Albion Woods Tenant Association

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ALBION WOODS TENANTS ASSOCIATION

SUBMISSION TO

THE STANDING COMMITTEE ON SOCIAL JUSTICE

IN RESPECT OF

Bill 184

An Act to amend the Building Code Act, 1992, the Housing Services Act, 2011 and the Residential Tenancies Act, 2006 and to enact the Ontario Mortgage and Housing Corporation Repeal Act, 2020

June 23, 2020

The Honourable Steve Clark
Ministry of Municipal Affairs and Housing
17th Floor
777 Bay St.
Toronto, Ontario
M5G 2E5

Re: **Bill 184**

Dear Minister Clark:

This submission is being submitted by the Albion Woods Tenant Association officially representing all the Land Lease Tenants in the Albion Woods Community.

Our Community: Our community is an Adult Living (55 plus) community consisting of modular homes. Many of the residents are fully retired with some having to work and a couple because they want to work. Twenty percent of the homes are owned by single women, the majority are widows. Our Community is located in the village of Greely, one of twenty-two (22) in the city of Ottawa, just south of the Ottawa International Airport and Casino.

Submission: This submission is made in respect of Schedule 4 of the proposed Bill 184, and, the changes to Above Guideline Increases (AGIs) in relation to the repeal and substitution of subsection 167(1) of the Residential Tenancies Act.

Objective: The Albion Woods Tenants Association's objective is to present our reasons why this should not be approved in its current form and to provide the Standing Committee with suggestions that will help achieve the over-arching goal of Bill 184, that of, increasing the supply of homes in Ontario.

Background: Many Land Lease communities across Ontario have been marketed specifically to Seniors.

The financial structure of these communities is attractive to Seniors as the amount of capital to buy a home is lower. The communities are also protected from aggressive Landlords by the Landlord Tenant Board (LTB).

This combination makes land lease communities attractive to young and old alike. However, the key element for any land lease house is the associated carrying costs and the stability of land lease arrangements over the long term.

Impact of Bill 184: In short, subsection 167(1) of the Residential Tenancies Act amendment will basically allow the Landlords to recoup capital outlays faster than would be allowed under the current Landlord Tenant Board rules. This means that fees for Above Guideline Increases (AGIs) could increase significantly when major capital projects are undertaken such as water and sewage systems.

There are already financial affordability issues with the current situation. For example, our Landlord, Parkbridge Lifestyle Communities Inc. has been aggressive in submitting annual AGIs. Our Landlord also applies a $ 50 increase in rent fees each time a new resident buys a home in our community. Furthermore, our Landlord also increased our water testing fees by over $ 105 per month (from $ 40.82 to $ 145.89), per household with only a 25-day notice with no change or upgrade to water testing services during this same time period.

The impact of all these factors compounding over the last number of years is already creating financial hardship. In fact, several of our Seniors have had to sell their homes since their house carrying costs were proving to be too much of a financial burden.

If you add to this mix, larger AGIs, more Seniors will have to sell. The outcome is the creation of a Seniors crisis in the mid and long-term in the midst of a Corona virus pandemic with no end in sight!

One other aspect about this amendment is that you are introducing subjective decision making by the LTB Members versus the current objective decision based on clear and concise rules. With subjectivity, comes inconsistent decisions. This means one Landlord could get better terms than others, and conversely, some communities can end up with larger AGIs than others. How does this create fairness or equity for both the Landlords and Tenants? This should not be the case.

High fees affect the price of land lease homes. With interest rates, the correlation is clear - house prices go up when interest rates go down and vice versa. With land lease fees (water testing, maintenance, rent, etc.) the higher the fees, the lower the price of the house. Unlike interest rates, land lease fees never go down, always up. This means the price of a land lease home is constantly being negatively affected when the fees keep going up, relentlessly upwards.

Observation and documentation of housing sales in our community has shown that not one resident received their original home purchase price money back when selling fees are taken into consideration.

In one case, a widower in our community lost seventeen (17%) percent of his original purchase price after having lived in the house for ten (10) years. This is despite the fact that it is a bungalow, over 1,700 square feet, with many upgrades, at the end of a cul-de-sac, double garage and backing onto a forest!

Only one owner has come close to recovering their purchase price once real estate fees were considered. This situation is like lending one hundred dollars ($ 100) to the bank and several years later they give you back eighty-seven dollars ($ 87). Would anyone want to invest in that bank?

As mentioned above, when resident sells because of high fees, they also receive less money from the sale. This means they will have less money to live off of for the rest of their lives, creating financial insecurity for Seniors. This should not be, considering how well the Ottawa Housing Market has been over the last decade.

Finally, the proposed amendment introduces risk and uncertainty for Homeowners in land lease communities in that the carrying costs could quickly spiral out of control.

The logic is simple. Our pensions track closely to LTB General Increases (GIs). As well, pensions and any investments should be able to keep up with most AGI increases, but perhaps not with a three percent (maximum)

AGI related rent increase. So, what you have is a situation where increases in personal income keep in lockstep with increased household carrying costs. This is stability, which is key for pensioners planning to stay in the retirement home for a long time.

The proposed amendment will destroy this delicate balance. In fact, this amendment will make buying a land lease home unattractive. As a result, demand for this type of home will slow as there is too much risk with this proposed amendment. This is the direct opposite of what this amendment is trying to achieve.

Proposed Improvements: As mentioned previously, carrying costs are one of the keys in relation to the over-arching goal to increase housing. The following suggestions facilitate the reduction of carrying costs by adjusting the existing legislation "currently on the books".

AGIs

Currently, increases due to AGIs are being added to the base rent so over time the rent amount is compounded by further GIs and AGIs. At the end of the years that the AGI was to be in effect, the original AGI amount is usually forgotten and remains part of rent, in perpetuity.

AGI amounts should be added to rent only after GIs are calculated on base rent values and not before. This will reduce carry costs significantly in the longer term and is fair and equitable to the Landlord and the Residents.

HST

When Landlords submit financial documentation in relation to an AGI, the current LTB rules state that the financial amount to be recovered must include HST costs. This is the case regardless of whether the Landlord recovers the HST from the Federal Government.

This means that some Landlords recover the HST twice. On top of this, the Landlord collects interest on the HST. And if the AGI is added to the base rent amount, then the HST amount (with interest) is compounded by further AGIs and annual GIs.

What is proposed is that the existing legislation be amended so that HST is excluded in any AGI where the Landlord can claim HST. This proposal again will reduce carrying costs for a land lease owner.

Long Term Leases - $ 50 Fee Increase

The original purpose of this fee, at the time a new person buys a home, is to allow the Landlord to basically 'catch-up' with fees related to long term leases.

However, the Landlords have taken this opportunity to increase rent fees every time any new resident buys into the community regardless of how long the previous owner was in the home.

For example, when one of our Tenants lived in our community for ten (10) years sold his home, our Landlord increased the rent fees by $ 50 when the new owner took possession of the home. However, after a year and a half, the home was sold again (due to high fees) and once again, the Landlord raised the rent by another $ 50 when the new owners took possession, even after a rise in fees due to a recent GI and AGI.

A change in the rules can eliminate this money grab by Landlords by allowing Landlords to use this option only when long term leases have been in force for ten (10) years or more at the time the house is sold. This would be in line with the original intents of this special fee increase provision.

This option must be defined as it can lead to large increases in rent fees quickly especially when the current rules of GIs and AGIs compound these increases.

Association Representation

Some Landlords have taken the stance that since the contractual relationship is between the Land Lease Resident and the Landlord, the Landlord will not deal with community associations. In fact, our Landlord told us bluntly that there is no 'legal requirement' do so and therefore, will not.

Representation is the foundation of Canada's political system at all levels including businesses, non-political organizations and pretty much every aspect of Canadian society. In fact, the concept of representation in Canada is ubiquitous.

Why do Landlords take this position? it is simple. This puts them in a position of power over the Land Lease Resident and provides an opportunity to take advantage of any ignorance of the facts on the part of the Resident.

Time after time, numerous residents end up paying hundreds and thousands of dollars for repairs that are, in fact, the responsibility of the Landlord.

The assistance of a community association would give support to a Resident and help avoid paying for repairs that are squarely the responsibility of the Landlord. This in turn reduces the overall operating costs of home ownership. As such, the Act should be amended to recognize that community associations can represent a resident in dealing with the Landlord.

<u>AGI Submissions</u>
Based on our experience with AGIs in our community, it is clear, our Landlord has been using the LTB AGI process to 'throw everything against the wall and see what sticks'.

For example, in 2015, the maintenance fees were increased by almost 24% due to the removal of ash trees. However, the Landlord did not decrease the fees the next year. In fact, the Landlord increased the inflated maintenance fees with an increase greater than the GI percentage decreed by the LTB at that time.

In our latest AGI, our Landlord requested an AGI increase for the removal of one tree in our community, Albion Woods.

In another AGI, our Landlord was claiming tree removals costs for trees not on our property as well as costs for two picnic tables that were previously donated to the community social committee!

Thank goodness there is a process to vet these frivolous AGI related capital expenditure claims by our Landlord.

Considerations: We therefore respectfully request that the proposed amendment related to AGIs, be removed from the proposed legislation and ask that our suggested improvements to the existing RTA outlined in this submission be considered.

On behalf of the Albion Woods Residents,

Brian Askett
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Albion Woods Tenant Association

Joan Olinik
Treasurer,
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Rob Rienzo
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