# QP Briefing: April 20, 2017

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## QP Briefing

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### 1). Eight things you may not have known about ‘Ontario’s Fair Housing Plan’

By: Geoff Zochodne

After weeks of waiting, and month after month of rising real estate prices in the Greater Toronto Area, the Liberal government released its “Fair Housing Plan” Thursday morning.

Some of the juiciest bits of the plan leaked out prior to its publication – such as the new 15-per-cent tax on foreign speculation in the real estate market – but there were a few aspects that flew under the radar. QP Briefing has highlighted eight of them below.

#### #1 – A “revenue neutral” foreign speculation tax – but how much revenue must be neutralized?

The centerpiece of the Liberal government’s housing-affordability plan is the new non-resident speculation tax, or NRST. The new tax will require non-citizens and foreign corporations to cough up an extra 15-per-cent for residential properties they buy in the Greater Golden Horseshoe area, which wraps around Lake Ontario from Niagara to Northumberland. The tax is effective Friday, and is aimed at stopping foreign speculation in the real estate market.

“In a tight market, vacant homes and speculators who never set foot in Ontario exaggerate our challenges,” said Premier Kathleen Wynne at a press conference Thursday in Toronto’s condo-heavy Liberty Village. “So we’re taking action to discourage the practice. Our priority here is the people who live and work in Ontario, making the process of finding or buying a home fairer and more affordable for you.”

There are some exceptions to the NRST. It doesn’t apply to purchases of apartment buildings with more than six units, or to farmland and industrial properties. What's more, a foreign buyer can get a rebate on the tax if they become a citizen or permanent resident of Canada within four years of making their purchase. They can also get the money back if they’ve worked full-time in Ontario for a year, or studied as a full-time student for at least two years.

But there are questions about the cost and the effectiveness of the NRST. Just 5 per cent of Greater Toronto Area transactions involve a foreign buyer, according to a Toronto Real Estate Board survey.

So how much money will the government make off the new foreign speculation tax? None, the finance minister claims.

“It’s revenue neutral,” said Charles Sousa.

Progressive Conservative Leader Patrick Brown previously used the “revenue neutral” idea in discussing his plan for a carbon tax. In those instances, the Tory leader meant the cost of the carbon fee would be returned to people through government tax cuts elsewhere, such as to the income or sales taxes. He’s since said his carbon tax would be “revenue negative.”

Sousa’s comments, however, suggested the NRST may not bring in that much cash, or will just pay for the government’s Fair Housing Plan.

“It’s all of course predicated by degree of activity in the marketplace,” the minister said when asked about the revenue neutrality. “We’re also providing additional supports for affordable housing in this package, which then provides revenue-neutral activity.”

But the only dollar figure in the Fair Housing Plan was $125 million spread over five years to refund developers some of the fees they pay in constructing new apartments.

“Working with municipalities, we’ll target projects in communities that are most in need of new, purpose-built rental housing, expanding rental choice for Ontario families who call those communities their home,” Housing Minister Chris Ballard said.

There could be other costs to the Fair Housing Plan, such as ones tied to its implementation, but the price-tags are not included the document.

#2 – Unlock the provincial housing stock

Ah, the old “unlock the value” line. The Liberal government is fond of using it in connection with the privatization of Hydro One and the selling of real estate properties owned by the LCBO and Ontario Power Generation. Now, the Grits have attached it to their Fair Housing Plan, by vowing to “leverage the value of surplus provincial land assets across the province to develop a mix of market housing and new, permanent, sustainable and affordable housing supply.”

“We’ll unlock the value of surplus provincial land assets through a new program that will create a new permanent, sustainable, and affordable housing supply,” is how Ballard put it.

The two surplus properties the province is eyeing for a pilot project are in Toronto, one being the West Don Lands and the other just a short stroll from Queen’s Park.

“We have an opportunity to use some of the surplus land owned by the province to build new rental and affordable housing in areas where it’s most needed,” said Premier Wynne. "So we’re taking that opportunity.”

#3 – More rent control that will be retroactive – to today

The good news: if you're currently a renter, your rent will be controlled from this day forth.

The bad news: if you're a renter whose skittish landlord recently doubled your rent out of fear of coming rent controls, you may be out of luck.

The Liberals said Thursday that they'll be extending rent control to all private units in Ontario, ending the current practice of landlords hiking rents however they want in buildings constructed after 1991.

Premier Wynne said the time for "rent gouging" had come to an end.

"It's wrong, and it is not at all fair," she said. "And the argument that developers need to be able to increase rents by as much as 100 per cent or they won't keep building rental units just does not hold water."

The Liberals' plan says they will introduce legislation that would expand rent control – capping future increases at 2.5 per cent – effective April 20, otherwise known as Thursday, or today. But a few stories popped up in recent weeks that landlords had doubled rents ahead of the release of the Fair Housing Plan. Those tenants may be out of luck.

The coming changes will also leave landlords free to hike rents when a tenant vacates an apartment.

"Under our proposed amendments, landlords will continue to have the predictability and flexibility to negotiate starting rents based on current market rates, both with new tenants and when units become vacant," said Ballard.

#4 – A bit of give and take

The Liberals' housing plan giveth tenants more rent control and taketh away higher taxes on landlords.

The expanded rent control will also come with reforms of the Residential Tenancies Act, "to further protect tenants and ensure predictability for landlords," the Fair Housing Plan says. One of those changes will be tighter restrictions on landlords evicting tenants to use an apartment for their own purposes. Another will be drawing up a new standard lease, which may not be the sexiest measure, but had the housing minister quite talkative.

“Both tenants and landlords will also benefit from our proposal for a new standard lease, a valuable resource that would bring consistency to the rental housing system for everyone participating in it,” said Ballard. “A standard lease will help all parties know their rights and responsibilities. It will also make renting easier for small landlords who are expanding rental options for Ontarians within their homes, but who don’t have a team of people behind them to manage technical challenges like leases.”

The Liberals’ housing plan also calls for the property tax levied on apartment buildings to fall in line with that of other residential properties.

“Last fall, we froze property taxes on apartment buildings. We’re concerned that the higher tax burden on these buildings was ultimately being passed on to tenants,” said Sousa. “So today, we’re announcing that municipalities will be required to apply a lower tax for new apartment buildings at a rate similar to other residential properties. This would encourage development of new purpose-built rental properties.”

There will also be the aforementioned five-year, $125-million program that will rebate developers some of their municipal development charges.

#5 – Call in the ‘SWAT’ team

Hit the music:

https://www.youtube.com/watch?v=bIVWSjgHUkQ

Yes, Finance Minister Charles Sousa says the new Fair Housing Plan will include “a SWAT team of sorts” that will team with municipalities and the federal government to try to increase housing supply and ensure speedy approvals.

The new “Housing Supply Team” will parachute in on specific housing projects and figure out ways to get them built. A working group will also consult with industry and municipalities to figure out ways to streamline the approvals process.

#6 – You have the right to remain informed

The Liberals’ plan also includes getting homebuyers up to speed on their consumer rights – and putting realtors on notice that shenanigans will no longer be tolerated.

“This includes practices such as ‘double ending,’ and we’ve heard about fake bidding,” said Sousa. “We want to modernize the rules … and improve the home buying experience, with the goal to offer greater consumer protection and make Ontario a leader in real estate transactions and standards.”

As part of the Fair Housing Plan, rules for real estate agents will be reviewed. The government will also spend some time trying to determine the impact and possible solution to practices like "assignment flipping," where a purchase agreement is signed and the property sold off to another party before the first deal closes.

"We are going to be working with the realtors right now," Wynne said. "I think we need to identify exactly what the practices are. I think we need to be clear what the problems are that need to be solved. Is it that the rules aren't good enough, or is it that the rules aren't being followed?"

#7 – Make elevators reliable again

The government is borrowing from the backbenches with its housing plan. Liberal MPP Han Dong already has a bill before the house, the Reliable Elevators Act, that would require broken elevators to be fixed within 14 days for most buildings, and within seven days if for a retirement home.

But 'lo and behold, tucked into the Fair Housing Plan is a vow to make elevators "more reliable by establishing timelines for elevator repair." Sure, there's the caveat that this will be done "in consultation" with the industry and the Technical Standards & Safety Authority, but it's in there.

#8 – AWOL: Action Without Legislation

The Liberal government now has two "fair" plans it has released without accompanying legislation that explains how the plan will actually work.

There's the Fair Hydro Plan, which the Liberals say will reduce electricity bills by an average of 25 per cent, including an 8-per-cent rebate that began in January. No bill has been tabled yet that outlines the plan.

Meanwhile, the Fair Housing Plan was released while the legislature was on a break, but QP Briefing eagerly awaits the bills and regulations that will surely come soon after MPPs return to Queen's Park next week.

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2). What people are saying about the 'Fair Housing Plan'

By: Geoff Zochodne

**The release of the Liberal government's "Fair Housing Plan" definitely has people talking. Here's a roundup of things that were sent and said to QP Briefing in the aftermath of the plan's release.**

**NDP MPP Peter Tabuns, to reporters:**

**"We've seen this movie before, in that the government waits until there's a complete crisis – a crisis for them politically as well as for people – a lot of people get hurt and then they're willing to move.**

**We're going to look at what they've brought forward in this package. We hope that there's some good stuff in here. But I just wish they'd moved months earlier – on the rent control years earlier – to avoid a lot of people getting hurt."**

**Progressive Conservative housing critic Ernie Hardeman, to reporters:**

**"If we had more supply, the marketplace would see prices level off. The government believes that taxation will solve this problem. It isn't. This problem is red tape in the development industry and we just not are producing the units we need and so the units that are available, people are paying out-of-the-world prices to get those."**

**Joe Vaccaro, CEO, Ontario Home Builders' Association, to reporters:**

**"We're happy to see the focus of the announcement included the supply piece. We're happy to see they're going to put some resources there and help us get approvals through the system and bring those projects to market. That's really important for us. Ultimately, our industry builds 95 per cent of the new housing that comes to the marketplace, so it's important that we have provincial leadership there and some resources there."**

**NDP Leader Andrea Horwath, in a release:**

**"Today in Ontario, families are struggling to afford their own apartments, and most young families have no hope of buying into the neighborhood they grew up in. Kathleen Wynne watched this problem grow for years, and has done nothing.**

**Now, I'm concerned today's announcement may be too little, too late.**

**There is nothing in the Wynne Liberal bullet points that addresses affordable or social housing stock that is desperately needed. And there is nothing in this announcement that helps first-time buyers get into a home of their own.**

I'm waiting to see the legislation – since we know Wynne has a record of selling one thing to Ontarians, and doing another. But, frankly, the missing pieces and vague bullet-points leave Ontario families concerned that Kathleen Wynne still doesn't get how much the housing crisis is impacting their lives."

Jim Murphy, president and CEO, Federation of Rental-housing Providers of Ontario, in a release:

"Today's announcement by the Wynne government will put thousands of units, and millions of dollars in provincial revenues at risk. It is a rash, politically motivated decision, which will hurt, not help, generations of Ontario renters."

Toronto Mayor John Tory, in a release:

"My goal as Mayor is to ensure housing is affordable in Toronto for all age groups and for all income levels.

To that end, I welcome many of the actions announced by Premier Kathleen Wynne's government today.

I am pleased that the government will activate surplus provincial land like the West Don Lands to create new affordable housing, something I have been urging the Premier to do for some time. I'm also gratified that the provincial government will allow the City to move forward with a vacant homes tax, subject to the results of our examination, and other measures to curtail speculation and add new supply into the marketplace right away.

I look forward to further details on all the initiatives announced today and have asked City staff to determine what the full impact of these changes will be for the City of Toronto and its residents."

Bonnie Crombie, Mayor of Mississauga, in a release:

"I am encouraged by many of these measures, but I believe that further study and analysis is needed to better understand what these new measures mean for Mississauga and how they will impact our housing market.

In the interest of accountability and transparency, I strongly believe any and all revenue generated by new tax measures must go directly toward creating more affordable housing options and the building of regionally-integrated transit, so we can build critically needed housing and allow people to more easily get to and from home.

I further welcome the government's commitment to work closely with municipalities, especially the recommendation for a housing advisory group. Mississauga Council and staff understand acutely the urgency to make housing more affordable for homebuyers and renters in Mississauga."

Keith Currie, President, Ontario Federation of Agriculture, in a release:

"There may or may not be some short-term solutions that have impact, but OFA believes that the real long-term solution lies outside the GTHA. It is time to recognize that Toronto and the surrounding metropolis will never catch up with its infrastructure and housing needs at the current growth rate. The viable, long-term solution is to stabilize Toronto's growth rather than just the housing market. This can be done by distributing economic development initiatives across the province – build up and invest in our rural communities. Only then will we relieve the pressure on the housing market for the long term."

Ontario Real Estate Association CEO Tim Hudak, in a release:

"Our goal as Realtors is to keep the dream of home ownership within reach for millennials, first-time home buyers and young families. We had over a dozen meetings with Premier Wynne, Finance Minister Sousa, the Honourable Tracy MacCharles, Housing Minister Chris Ballard and other senior staff to bring our ideas on home affordability forward. We're pleased to see that the government has listened. For one, increasing the supply of homes is the best way to give buyers a better shot at home ownership and the government has committed to working with municipalities to remove the barriers to getting more new homes and listings on the market faster.

Secondly, since I became CEO of the Ontario Real Estate Association, I've worked with my board and Ontario Realtors to call for an overhaul of REBBA, the legislation that sets the rules for Realtors, to raise the bar on professional standards. Since the Act was first implemented in 2002, the real estate world has changed tremendously, therefore the legislation must be updated to catch up with the times. We look forward to working with the government to modernize the rules governing the profession, to help strengthen the sector and make Ontario a leader in real estate transactions and standards.

Education standards for Realtors must also be improved to ensure that Ontarians are working with highly skilled professionals when buying and selling their home, the biggest financial move most people will make in their lives."

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3). After release of Liberal hydro plan, electricity prices set to fall May 1

By: Geoff Zochodne

The Liberal government's plan to reduce hydro bills is starting to come together.

The Ontario Energy Board, which regulates the electricity sector, said Thursday that off-peak, mid-peak and on-peak time-of-use power prices will all fall on May 1. As a result, the OEB says the average hydro bill for residential customers will be about $127 starting next month, which is a reduction of approximately $26, or 17 per cent.

The savings are due to the 8-per-cent rebate the Liberal government announced last September, which came into effect January 1, 2017, the OEB says. It also takes into account the OEB's removal of the charge customers had been paying to fund the Ontario Electricity Support Program for low-income households.

And, the OEB notes, the savings also stem from “a portion of the bill reduction announced in the government’s proposed Ontario Fair Hydro Plan.” That plan was announced by the Liberal government at the start of March, although legislation is needed to pass some of its measures, and no bills to that end have been introduced or passed yet.

But the plan aims to reduce bills by an average of 25 per cent, including the 8-per-cent rebate to customers. The government is also proposing to shift the cost of social assistance programs – one of which is the already shifted Ontario Electricity Support Program – from hydro bills and onto tax bills.

The plan will cost about $5.5 billion over three years, including the $1-billion annual cost of the 8-per-cent refund.

At any rate, the Liberals were ready to celebrate.

“Today’s Ontario Energy Board (OEB) Retail Price Plan (RPP) announcement includes a portion of this reduction [from the Liberals' hydro plan], meaning residential households and as many as half a million small businesses and farms will see real savings sooner than expected,” said a statement from Energy Minister Glenn Thibeault. “With the anticipated implementation of our government’s proposed legislation, the OEB would be required to lower rates again this summer to fulfill our pledge to cut electricity bills for all residential consumers by 25 per cent on average and reduce rates for families in rural or remote areas of the province up to 40 to 50 per cent."

But the government also says a big part of its plan will require it to “refinance” the global adjustment charge paid by electricity customers, knocking down the fee by an average of $2.5 billion annually over 10 years. This will ultimately cost consumers $25 billion in interest payments over 30 years, the Liberals predict.

The OEB sets the time-of-use prices every six months, so the Liberal government's forthcoming legislation could impact the next round of rates. The OEB also published a letter to it from Thibeault, in which the minister reminds the regulator of coming refinancing.

“Under current forecasts, this would mean a reduction in the [global adjustment] of

**approximately $2.5 billion during the period May 1, 2017 to April 30, 2018," Thibeault wrote.**

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**4). Watchdog hears that jails 'tracked livestock better than we do human beings'**

**By: Sabrina Nanji**

**The first of two reports into segregation policy sparked by the infamous Adam Capay case has confirmed the province is failing to track and review how long, and why, inmates are held in solitary confinement.**

**Ontario Ombudsman Paul Dubé's report, Out of Oversight, Out of Mind, was tabled Thursday and points to "serious problems" with the province's segregation policy the watchdog calls "unreasonable, wrong, oppressive, and contrary to law under the Ombudsman Act."**

**His report makes 32 recommendations, beginning with new legislation that clearly defines segregation, not as a physical area or unit, as Ontario policy does now, but to refer to the conditions of confinement, as most other jurisdictions do.**

**He also recommends better tracking and recording of data when it comes to admission and detention of inmates in isolation, and striking a panel to review current placements.**

**Dubé launched his investigation last December following public furor over Capay's story. Capay, a 24-year-old inmate incarcerated at the Thunder Bay jail, was held in isolation for four years in a Plexiglas cell with the lights on 24 hours a day while awaiting trial. He is alleged to have killed another inmate.**

**"Adam's story made the news last fall because four years in segregation is shocking in itself – it's almost unimaginable. But what was even more shocking was that the ministry responsible for safeguarding the human rights of the incarcerated did not know about it," Dubé said at a news conference at Queen's Park.**

**In Capay's case, ministry computer records showed he had been in isolation for 50 days, when he was actually held in isolation for 1,591 days. Officials were not aware the error was made until the Ombudsman's investigator pointed it out to a senior correctional staff member, who then made the correction by hand to reflect Capay was in "seg" and not "general population."**

**"As far as the ministry was concerned, he was out of sight and out of mind," Dubé said.**

His investigation found inputting incorrect start and end dates for segregation, or re-starting the clock when an inmate is transferred to another facility “makes it impossible to know who is in segregation and for how long.”

One ministry official put it thusly to the Ombusdman: “We probably tracked livestock better than we do human beings.”

Capay’s story also spurred the government to recruit Howard Sapers, the former federal correctional investigator, to expedite a review on segregation, and the province's corrections system in general. That interim report is expected to drop in early May.

In the meantime, Corrections Minister Marie-France Lalonde has committed to implementing all 32 recommendations Dubé made in his report, and to deliver progress reports every six months.

“The issues raised by the Ombudsman are deeply concerning and completely unacceptable. We must do better,” Lalonde said.

Dubé also revealed some correctional officers were putting inmates in solitary confinement because they felt “overwhelmed” and unequipped to deal with inmates with mental health concerns – despite the government’s mandate last year that segregation should only be used as a last resort.

Segregation of those inmates is being used not as a last resort but as an administrative option, Dubé said. Many of those in solitary confinement have mental health issues and developmental disabilities, but officers don’t have appropriate options for housing them and haven't been trained on how to properly interact.

Segregation can have a “devastating impact” on a person’s psyche, Dubé said, and because many inmates will most likely return to society, the idea is “to rehabilitate them and not to break them.”

“If you don’t have a mental illness going into segregation, you’ve got a good chance of having one by the time you get out,” he said.

While extreme, Capay’s case is not unique, and the ministry has known about the problems for years, Dubé said. Between 2013 and 2017, his office heard 827 complaints about segregation, and gets about 4,000 complaints about correctional facilities each year. He said his office has alerted the ministry to numerous cases where inmates were in isolation for too long, without the required reviews, but that has not resulted in meaningful change.

Last fall, the government began tweaking segregation policy, including capping solitary confinement for disciplinary purposes at 15 days – anything longer, the United Nations defines as torture. The government has not committed to capping administrative segregation, which is

**the justification more commonly used in prisons. The government also hired 239 additional staffers, including dedicated “segregation managers” and established weekly segregation review committees. A “care in placement” function in the government’s database now tracks the amount of time an inmate spends in segregation, and is being used in all 26 of Ontario’s adult correctional institutions, Lalonde added.**

**But as Dubé put it, that has amounted to “little concrete change,” though he acknowledged there is a willingness to change coming from the government.**

**The NDP’s correctional services critic Taras Natyshak said “there’s no question that there are deep problems with segregation now in the province,” and urged the government to “immediately” implement the recommendation to legislate a clear definition of segregation.**

**About 8,000 people are incarcerated in Ontario’s prisons, 560 of which are held in segregation.**

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