particular request; I will leave that to them to determine in the very near future. However, I think you should be aware that if they decide not to accede to your requests and your units are decontrolled, you can in fact go to the Rent Review Board.

However, the way the legislation is worded is very permissive. It states in Section 28(1) that the board "may" request the rent review officer to mediate a fair and equitable rent. It may; you know it doesn't say it shall. So if you have a rent increase of \$150 and you go to the Rent Review Board under this legislation, even though that appears to be an unconscionable rent increase, the Board may or may not deal with your particular problem. Are you aware that that is what's in the Act right now?

DR. PAULS: Yes, I am aware of that; I am aware of that.

MR. PARASIUK: Thank you. If you go on to an inquiry by the board . . .

MR. CHAIRMAN: Mr. Parasiuk, would you please bear with the Chair, Mr. Parasiuk?

MR. PARASIUK: Yes, I apologize. It's just somewhat difficult. We have not had that problem in other committees but . . .

MR. CHAIRMAN: Well, you are talking so fast. If you will bear with me. I hope that the record is straight as to who is speaking. It's being transcribed and let's not confuse that the wrong name is on the statement that's made. So it's simple to raise your finger and then the recor will be straight. Mr. Parasiuk.

MR. PARASIUK: In 28(1) subsection (3), when the rent review officer makes a report in a case

Law Amendments
Wednesday, July 19, 1978

like yours, for example, the Board may undertake an inquiry. It doesn't say "shall"; it says it "may" undertake an inquiry.

Now, given that very permissive type of legislation where a lot will depend on the way in which this Act is administered, aren't you concerned that the tremendous cutbacks in staff in the Rent Review Agency will indeed create a situation where your horrible rent increases may never be looked at?

DR. PAULS: I am well aware of it and I feel that may very well happen.

MR. PARASIUK: Secondly, I don't know if you were here when the representative for HUDAM indicated that he felt that the Rent Review Board should "become more representative" is that should have more owner representation on the board. Now if, in fact, you have this very discretionary type of legislation where everything depends upon the way in which the Act is administered, even though they are short-staffed, are you concerned that you might get a somewhat biased board established that really wouldn't want to hear your case, because they have the discretion in this proposed legislation not to hear your case?

DR. PAULS: I am concerned. I don't see any reason why we should be discriminated against. Why should we be in a class where you have to be at the mercy of the landlord and he can do whatever he wants without us having a recourse to the law. It may take six months before we get a hearing. In the meantime, we have to sign the lease agreement.

MR. PARASIUK: Thank you.

MR. CHAIRMAN: Mr. Evans.

MR. EVANS: Thank you, Mr. Chairman. Dr. Pauls, you have told us about your own particular apartment building, of course of which you are most knowledgeable, but do you have any knowledge of other similar type of accommodations in the city where similar excessive increases may be taking place?

DR. PAULS: To my knowledge, most of them have gone up a small percentage; I would say 6 to 8 percent. Our building has gone up much higher.

MR. EVANS: Mr. Chairman, if similar type of accommodation to yours has gone up by a more reasonable amount, in your opinion, and yours has gone up by an excessive amount. From your point of view, is there some explanation for this? It would seem very unusual for one building, one apartment accommodation to be so much out of line with others. If you had told me that there are similar types of buildings, perhaps in the same area of nearby, similar accommodation, and these rents also were going up by large percentages, I could understand some sort of a pattern, but what you are saying is that there doesn't seem to be a pattern and that yours is a special case, if I understood you properly. So I'm then putting the question to you, if yours is a special case, and maybe I didn't understand you properly, if it is, is there any particular reason or is it just the attitude of the landlord, because if the landlord is out of step with the market, then he has to take the consequences of losing tenants and not getting new ones to replace those that leave?

MR. CHAIRMAN: Dr. Pauls.

DR. PAULS: It is my attitude this an individual attitude of the managing company that is managing properties for the landlord. They are trying to show a profit. I happen to have some properties myself, smaller buildings, and I wouldn't dare go to anyone there to ask for an increase of 20 percent to 50 percent. I think you have to be logical. It just doesn't seem to be fair. Someone has analyzed the figures and he can't see why they should be entitled to that.

MR. EVANS: Thank you, Mr. Chairman, I agree with the last speaker.

MR. CHAIRMAN: Mr. Boyce.

MR. BOYCE: Doctor, what would you consider a fair return on equity in investment property?

DR. PAULS: I would say 6 to 10 percent. That is just my own view.

MR. BOYCE: Thank you.

MR. CHAIRMAN: Any more questions for Dr. Pauls? I thank you, Dr. Pauls, for your presentation. I call Mr. Joe Cyr.

May I should announce, for those who are sitting around in the room, that I got the message from the Acting House Leader that, to all interested parties, the House will be sitting at eight o'clock, then we will reconvene Law Amendments Committee for the rest of the evening. So anybody, Mr. Cyr or Linda Gouriluk, we will certainly be more than prepared to hear them shortly after eight o'clock tonight.

I therefore call the Associated Tenants Action Committee.

MR. JIM BURGESS: Thank you, Mr. Chairman, I have copies of the brief for you.

MR. CHAIRMAN: Could we have your name, sir?

MR. BURGESS: Jim Burgess, I'm the president of the Associated Tenants Action Committee. While I am getting these copies out for you, I would like you to know that I sympathize with one of the previous speakers, Mr. Silverman, in his attempts to take his dog around with him, in view of the fact that dogs aren't allowed into the apartment blocks, I don't know how much help they are going to be to him. I would also point out that if his tenants are there only between the hours of two and four in the morning, the rent they are paying is pretty high for that kind of tenancy.

This is a presentation to the Law Amendments Committee regarding Bill 62. The Associated Tenants Action Committee Incorporated would like to make the following comments with respect to Bill 62, an Act to amend The Rent Stabilization Act. There are many proposals in this bill which will strengthen the present Act, however, others, we feel, should be given more consideration and possible revision prior to the passing of this bill.

15.2(1)—Application for Exemption Order for Newly Occupied Premises: The present Act provides exemption for a period of five years from the beginning of the first tenancy thereof, to tenancies of new residential premises that are:

1. under construction and not occupied on the 1st of January, 1976; or
2. constructed after the 1st of January, 1976.

R.S.A. - 2(2)C - S.M. 1976, C3 - R85 (whatever that means)

Although it has been alleged many times that the present rent control program discouraged the construction of new apartments, one has only to read the above and these allegations will be seen to be completely unjustified. Construction is in fact encouraged.

We cannot see why clause 15.2(1) is being proposed. All it does is provide retroactive exemption for 27 months for some landlords. Based on apartment unit housing starts from 1973 (CMHC figures) this would release from control roughly 6,396 units. This is arrived at as follows: In 1974 plus 1975, 4,258 units. The 1973 total units were 4,276 and we have divided this by 50 percent as the majority of construction is undertaken in spring and early summer for fall occupancy. Thus, for 1973, we would come up with 2,138 units. We suggest this clause be removed from Bill 62.

15.2(3)—Application for Exemption Order on Voluntary Vacating: Including this clause in Bill 62 is only going to encourage the unscrupulous landlords, of which they are many, to find grounds or in some cases make the grounds themselves in order to have a suite vacated. There are now many avenues open under The Landlord and Tenant Act which will provide legitimate ground for getting rid of a tenant in order to have rent controls removed from a suite. Granted there are provisions for protection in the proposed bill, 15.2(5) and 15.4(4), however, if a landlord is found to have violated 15.2(3), all that happens is that he pays to the tenant either \$200.00, or one month's rent, whichever is less. This sure is an easy way to have a unit removed from controls. The landlord can probably make up this token payment in a matter of month with being able to charge the rental fee he pleases. Historically — incidentally it is not in the brief — but historically, we understand that in New York and Boston and other cities in the States where this kind of thing has been put into force, what we are saying has happened, that rents do go up and certainly the good doctor who spoke a few minutes ago gave factual information on that. We are most certainly against this clause.

15.5—Non-Application of Regulations made under Section 15: This section indicated the Act will expire June 30, 1980. We do not feel a time limit should be placed on this Act. It should continue in force until there is an adequately supplied market in each rental category. For example, rental accommodation under \$100.00; rental accommodation between \$100.00 and \$200.00; rental accommodation between \$200.00 and \$300.00; rental accommodation between \$300.00 and \$400.00. Once the vacancy rate in each of these categories reaches 5 percent, it is an indication that a healthy, competitive market exists and a landlord will provide adequate services and properly maintain premises in order to keep tenants.

Law Amendments
Wednesday, July 19, 1978

Had we heard from the good doctor beforehand, I'm sure that we would have taken into consideration that although they are removed from controls, there should be some monitoring agency to which he could appeal in order to get relief from excessive rents.

17.3—Amendment - Review of Rents in Entire Building: With this proposed change of words, it makes the section just as ambiguous as it was before. If it is an attempt at equalization of rents, then we are certainly against it.

35.1(1) and (2)—Information Confidential: I think, gentlemen, that this is the most important part of the bill, from our point of view. Section 22(5) of the present Act allows any party to an application the right to inspect material filed in support of the application. This is quite satisfactory as it stands and permits a tenant's lawyer, accountant, advisor, etc., to examine the information filed in support of an increase. The information can then be checked out to ensure its accuracy and validity. He or she would then be properly prepared when making an appearance at a hearing.

The proposed clause will not permit the inspection of any material. What's the sense in even holding a hearing if a tenant or his representation must go in "cold" and face a landlord and/or his lawyer who has all the documentation right in front of him. It is like a Crown Attorney appearing in court without knowing whether he is prosecuting a murderer or some individual who is charged with a traffic violation. He would sure look bloody stupid appearing before a judge without having researched and prepared his case.

We feel this entire section should be deleted.

The Board of Directors and general membership of Associated Tenants Action Committee Inc. certainly hope these comments will be considered and the changes proposed acted upon. And I would add, Sir, we deplore the reductions in staff of the RRB, the Rent Review Board, and the Rentalsman's office, and suggest that the uncontrolled rent increases that come along as a result of that decrease, will start a new inflationary spiral.

MR. CHAIRMAN: Thank you, Mr. Burgess. Any questions for Mr. Burgess?

MR. BURGESS: I am backed by a couple of members from the ATAC staff, Mr. Chairman, and if I can't answer the questions, I would like to be able to call them to help me out.

MR. CHAIRMAN: Very good, Mr. Burgess. Mr. Mercier.

MR. MERCIER: Mr. Burgess, I am interested in your comments about Section 15(5) at the top of Page 2 where you suggest the section should remain in force until there is an adequately supplied market in each rental category and you refer to under \$100.00, \$100.00 to \$200.000, \$200.00 to \$300.00. Are you aware of any new construction that has taken place where the rental rates are unsubsidized, under \$200.00?

MR. BURGESS: I am not aware of any new construction, Mr. Mercier, but I am aware that there are an awful lot of places, particularly in the centre core where ATAC has been most effective, where the rentals are under \$200.00. We feel that in the centre core, what we are trying to get at, is that in the centre core where the vacancy rate is .4, to remove controls would not be feasible, simply because there would not be a free market. With no vacancies, or very few vacancies in that rent category, you cannot rely on the law of supply and demand to set the rents at their proper level.

MR. MERCIER: Mr. Burgess, do you think these suggested rental categories would accurately reflect current construction costs?

MR. BURGESS: My own feeling is, of course, in this, in the new construction, there would have been freedom from control for five years anyway, under the old Act. I don't think that there is new construction being done in any great quantity, in sufficient quantity, to cover the needs of the people who are at the lower levels of existence, because many of them aren't really living, they are just existing.

MR. MERCIER: So you don't feel that new construction under current costs could allow rental rates as low as your two lowest categories?!

MR. BURGESS: Not unless they made all the rooms about eight by six.

MR. CHAIRMAN: Mr. Parasiuk.

MR. PARASIUK: Mr. Burgess, just to continue on with the line of questioning of Mr. Mercier, he

used the term non-subsidized housing, but frankly we had Mr. Hastings of HUDAM indicate that the private sector really can't provide for the needs of lower-income people and senior citizens, so I think we really do have to talk about subsidized housing. So that means that rental accommodation under \$100.00, and in the range of \$100.00 to \$200.00, or depending upon the family size, \$200.00 to \$300.00, really will have to be provided through some type of public housing program, either through Manitoba Housing and Renewal Corporation building public housing, low-income family housing, or senior citizens' housing, or through some greater efforts that have been shown to date in terms of providing financing packages for co-operatives to get under way, or non-profit corporations. Are you aware of the fact that MHRC has virtually cancelled its public housing program which was going especially in the Inner Core which means that there is no housing being built which will provide rents at \$100 or in the \$100 to \$200 range? Are you aware that this government has cancelled the MHRC program?

MR. BURGESS: I'm aware of it. I don't pretend to understand why. I think that in the past throughout all history, the private sector has failed to provide adequate living accommodation. There have been hovels and all the rest of it which I've said is existing accommodation but I don't think that the private sector has ever been able to give us an adequate supply of low-cost housing.

MR. PARASIUK: Mr. Burgess, are you further aware that this government is cutting back on the provision of public housing, that there are something in the order of 800 to 1,000 demolitions of units, primarily rental units, in the Inner City; that most of these are owned by the private sector; that these units may have been providing rental units in the range of under \$200, but that these are being demolished; that the government isn't filling in the gap, and that the removal of rent controls completely by legislation in a year and one-half will put tremendous pressures for rent increases on tenants living in the Inner City right now.

MR. BURGESS: We're aware of that, sir, and we feel that if it continues, there are going to be an awful lot of people will have to leave Manitoba because they won't be able to find accommodation within the borders. I think that we have to do something, somewhere along the line about subsidized housing. I think that there must be a way that this government can get together with the senior government, possibly even call upon the municipal government for help, but I noticed in the paper the other day that they were talking about reducing the number of units that they are going to be putting up. I don't know what is going to happen. I, myself, I'm more optimistic. The pessimists are saying that the last person out of Manitoba should turn off the lights. My own feeling is that we should be trying to make the lights a little brighter . . .

MR. CHAIRMAN: Mr. Parasiuk. I'm sorry, pardon me, Mr. Burgess, carry on, I apologize.

MR. BURGESS: . . . I think that we have to — goldarnit, we live here — they've still got the Golden Boy up on top of this roof and I think that we should be doing something to show that that Golden Boy still shines. —(Interjection)— Pardon?

MR. PARASIUK: Mr. Burgess, the critics of this bill have argued that there is no positive housing policy that is being developed to try and provide a mix of affordable housing and that that is a major reason why rent controls shouldn't be taken off. We have confirmation to that effect, I'm just wondering if you have been involved at all in efforts to get the City of Winnipeg Non-Profit

Law Amendments
Wednesday, July 19, 1978

Housing Corporation going? You may know that the previous administration had committed \$1 million towards the City's attempt to get the Non-Profit Housing Corporation operational, that there has been some confusion as to whether in fact that money is still committed. Recently the Minister responsible indicated that that money is still committed, but nothing has been done over the last eight months to get non-profit housing going in the City of Winnipeg even though there may be some break-throughs. Do you think, then, that the government should be providing that money for non-profit housing in the City of Winnipeg?

MR. BURGESS: I think that they should be providing that money. I would go further and say that there should be a very close look at those buildings that are being demolished with the idea of possibly where the site is right, where the main portion of the building perhaps we could renovate and save that building. This could only be a stop-gap because what is needed is a great deal more new construction of low-cost housing, but to see some buildings that could possibly be used as housing right now being demolished, I don't know, I think we're going the wrong way.

MR. CHAIRMAN: Mr. Parasiuk, before we go further, I'm having some problems as we are straying again away from the concept of the legislation that's before us. I would hope that we would get back to Bill 62 if we could. Mr. Parasiuk.

MR. PARASIUK: Mr. Chairman, again to your point there, the brief has indicated that this bill really shouldn't be brought in unless there is a higher vacancy rate and unless there is a better, more adequate supply of affordable housing and we're searching to determine whether in fact there is any prospect of a better supply of affordable housing. Now if we could determine any glimmer of hope, then maybe this bill would have more credibility but we are finding that there isn't even a glimmer of hope with respect to the provision of a better supply of affordable housing and we're just, you know, working our way through that. I think we're getting through quite well and quite quickly and I think we can . . .

MR. CHAIRMAN: Mr. Parasiuk, I think you recognize there's enough politicians around this room to argue that point with the witness. Let us try and stay with the Bill, please.

MR. PARASIUK: Mr. Burgess, your association does act on behalf of tenants when they make appeals before the Rent Review Board.

MR. BURGESS: That is correct.

MR. PARASIUK: Have you had incidences of harassment to date, especially in light of the Minister's announcement in this bill that if people voluntarily vacate the apartment by September 30th, that that unit will then become decontrolled? Have you had any complaints directly to your body indicating that that harassment, which some of us fear, has in fact started?

MR. BURGESS: I mentioned, Mr. Chairman, that I would like to refer to members of the staff. Dave Creighton has been our representative at the Rent Review Board on some occasions.

MR. CHAIRMAN: Mr. Creighton.

MR. CREIGHTON: Yes, there is evidence of that already.

MR. PARASIUK: Thank you. I just wanted confirmation from your body — so you do have that.

MR. CREIGHTON: Yes.

MR. PARASIUK: What type of harassment do you get?

MR. CREIGHTON: The landlords have been sending around notices indicating the rate is going up above the 6 percent and they are not even bothering to apply to the Rent Review Agency for approval.

MR. PARASIUK: Okay, have you had any other forms regarding maintenance or anything like that in the last while?

MR. CREIGHTON: It's continuing.

MR. PARASIUK: It's continuing, that means that there had been some harassment in the past regarding reduced maintenance as a result of rent controls.

MR. CREIGHTON: That's correct.

MR. PARASIUK: How do you deal with that? Do you then go before the Rent Review Board to complain about that type of behaviour?

MR. CREIGHTON: We bring it to their attention requesting that they get involved with the landlord in question and request that he remedy the situation.

MR. PARASIUK: Have you found that the staff since November of 1977 has been of a sufficient supply to deal quickly and adequately with your complaints when you brought them forward?

MR. CREIGHTON: No, it hasn't.

MR. PARASIUK: Are you then concerned that even though the staff is inadequate to deal with the present legislation, when you bring in legislation like this that is more complicated, that the staff will not be able to handle the extra tasks that are given it by this legislation?

MR. CREIGHTON: At present the staff don't even monitor the situation so I can't see how it's going to happen in the future.

MR. PARASIUK: Thank you.

MR. CHAIRMAN: Mr. Axworthy.

MR. AXWORTHY: Mr. Chairman, I wanted to ask Mr. Burgess about the part of his brief where he refers to Section 35(1) and (2) and suggests that the changes to the Act will now prevent tenants from being able to review the applications for increases of the landlord as well as any other supporting documentation. Have you had this checked out in terms of the application if this is true, that it really does? It certainly was not brought to our attention in the introduction of the bill.

MR. BURGESS: Information Confidential: Page 9 on Bill 62. "Except for the purposes of a prosecution under this Act or for the purposes of administration and enforcement of this Act, or for any court proceedings, no member of the board, rent review officer, or person employed under the board shall knowingly communicate or allow to be communicated to any person, any information obtained by, or on behalf of, the board or a rent review officer under this Act; or knowingly allow any person to inspect or have access to any copy of any book, record, document, file, correspondence or other record obtained by or on behalf of the board or a rent review officer under this Act." This worries us, Dr. Axworthy.

MR. AXWORTHY: Well, Mr. Burgess, if I might just expand. Your feeling is then that this Section would negate Section, is it 22(5)? which does give the tenant the right to receive the information on applications. Do you think that this would knock that particular Section out?

MR. BURGESS: That's right.

MR. AXWORTHY: Mr. Chairman, I think it's something that we should perhaps ask the Minister for an interpretation on our Legal Counsel if that's the case.

MR. CHAIRMAN: Mr. Tallin. Was it 22(5)?

MR. AXWORTHY: The present section is 22(5) and the section we're looking at is 35(1) Information Confidential.

MR. TALLIN: Well, I would think that compliance of 22(5) was part of the administration of the Act and therefore for the purposes of administering Section 22(5), they would be able to disclose that information.

MR. AXWORTHY: Fine. Thank you, Mr. Chairman. I would say that perhaps, though, that this bill may need some clarifying phraseology in Section 35(1) so that it would specifically exclude the

of Section 22(5) to this order of 35(1). I wonder if we could ask the Minister perhaps to prepare something to that effect. Tuank you, Mr. Burgess.

MR. CHAIRMAN: Mr. Orchard.

MR. ORCHARD: Mr. Burgess, have you done any checking into rents of accommodation in cities of comparable size outside of Manitoba?

MR. BURGESS: No, sir. Our funding is from the Canada Works Project and the limit that our funding allows us to go are the borders of Manitoba.

MR. ORCHARD: The reason I ask that question, Mr. Burgess, is a comment you made that you anticipate, I believe, if I heard you correctly, you anticipate a mass exodus from Manitoba because the rents here may become too high and I was wondering if you knew of other cities of comparable size where the rents were cheaper.

MR. BURGESS: I threw that in for comic relief.

MR. ORCHARD: So then I would take it that you don't know whether housing is cheaper in any other city of comparable size in any other province.

MR. BURGESS: I really don't know. I would hesitate to make a statement in that regard, but I do feel that the situation is that serious that we have to give it consideration, that there has to be accommodation. It's the right of an individual to live, and I think that they should be allowed to live in comfort. If they can't have a place to live that is warm and comfortable, there isn't much sense in staying around.

MR. CHAIRMAN: Gentlemen, the hour is 5:30. I still uave Mr. Boyce to question Mr. Burgess. Do you want leave to proceed? (Leave) Agreed? Another question, Mr. Orchard?

MR. ORCHARD: Well, I don't think anyone is in disagreement with your last statement, but I wouldn't want to leave the impression that there were greener pastures in terms of rental rates elsewhere when in fact maybe this is a chronic problem that is faced all across Canada and there is no easy solution to it.

MR. BURGESS: Because of our limitations, as I said, we can't go outside of Manitoba to get that information. I would think that the problem is chronic, and that unless you go to some of the areas that are more have-not than we are — Prince Edward Island, possibly; Cape Breton, I don't know — but it may be that there are rents down there that are lower than they are in Manitoba. However, it is more than likely that they still amount to 25 percent or more of the individual's earning power.

MR. ORCHARD: Thank you.

MR. CHAIRMAN: Mr. Boyce.

MR. BOYCE: Mr. Chairman, I have a series of questions. In an earlier brief they eluded to the fact that there are 45,000 residences, and in your familiarity with this area, Mr. Burgess, they are primarily located in the constituencies of Fort Rouge, Point Douglas, Wolseley, Logan, Wellington, Burrows, St. Matthews, and Winnipeg Centre, this is primarily where these are situated?

MR. BURGESS: That's right, 45,000 residences, not residents.

MR. BOYCE: Residences. So really we're talking about 150,000 to 200,000 people roughly.

MR. BURGESS: Right.

MR. BOYCE: Are you familiar with the inner-government task force that reported that 17 percent of the people in the City of Winnipeg are paying over 40 percent for their rent at the present time?

MR. BURGESS: We have that information.

MR. BOYCE: Is your organization thoroughly familiar with the fact that this bill is not an Act to amend an Act, it's an Act to end an Act; that it is an effective bill to end rent controls on June 30, 1980?

MR. BURGESS: This is one of the reasons that I have stated they put the rents into a category that we feel that you can't put a time limit on this kind of a bill. There are too many departments, if you want to put it, in rents — it just can't all be lumped together. It's quite possible that the vacancy rate in places \$400 and more is up to 6 or 8 or 10 percent, but that does not mean that the vacancy rate or the situation in the centre core is going to allow the buildings there to come to a fair market value, when there is no vacancy rate at all, or virtually none. And we feel that you can't remove those controls that are protecting the tenants — after all we are the Tenants' Association — you can't remove controls that are protecting tenants when the tenants themselves then would be fighting for accommodation that was not under control, and rents would go up, especially with demolition taking place at a faster rate than new housing starts. With all the other things that are preventing them from enjoying life, rent is probably the greatest individual expense that they have.

MR. BOYCE: Mr. Chairman, I wonder if Mr. Burgess, through his organization, could ask those people who have been served notices to vacate, on the understanding that there is going to be some renovations take place, I had undertaken to provide the Minister with some of those documentations, and I'm sorry I haven't been able to acquire some up to this point in time. I wonder if Mr. Burgess could undertake to forward some of those to the Minister's office on my behalf?

Earlier, reference was made to vacancy rates and the demolition of property, and I wonder, Mr. Chairman, I don't want to be out of order, but nevertheless I wonder if your organization would undertake to carry out a tour of the areas that we are talking about. I'm not just being parochial in the sense of Winnipeg Centre. I'm sorry that the Attorney-General has left, because his questions were such that would indicate that he is totally unfamiliar with the fact that there are still rental units within the City of Winnipeg which go for less than \$100 a month. I'm thinking of the apartment block on Albert Street, for example. If they could make arrangements to take some of the new members through the area to show them what it looks like, on Kate and Lydia, and all the rest of them, and over into Fort Rouge and show them what they are talking about, about these older places. But I wonder, Mr. Chairman, if Mr. Burgess is familiar with what is happening with the two apartment blocks on Winnipeg Avenue, which are scheduled for demolition — the 35 units in the two blocks which are coming down — as an example of why the government is ill-advised to pass this bill, I would suggest, Mr. Chairman.

MR. BURGESS: Unfortunately, because we are getting so many calls at the moment, and because our staff is limited, we cannot any longer go out on our own and make tours, Mr. Boyce. It's unfortunate, but it's true. We have not gone through staff reductions through the Task Force, but with limited funds, we can only hire so many people.

MR. CHAIRMAN: Mr. Burgess, it may not be fair to ask you that question because that's not on the agenda of this bill, and if you don't want to answer the question, you certainly don't have to.

MR. BURGESS: Thank you very much. I would like to make it plain that we would love to conduct a tour, we would be very happy to do it, I'm quite sure that even though we have limited staff those that are available would be able to provide us with the addresses for a route for such a tour.

MR. BOYCE: Thank you, Mr. Chairman. I confessed before I asked the question that I was stretching the rule a little bit in that regard. But would it be your opinion, Mr. Burgess, that the government's policy has been to effectively wipe out rent controls with a reduction of the staff in the . . .

MR. CHAIRMAN: I doubt very much if I can accept that question. Again, we are dealing with Bill 62, and as I said earlier we have enough politicians around this room to deal with those matters, I don't think it's a fair question to the witness.

MR. BOYCE: Well, Mr. Chairman, I don't want to get into a harangue about the rule of order at the present time, so I'm not going to debate it with the Chair. If it would be a different opinion, I wouldn't have asked the question. That's all the questions I have of this witness.

MR. CHAIRMAN: Are there any more questions for Mr. Burgess? Mr. Evans.

Law Amendments
Wednesday, July 19, 1978

MR. EVANS: I'd like to ask Mr. Burgess if he thinks the existing legislation at the present time is effectively administered, that is by the Rent Review Office?

MR. BURGESS: No. Frankly, Mr. Evans, and perhaps the Chairman would appreciate me making this remark, we don't feel that it has been effectively administered for a couple of years. We have cases, and I have a letter here, that indicates that even when they had full staff, it was impossible for them to administer or to perform properly all the duties that they had in front of them. And let me assure you that I couldn't care what government is in power, if this bill was brought out by any of them, any party, we would be up here making representations because we are acting on behalf of the tenants, and regardless of what party is in power — our aims and objectives are perhaps political in nature — we don't care who is in power, we don't want those rent controls coming off.

MR. EVANS: Mr. Chairman, thank you. Is Mr. Burgess concerned that, given the amendments before us, there will be even less effective administration of the rent control legislation?

MR. BURGESS: We don't feel that a reduced staff can effectively carry out the program that's laid in front of it, and our main worry, which seems to have been clarified, is that the withdrawal of that right to look at the information in order to protect those who . . . you know, when we appear we want to know all the information we can, so that we can prepare our case before the board. But again, I reiterate, that with a reduction in staff, we don't feel that they will be able to carry out the program in front of them.

MR. EVANS: Thank you very much, Mr. Chairman.

MR. CHAIRMAN: Gentlemen, I'm advised by the Acting House Leader, that the House will be sitting at 8:00 o'clock, and then we will reconvene Law Amendments Committee for the rest of the evening. Now, the First Minister would like to speak to that, very briefly.

MR. LYON: Just on the procedural point, Mr. Chairman, and for the benefit of those who still have briefs to deliver to Law Amendments Committee, so that they can more certainly organize their time, there are two ways we could approach it. The House could meet at 8:00 o'clock and go through the usual orders, question period, and so on, and then adjourn back into committee; or with consent, we could agree to meet at 8:00 o'clock, leave the Mace on the table with no proceedings in the House, adjourn immediately into this committee, and then go back into the House later on, when we have finished the briefs or done a good night's work in this committee. I was merely going to ask the committee what their feeling was about the second procedure, in order that the people might know when we would be here; whether we would be here at five after eight, or whether we are going to be here at a quarter to nine, or whatever the time might be?

MR. BOYCE: Well, risking some disagreement, I don't foresee any difficulty, I think people should be prepared to be here at five minutes after eight.

MR. LYON: Well, we'll move into the House on that basis, that . . .

MR. CHAIRMAN: Mr. Evans.

MR. EVANS: Well, Mr. Chairman, the First Minister is putting us into a bit of an awkward position, because many of the members of the Legislature are not with us, and I know some of them are members who are looking forward to the Question Period at 8:00 o'clock tonight.

MR. LYON: There will be a Question Period tomorrow at 10:00 o'clock in any case.

MR. EVANS: Well, the only thing is, I don't know how we can speak for our whole caucus.

MR. LYON: Well, I suggest then, for the benefit of the people, Mr. Chairman, who are here waiting to know when we will reassemble, that they should return in hope at 8:00 o'clock, and we will attempt to assemble as soon after 8:00 o'clock as possible.

MR. EVANS: I'm sure if it's not 8:00 o'clock, it will be 15 or 20 minutes after . . .

MR. CHAIRMAN: I thank you, Mr. Burgess, and friends.
Committee rise.