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STATUTORY REGULATIONS
and
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Chairman
Mr. Peter Fox
Constituency of Concordia

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON STATUTORY REGULATIONS AND ORDERS
Monday, 21 June, 1982

Time — 10:00 a.m.

CHAIRMAN — Mr. P. Fox

BILL NO. 2 - THE RESIDENTIAL RENT REGULATION ACT

MR. CHAIRMAN: Ladies and Gentlemen, we have a quorum. We'll get started, the first bill is Bill 2. We'll take it page-by-page. Are there any amendments?

MR. B. CORRIN: Actually I would prefer if you did it whole clause by whole clause, because there are amendments from time to time.

MR. CHAIRMAN: Clause 1.

MR. B. CORRIN: Let me get myself sorted out too. Okay, go ahead.

MR. A. KOVNATS: Mr. Chairman, could I ask you just to hold off for a couple of minutes until Mr. Filmon arrives.

MR. CHAIRMAN: Who?

MR. A. KOVNATS: Mr. Filmon, who is part of this committee also.

MR. CHAIRMAN: Is he in the building?

MR. A. KOVNATS: Yes, he is.

MR. CHAIRMAN: It's okay with me, if it's okay with the Committee.

MR. A. KOVNATS: Thank you, Mr. Chairman.

MR. CHAIRMAN: You're welcome. We are proceeding with Bill 2, Mr. Filmon, clause-by-clause. Clause 1, Definitions has been passed. Clause 2.

MR. B. CORRIN: Are these the explanatory notes that are now being passed. I'm not sure what's going on.

A MEMBER: No, it's the amendments.

MR. B. CORRIN: These are the amendments themselves, okay. Well, I'll read it because it has to go on the record.

THAT subsections 2(1) of Bill 2 be amended by striking out the word "and" at the end of clause (a) thereof, by adding thereto, at the end of Clause (b) thereof, the word "and" and by adding thereto, at the end thereof, the following clause - this will be (c):

(c) notwithstanding any judgment or decision of a court rendered before the coming into force of this Act, in respect of any proceedings relating to the increase or fixing of rent for the residential premises.

I guess a brief explanatory note for those who didn't follow that. This is to be read in conjunction with Section 41, Subsection 5. It's essentially meant to assure the inclusion of all cases where court challenges respecting the former Arbitration Program have been interrupted and simply facilitates the handling of these cases pursuant to the provisions of the legislation which is now before Committee.

MR. CHAIRMAN: Any discussion on the amendment? Mr. Filmon.

MR. G. FILMON: Mr. Chairman, firstly, I want to thank the Minister and the Member for Ellice, for sharing with me the amendments that they have brought forward on the weekend so that I could peruse them. I just want to be clear on the meaning of this. This is for proceedings under the current legislation that have been interrupted by what? - the introduction of this Act or what interruption is being anticipated?

MR. B. CORRIN: Yes, proceedings that have been interrupted as a result of court challenges. There are a number of cases where there have been references to the courts for declarations respecting the status of parties vis-a-vis the old, as you call it, Mr. Filmon, the old or the current Legislation because it is still current. The problem is that we don't know what to do with it. It hasn't been dealt with under the arbitration legislation. There's going to be a new program that will apply to all tenancies in the province, and it seemed to us that it would be fair, in view of those circumstances, to simply put all those proceedings under the Rent Regulation Legislation.

MR. CHAIRMAN: Mr. Eyler

MR. P. EYLER: You're discussing 2(2)(a), the amendment?

MR. CHAIRMAN: No, actually (b) and (c). Any further discussion?

2(1)(a)—pass; (b)—pass; (c) The amendment—pass; 2(1)—pass; 2(2).

Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I have to apologize, I am waiting for a copy of the original bill which I left in my desk. There is a point at which I had an amendment that I wanted to introduce.

MR. R. TALLIN: I think Mr. Corrin should proceed with the amendment, and then you make your amendment to the amendment.

MR. CHAIRMAN: Mr. Eyler, did you have something?

MR. P. EYLER: On the proposed amendment for 2(2)(a).

MR. CHAIRMAN: I don't know what's going on. If somebody would at least wait until they're recognized then I could conduct this meeting.

Mr. Corrin.

MR. B. CORRIN: I am sorry, Mr. Chairman. That's why I had my hand up. I didn't know whether I had been recognized before or not so I kept my hand up.

I move with respect to this clause

THAT Clause 2(2)(a) of Bill to be amended

(a) by straightening out the figure "4" in the first line thereof and substituting therefor the figure "5"; and

(b) by striking out the figures "1979" in the last line thereof and substituting therefor the figures "1978."

Basically, what we're doing is extending the four-year exemption to five years with respect to new construction, and it will mean that landlords will get until January 1st, 1983, prior to coming under the program in terms of retroactivity. So there will be a period from 1978 to January 1st, 1983 which will be an exempt period. So there's a one-year extension with respect to the retroactive exempt period.

Of course, (a) and (b) compliment each other. In the one case (a) deals with new development and there's an extension of one year there and then there's (b) deals with the retroactive component, and there's a one-year extension.

MR. CHAIRMAN: Mr. Eyler.

MR. P. EYLER: There seems to be a certain inconsistency there. If the intention is to give five years of rent up, if you're only going back to 1978, you're giving the person who built his block in '77 no five years, you're not giving him any.

MR. R. TALLIN: Well he gets four years, but everybody else gets five years.

MR. P. EYLER: You know, for instance, if the guy's block is started December 31st, 1978, he gets four years and one day, whereas I think the intention is to give everybody the same amount - minimum.

MR. CHAIRMAN: I wonder if we can get with it. It will never get done at this rate.

Mr. Corrin.

MR. B. CORRIN: Well, the only thing we can say in explanation, I think, is that in terms of rent increases the developer in those circumstances would probably have the same status as the developer who came on stream with a project after January 1st, 1982. We reckon that there would be the same number of actual rent increases from the point of view of going from nothing to market rents.

MR. CHAIRMAN: Mr. Eyler.

MR. P. EYLER: It may be that the Act - well, I'm not sure what the Act states insofar as the words, I think I know what the intention is but I am not sure that the Act says - if you're saying that the Act says that somebody has five years to rent up, that I can understand. But then, I'm not sure where these people stand who built their blocks in '77, whether they get five years or whether they're not covered by the five-year clause.

MR. B. CORRIN: Well, it wouldn't go back to 1977. It doesn't go back to '77.

MR. P EYLER: So what you're saying then is it's four years for the people who built in 1977. They had four years.

MR. CHAIRMAN: Would you address your remarks to the Chair.

MR. B. CORRIN: I'm sorry, Mr. Chairman, you're right. They would have an exempt here anyway, Mr. Eyler.

MR. P. EYLER: They've had their five years.

MR. B. CORRIN: Like they would have their five years. There is no rent control that would be imposed on their units for that year. So, in terms of going from zero to whatever their base rent level would be, they would have that initial year free, and then they would get the - I'm sorry, Mr. Chairman, I would just like to finish - they would still get the exempt period thereafter.

MR. G. FILMON: Mr. Chairman, I think that there's no question Mr. Eyler has pointed out one of the problems with this amendment or, in fact, the existing wording of the Act, that it is unfair to those people who did construct apartments during the year prior to the date which is set in this Act or in the amendment; and they, in fact, get only four years of decontrol. But, Mr. Chairman, I'm wondering if this is the appropriate time for me to introduce my amendment to this amendment, which I propose to do? Is this the appropriate time?

MR. CHAIRMAN: Well we haven't dealt with the first amendment, and until we deal with it one way or the other.

MR. G. FILMON: It's an amendment to this amendment.

MR. CHAIRMAN: All right, so therefore I can only have one amendment at one time, one motion on the floor at one time.

MR. G. FILMON: Really, I thought you deal with the amendment to amendment, then the amendment, and then the motion.

MR. CHAIRMAN: Well, I have a problem and I'm going to explain it to you. What is the point of accepting another amendment to an amendment if the first one hasn't been agreed to, because if the first one is not going to be agreed to what are you amending?

MR. G. FILMON: Well, may I help you, Mr. Chairman, by saying I'm going to be proposing that, in fact, the exemption period be increased from five years to eight years and the appropriate date changed to 1975. So that is germane to this discussion because one has to be disposed of before the other can be proceeded with.

MR. CHAIRMAN: Is that agreeable with the Committee? Very well. Mr. Filmon's amendment then.

MR. G. FILMON: Mr. Chairman, I move

THAT the motion to amend clause 2(2)(a) of Bill 2 be amended by striking out the figure "5" in clause (a) thereof and substituting therefor the figure "8" and by striking out the figures "1978" in clause (b) thereof and substituting therefor the figures "1975."

If I may explain, Mr. Chairman, it seemed to me that in virtually all presentations before this Committee the figures that were presented, by those who are investors and developers of new rental housing construction in this province, substantiated the fact that it takes more than four or five years, in fact, it takes at least eight years to arrive at break even. More so than that, rather than looking at it in a futuristic way they submitted to Committee actual operating statements of construction of rental housing that was done in this particular period of time that is at question, that is the period 1975-1979, during which virtually all the construction was done under a form of controlled income housing which was either the Limited Dividend or the Assisted Rental Plan, ARP, housing agreements with CMHC. It seems to me that, given the figures which are provided, not only by those who have invested, but in fact by CMHC themselves, indicating that the projected break-even point was at least eight years and in many cases beyond that; given the fact that there are existent in the market today those particular developments which come under ARP and Limited Dividend that are not breaking even; and given the fact that I don't believe that this government or any government wants to see those units repossessed, put in receivership, resold or in fact just left vacant until something can be done to allow them to exist in a viable at least break-even form, I think that the government is going to have to address those separately by special regulation or by special order if the government does not move to make a change of this nature. If this change were accepted then it would seem to me, Mr. Chairman, that it would eliminate the need to deal with Limited Dividend and ARP separately, but in fact catch them into the net of this amendment and allow them to at least reach a stage of break even prior to being put under controls.

I think there is only one of two factors, either the government does not agree with the CMHC figures or the figures put forth by the developers and, if so they should say so; and if not I can think of no logical or rational reason why they would want to put those units under control several years prior to their reaching a break even.

So, I think that this amendment is essential to ensure the viability of a significant portion of the units in the rental construction market, and to ensure that there is an opportunity for a reasonable break-even position on them.

Secondly, to ensure that there will be some incentive in future for developers to construct residential rental accommodation in this province because it seems to me that only with the continued construction of new units on the market will we have a market that is in the interests of the tenant, that allows for some vacancy rate, for some opportunity for people to go into the rental market. If there are no units to be coming onto the scene because of a lack of opportunity for them to reach even break-even status, then I say that we are just saying to all the tradesman, to all of the low income people who need rental accommodation, to all those people in the rental market, that we don't care; we just simply want to do this for other reasons, but not to keep any sort of a viable marketplace in rental accommodation in the province. I don't think that is what this government wants to do, I think that this amendment would go a long way toward curing that situation.

MR. CHAIRMAN: Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. Speaking on the amendment to the amendment, by virtue that's speaking on the amendment, I do not recall the presentations in the same manner as the Member for Tuxedo did. There were many representations made to the committee dealing with this specific issue, and it ranged, as I recall, that some felt that the exemption should be at least consistent with what existed under The Rent Stabilization Act, which was a five-year exemption period which is what is being proposed by the original motion on this clause.

Secondly, that others argued that the exemption period should be anywhere from six years which one developer put forward, to 15 years, which was the position of the Manitoba Homebuilders Association. The comments by the member with respect to having the exemption period at eight years, which would cause further construction in the rental-housing field, I think, are illusionary because in direct questioning to the public that made representations to the Committee, I had asked the question as to whether or not, if there was an exemption as proposed by the developers, they would guarantee there would be building. Their answer was no, because of all the other factors that go with respect to decisions to commence projects in the rental housing field, namely, high interest rates, and secondly the lack of any kind of meaningful incentives from the Federal Government. I think we have to, as governments, look at the other factors that are causing the decline in construction in the residential rent field.

I believe that the original amendment is suitable to meet those concerns that were expressed, that is does provide a period of time that is greater than what under the present vacancy rate is the rent-up period, which I've been informed by developers is less than four years given the present market, which allows them to fully rent up their projects, and then hopefully get to a rent level that they feel is adequate.

With respect to the comments dealing with specific projects and the time frame, the issue of Limited Dividend projects is one that will hopefully be addressed by regulation so that concern, hopefully, will be met.

I might also add that with the formula that will be developed in regulations with respect to the allowable rate of increase, it is including an economic adjustment factor which will allow for some increased rent levels to take in account some of the situations that exist with negative cash flows with many of the properties. So, I think that those projects will have the necessary flexibility within the Act and its regulations to achieve what they may consider adequate financial situations for those projects.

MR. CHAIRMAN: Any further discussion?

Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I assume that the developers were only responding out of an interest of being totally candid with the Minister and the government. Nobody would assure this government or anybody, that by passing certain legislation, they would be able to enter into immediate construction of projects. But surely the question in fact is, whether or not rental construction would proceed if interest rates dropped down into the 12 to 15 percent range given a five-year exemption. I think that's the key question. That, I believe, would not be possible because we're seeing that under the Assisted Rental Program, whereby there is assistance from CMHC to lower the effective interest rate or to subsidize the effective cost of those. They are still not viable, and those people are dealing with interest rates today that were assigned in 1976-78 in the 12 to 15 percent range, and though they are still not viable for a period of eight years and it seems to me that is the key indicator of whether or not anything can be viable because you're now, under those programs dealing with interest rates that are not in the 19 or 20 percent range, that are in the range that most of us hope will be prevailing in the next few years. Since they aren't viable, then it's obvious that nothing is going to be viable. So that's the key.

The second factor is that there is a difference between the time required to rent up an apartment to a full status, and the time required to break even. It seems to me that you could rent up any numbers of suites in a short period of time by giving bargains. And indeed that's what happens; in order to fill their units within the first couple of years, the landlords give 10 and 20 percent discounts on the normal rental rate in order to bring people into their units and rent them up. So, they may be able to get them fully rented within a period of four years, at bargain rates, which does not allow them to break even.

That's the point they made, and if the Minister wasn't aware of that point it certainly came home to me, and I have ample evidence of it. I propose to sit down with the Minister at some point in time and show him the situations that exist in Charleswood where we have side-by-side apartment blocks that are essentially the same blocks. One will come under decontrol as a result of this amendment if it goes through at 1978, and one will come under controls, although they were built less than a year apart. The difference is that in the decontrolled suite the people have been given some bargains in the rent up phase that allow them to be $100 a month less in rent than in the controlled suite. So they're going to have a rather serious situation there and they're going to bring up their rents rather massively, and they will. But that doesn't mean that it's at break even. The rent-up phase, and the break-even phase, are two different things and I think the Minister has mistaken those two as being the same, and I suggest that he ought to consider that before rejecting this amendment out of hand.

MR. B. CORRIN: With respect to Mr. Filmon, I just wanted to make one point because I think that the point was essentially missed or avoided in the course of his remarks. We have to remember that the situation pertaining to vacancy rates, particularly in the City of Winnipeg, has changed dramatically over the span of time that Mr. Filmon is referring to. Although some of his comments may well bear relevance in terms of what then was the prevailing vacancy rate in the city, I think given the fact that CMHC is now projecting rates for this fall that are substantially less than 2 percent, their predictions are in the range of I believe 1 percent to 1.5 percent for the fall.

The market perspective has changed dramatically, and from the point of view I think of the new apartment developer, that certainly has to have a substantial bearing in terms of the economic viability of a development. I say that because I believe that given the substantially lower rates, that the rent-up period is going to be much less in terms of achieving truly economic rents. I think that's going to induce people to go into the market notwithstanding the absence of those federal programs that we all lament in terms of their loss, perhaps even notwithstanding the fact that interest rates are existing at an all-time high level. So I think on that basis from the point of view of the current situation and the short term perspective, that the interest of both the new apartment developer and the tenant is secured with respect to this concern.

I, for one, am willing to concede that the market is so volatile that it's hard to etch anything in stone and inscribe it that way, and suggest that either our five-year figure, or Mr. Filmon's eight-year figure, or for that matter someone else's figure may be suitable two, three, four, or five years down the line. But I suppose that's one of the main reasons that we've built monitoring features into this legislation that will give us a fairly comprehensive overview of what's happening in the market and will enable us to, where necessary, make adjustments and revisions so that we can legislatively or through regulation, depending where pertinent, make the necessary amendment to revision to accomodate prevailing situations.

Nobody knows, nobody knows where the interest rate's going, nobody knows where anything in this wide open, wild market is going. So what we've done is we've accomodated, we've granted and extension of a further year to five years; we've established the same exemption that did prevail with respect to the rent stabilization legislation and we're going to be watching very attentively and monitoring, during the course of the next few years, in order to assure ourselves that the decision has been correct and if not, I suppose will be moved to consider a revision.

MR. G. FILMON: Mr. Chairman, I just want to make the point that the key to a healthy rental market at all times in future will be availability of supply. Nothing in this bill will do anything to encourage availability of supply; in fact, it will discourage it.

If one only needs a little bit of graphic existing proof, just drive down Broadway and start to count the numbers of units that have been demolished since this bill was introduced in the House. They're into the hundreds because there's no hope of economic rate of return on blocks. More than that, I'm given to understand that there have been 109 units that have been introduced for condominiumizations in the last year or so and, in fact, they've accelerated since January 1st of this year. Because there has not been any restrictions on condominium conversion occur con-

currently with this legislation, this bill will ensure that until the next Session of the House when you are able to bring in condominium legislation to change the ground rules for condominiumization, they will occur even more rapidly, and by the time you are able to act you will probably have insured that thousands of units will have disappeared from the rental market this year alone. I don't know how you intend to see that it is replaced.

If you take the $45,000 cost that CMHC says is true for Manitoba for a two bedroom apartment today at 19 percent interest, that's $850 a month interest alone to be paid on that unit. Well, the average unit is only renting, for a two-bedroom unit, in the range of about $300.00. Even the luxury units, for two-bedroom apartments are in the range of $500.00. So where are you going to get somebody to pay $850 a month rent for those units? It's not possible. Even if you add on the CRSP, and I understand that Manitoba's been allocated 400 units this year by the Federal Government, that would allow the 15,000 grant to reduce the construction cost down to 30,000 a unit for that same two-bedroom suite, you're still asking people to pay close to $600 a month interest alone, which is in excess by $100 of units in the good attractive blocks today. Are you saying to those who are going to be the newcomers to the market we're going to set it up so that you have to pay $100 or more dollars a month rent than all of those in the existing market because they have a preexisting right and you have no rights?

I don't see the logic in it. It seems to me that if you want to err, you should be erring on the side of allowing some incentive for new construction, because after all you're affecting so many sectors of society including the tradesmen, the building construction industry and everything else potentially adversely. Why would you choose to err on the side of being cautious, and then having to change the rules somewhere down the road when you find that no construction takes place? Wouldn't you want to err on the side of allowing some elbow room for new construction to take place, so that in fact you ensure that there's some possibility, should interest rates - and we all hope they will - reduce, that there is some possibility that people will, in fact, create a healthy market for you by constructing new units.

MR. CHAIRMAN: Mr. Corrin.

MR. B. CORRIN: I just wanted to make a few points, because I think that there may be some misunderstandings with respect to certain provisions of the legislation, Mr. Chairman.

First of all, the Member for Tuxedo makes reference to the manner in which this bill might stimulate the conversion of existing residential tenancy units to condominium. I can't agree with that submission. With respect I think that, by and large, again, the marketplace and the decisions of the Federal Government respecting economic policy and interest rates have had a pretty substantial effect on conversion, and I think that we rest satisfied that, at least for the next few months, that this sort of conversion will not exist wholesale.

First of all, the Federal Government Budget made substantial changes with respect to the deduction of soft costs by investors in this type of unit. Previously, as I understand the situation, the person who bought into this sort of investment could write down certain costs from his or her expenses. This is no longer possible so that there is a natural inhibition with respect to this sort of incentive.

As well, I should mention that the high interest rates, I think, would have an effect on condominium conversion as well, particularly, because many of the people - I don't have have any statistics - but a fairly significant proportion of those who are investing, as I said before, were not buying for their own occupancy but buying in terms of long or short-term speculation. The investment becomes far less viable with respect to this sort of investment when you have together high interest rates as well as these cutbacks vis-a-vis write-downs.

As well, I should note that, although I suppose it's a sort of argument and it'll make it because I have noted that most of these units have fallen into the rental market, have not been owner occupied. I would imagine - and here I'm speculating - that the fact that rent controls is coming in would again have an inhibiting factor from the speculator's point of view. So, if you're a person in Alberta and you're thinking of a place to put your money, I don't think you're going to speculate on a condo conversion in Winnipeg when you know that those units, the unit or the units that you're purchasing, are going to fall within a rent regulation program. You know, I think there'd be a disinclination on the part of a distant investor, and many of the people who did invest in this sort of market were distant, for making that sort of investment.

As well, I wanted to note that the Act itself, and I think it's important to note this because I think it's going to be a fairly significant feature of the legislation, the Act itself with respect to the rehabilitation features, which affect old blocks generally, prohibit conversion for condominium purposes within the exemption period, so that somebody can't utilize the beneficial provisions of this Act and affect rehabilitation, and then switch around and do a quick condominium conversion; that's prohibited by the legislation.

So, we found and we sought a number of ways to discourage this and, as the member has already noted, there probably may well be other restrictive prohibitions that are brought to bear on conversion after the government has completed a full assessment of the market and the situation and the existing legislation, which is a fairly significant and substantial job, as I'm sure the member is aware because this problem prevailed at least from 1980 to 1982. I guess those were the most active years in terms of conversion -well 1980-81 were the big years in terms of conversion, and I know that the other government had difficulty moving many substantial legislative reforms in this area. Although I do remember that there was one accepted from the Member for Fort Rouge during the course of debate on The Landlord and Tenant Act amendments in 1980.

I guess the only other point I'd want to make is with respect to the demolition of older units. I'm not sure that the member, when he reflects on the number of units on Broadway, is providing us with a rational analysis of what is prevailing and what is happening in the whole market. True, that there have been a fairly

significant number of units lost on Broadway, but it's also true that there was a very bad fire on Broadway. I believe the building was the Moxam Court. It's not important what the name of the building was, but that building itself contained a fairly substantial number of units, and I wouldn't be surprised to find that virtually all those demolished units that you're referring to, with respect to that one building, suffered that fairly substantial damage.

I also can't understand why a developer, in this case a landlord, would want to anticipate the legislation and demolish his, her or its units prior to being informed of the legislation and regulations that will pertain with respect to this program. It just doesn't seem to me to be a rational sort of investment decision to say, well, let's raise the investment Charlie, you know, let's destroy the entire investment in anticipation of what may be. It would seem to me that you might want to wait to find out some of the detail before you made that sort of precipitous decision to destroy something that you'd invested so much money in. To me, it just doesn't hold water from a business standpoint. I respect the members submission, but it doesn't seem logical from the business person's point of view.

Also, I'm not sure that the rate of demolitions increased to any significant extent during the course of our rent stabilization legislation and control. I'd be willing to hear arguments on that point, but I'm not sure that there is an argument that can adequately be made in that regard, that there is any degree of correlation.

As well, with respect to that, and finally I'll now conclude, given the fact that we've substantially upgraded the rehab provisions of this legislation, and they're not at all comparable to the RSA provisions. They're new and they're a fairly significant departure from the old type of control approach, and we anticipate, and we've been told for that matter, we've been told by many people, on the developer and landlord side, that this should encourage the rehabilitation and maintenance of older units; that, by virtue of the fact that we're extending these exemptions - and there are going to be some amendments, as the member knows, that will further enhance these new rehab provisions. We feel that we are adequately addressing the question of the older block, its maintenance and its stability.

So, on that basis, I say again, we're going to have to wait and see and perhaps, again, there will be a need for change. There may well have to be some revision of the program and its impact, but right now I think it's a question of studying and monitoring and watching.

MR. CHAIRMAN: Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. Some of the comments that I was about to make have already been made by the Member for Ellice, but I think I might just touch back on a couple of them.

The Member for Tuxedo raised a concern about the housing supply in the province, and we certainly share that concern. However, I depart from his comments with respect to the accusation that there is no incentives contained in this legislation to allow for the continuing of adequate housing supply in the province. Certainly, the exemption from rent control for newly constructed units of five years is an incentive. The member may argue that it isn't adequate, but I'm not certain that even if one were to accept his eight years that would be adequate from a builders standpoint, even the 15 years that the builders have suggested, because there are other factors that go into it; I made those comments before.

This legislation was not in effect for the last two years, yet in the last two years there was little new housing construction in the rental field. So, to argue that this is going to stop the construction that was going on is not true because there wasn't construction going on. When the same provisions existed in The Rent Stabilization Act, there was a great deal of new rental housing construction during that time period, and I'm not going to argue that it was because of the exemption in that Act. The reason for the increase in construction was, at that point in time, a low vacancy rate, but in addition was the various incentive programs. In fact, if anything, they had a far greater effect on the increased construction during that period than any other factor. So I think we have to look at those factors and our government is concerned about housing supply and had contained in the recent Budget, a provision for $50 million through the Manitoba Housing and Renewal Corporation to look at ways of stimulating construction in the overall housing sector, which will include the residential rental sector.

The Member for Ellice made mention of the provision for rehabilitation under the Act, and I think it is fairly significant. The comments made with respect to Broadway, I would think the provisions in the Act may have some effect on those kinds of decisions. I think to suggest that the demolitions that have occurred on Broadway as a result of this Act, are simply not true. Those decisions were taken prior to the introduction of this Act and are part of an unfortunately continuing trend down Broadway that has been going on for a number of years. There was considerable residential rental units all throughout Broadway Avenue, but because of business decisions there's been a change in the complexion of Broadway Avenue from rental housing units to businesses and office complexes. That is something that has been going on for a number of years. But I think that our provision in this Act for the exemption for rehabilitation projects will be, indeed, a good incentive for developers and property managers to look at their present units and rehabilitate them.

Coupled with that, our new provisions which were recently announced with respect to topping up the provisions that exist under the RAP Program for landlords to do major rehabilitation projects on their units. That announcement was recently made, and I think we will also compliment the provisions of this Act. In fact, just recently I met with a developer from Calgary who is in the process of buying a large, older, rental complex in the City of Winnipeg that happens to be contained also in the Core Area, and because of the provisions that I made mention of earlier contained in this legislation and the program under the Core Area Iniatives, is going to buy that property and rehabilitate it. It was a property that was in the process of being foreclosed by one of the banks in the city. So, I think that one example indicates that this indeed will be a

step towards keeping adequate housing supply on the market, particularly in older apartment units.

One final comment, Mr. Chairman, is that the amendment to the amendment that was proposed would increase the number of units that would be exempt from controls from approximately 3,000 to 5,000 units to 15,000, which would mean that a significant number of units and tenants would not be under the legislation and have the protection of the legislation.

MR. CHAIRMAN: Mr. Penner.

HON. R. PENNER: I think we are at that point in the history of housing shelter in Canada, not just in Manitoba, where we have to face the fact that nothing short of massive government intervention on the supply side is going to provide a supply of decent, affordable housing. No amount of market tinkering will resolve that.

Take a case in point, although it's just one facet of it, the question of apartment buildings being wrecked, and good apartment buildings in terms of their structural soundness, on Broadway. The Minister has referred to that. The land price, the value of land on Broadway, is such that the sheer economics of building for housing and what the market will bear under any set of circumstances given the levels of income, is that owners of buildings or owners of land simply cannot afford, given the value of that land, to use that land for housing.

So you have that kind of a pressure on the supply side that is there and exists independent of the issue of rent control. Everything, it seems to me, that the Member for Tuxedo said, suggested to me in any event, that the question of rent control is far from being a decisive or a very important factor. A rent regulation Act, which is what this is - and that is not a euphemism for rent control - it is different because it is something that provide a threshold and not a ceiling. A rent regulation Act would not by itself be a very important factor in the housing market and, in fact, would not be one if there were a demand market, and there would be a demand market if people were able to afford shelter at today's costs, but are not able to afford shelter at today's costs. The only way in which shelter is going to be made available to people, given their levels of incomes, their likely levels of incomes in the next number of years is, as I've said, at the beginning of these remarks, with massive government intervention on the supply side.

One thing that might have to be contemplated, and I am speaking here personally not as a matter of government policy, it might have to be something that's done at the level of the City of Winnipeg, for example, that, in terms of government intervention, something that has been tried, I believe successfully in some parts of Vancouver, and that is zoning, which says that you can't convert to condominium if the vacancy rate is less than 2 percent. One strikes a figure in terms of an assessment of the market.

Some of the condominium conversions about which Mr. Filmon spoke, some of them no doubt were panic conversions, prompted by the fact of the election and the promise of rent regulation. But some of them do not make market sense, do not make economic sense and were nothing more than a panic reaction. For example, the conversion by Lakeview Development - between Lakeview Development and the Member for Lakeside and the Member for Lakeshore, I'll never get it straight - but Lakeview Development conversion of the Holiday Towers. The Holiday Towers does not make sense on the market as saleable condominiums, and to the extent of anyone buying them, they will be buying them purely as investment, that is in order to rent them, if they buy them at all. Those units, I think, will stay on the rental market for a long time to come.

It might have been better to adopt an all-rounded approach and bring in stricter enforcement or control of condominium conversion at the same time that the rent regulation Statute was brought in. It might have made sense to bring in legislation that in some way could deal with the phenomenon of wrecking a perfectly adequate accommodation, that is structurally sound, that only needs the kind of repairs that can be done to a RAP Program to provide decent affordable housing. Those are things that can be looked at as we try to develop a balanced approach.

So that we are here in the context of discussing this particular subamendment, really examining the basic premises that underlie the introduction of rent regulation. One is the need to ensure decent affordable housing in a multifaceted way, and this is but one step in doing that. I think the amendment that was proposed by the Minister, which is now the subject of a subamendment, is some considerable yielding on the basis of submissions that have been made, and I think does provide in the five-year rent-up period, a time which, as Mr. Corrin has said, in a volatile market may prove to be more than sufficient.

MR. CHAIRMAN: Subamendment. Are you ready for the question?

Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I wanted to make just some few remaining comments on the comments that have been made. Obviously, the Member for Ellice has not been familiar with what's been taking place on Broadway, and has been corrected by his two Ministers. Those blocks that have been demolished on the corner of Smith and Broadway, the northeast corner and the northeast corner of Carlton and Broadway, have been raised, not by some precipitous decision, but by a very definite business assessment. Since they were adequately zoned for it they can be converted to commercial office for which there are no rent controls, and for which the rate of return presumably can be projected to be better than what it could possibly be under a controlled residential rental market.

It's very simple, the Minister responsible for Consumer and Corporate Affairs has said that I am arguing that this kind of amendment would stop new construction and he repeats his fallacious argument that because there was no construction in the last two years, therefore, there's nothing to stop; totally ignoring the prevailing market conditions that were there the last two years of 6 percent or greater vacancy rate and 18, 19 and 20 percent mortgage interest rates, just simply taking contols and noncontrols as the basis upon which he has made his judgment of the situation. As I said in the House in second reading, that's

like saying to somebody, if you report to an outsider who doesn't know Winnipeg and never has lived here, that on January 16, 1980 - it was plus 5 degrees and warm and sunny outside, and the pavement was dry, ergo, you know, we live in a semi-tropical climate here in winter. The fact of the matter is, it's not true, and because you take one thing out of context and because we do occasionally get what's laughingly known as a bonspiel thaw in Manitoba, it doesn't mean that you make all of your future decisions about climate in Winnipeg in January based upon a bonspiel thaw. That is not the way to look at the situation.

We want to know whether or not there will be construction, given a return to some sanity, such as, interest rates that are well below those which prevail today, and market conditions that are a little healthier to promote construction? I don't think that this bill gives any incentive whatsoever for somebody to want to be constructing new units, and I think the developers have told the Minister that loud and clear. We had 23 presentations at committee and 20 were opposed to most of the aspects of the bill but, specifically, virtually every one of them mentioned this exemption period. That would seem to me would be something of interest to the government.

The response that seems to be coming from the Minister and the Attorney-General is that the solution is public funding to create some sort of incentives or to alter the viability of these projects. It seems to me that this kind of thing, whether it's the public funding that's involved in this Core Area Program that's been announced, or whether it's the CRSP or other things that will eminate from the Minister of Housing, you're now putting on the back of the taxpayers a cost for maintaining shelter at reasonable rates that would exist without public funding if the opportunity were there for a fair rate of return, and I don't think that's a fair thing to ask the taxpaying public to do.

If the objective is affordable shelter, it's one thing; if it's total government control of the rental market, then obviously that's what you're doing here and you have the choice to make, but don't try and kid the troops under the guise of saying that your objective is to provide affordable housing for those who need it in Manitoba. Obviously, that isn't the case, because you're not addressing it that way.

The fact of the matter is that you've been told that, other than Quebec, other jurisdictions in Canada permanently exempt new construction, and you have chosen not to, and I think that you'll pay a price for it if there isn't some reason related to what you do, and I leave it at that.

MR. CHAIRMAN: Mr. Corrin.

MR. B. CORRIN: I'm going to make a point. Hopefully gently, I'm not always very successful in doing that but I'll try. I just want to make the point to the Member for Tuxedo that the two parties, and I guess the governments in succession have decided to deal with the problem in different ways. We have decided that if we are going to continue with certain subsidy programs, that it would be wise to do that in the context of some sort of informed position. So, we've provided a regulatory program that will enable us to monitor the market and, to some degree, hopefully be responsive to its real needs and provide the necessary adjustments that will make the rental market viable from both the standpoint of the tenant who wants to achieve affordable housing and the landlord or developer who wants to obtain a return on capital investment. But I really think it would be folly for the government, if it is to maintain its commitment to assist renters who are having difficulties with respect to affordability, to do that in the absence of some sort of regulatory program that would achieve the overview that's necessary to make rational policy planning decisions.

I think that's important from the point of view of the public, and the public's interest as a taxpayer, as well as the public's interest as owners of property, investors of capital and residents of residential units. I think there has to be some balance. To some extent we were critical of the SAFFR and SAFER Program in that regard - when we were in Opposition; we felt that the government had never taken a balanced rational approach to those programs because they were liable to easily be subverted in an exploitive way by landlords who wished - and I'm talking now about a minority, I suppose - but by landlords who wished in a tightening market to exploit tenants. We didn't want the taxpayer to be exposed to that sort of jeopardy, and essentially sort of a double jeopardy because the taxpayer could as well be the tenant who was being exploited. So it seems to us that there has to be a more interventive approach that affords government the opportunity to monitor review and do it as appropriate to control government expenditure from the point of view of the taxation of the citizen to afford these subsidy programs and also to protect the tenant.

MR. CHAIRMAN: On the subamendment, all those in favour please say aye, those against say nay.

Let's do it again.

On a point of order? Mr. Kovnats.

MR. A. KOVNATS: No, not a point of order, Mr. Chairman, I just want to make two or three little comments on the discussion, if I may. Is it permissible?

MR. CHAIRMAN: I'm in your hands.

MR. A. KOVNATS: Okay. I think all of the discussion was really whether in fact the time limit was going to be 4 years, 5 years, 8 years, 15 years. Some of the recommendations that were made while I was sitting in committee were 15 years. Now I'm not sure whether that was on a matter of negotiations, and you ask for 15 and hope you get half, but I'm led to believe that 8 to 10 years is the correct time period. I would believe that the government also believes that their 4-year time period was not adequate enough. Obviously they've come through with an extension to 5 years. I don't think that it's fair enough, but the government has listened, but only through one ear. I think that they should have listened to the people making the presentations, and come up with a fairer time period which I think the subamendment of 8 years is fairer. I think that I would have to support the subamendment of 8 years rather than the governments amendment of 5 years. I think the government is certainly trying to be fair, but not fair enough; they have listened, but not

listened well enough.

QUESTION put on the subamendment, MOTION defeated.

QUESTION put on the amendment, MOTION carried.

MR. CHAIRMAN: 2(a) as amended—pass. Where are we now? I get confused, I have French and English and I keep looking at the same numbers. 2(b)—pass. Mr. Corrin.

MR. B. CORRIN: I'd like to move the amendment of 2(2)(b) as follows - are we dealing with 2(2)(b) and (c) as one? As a unit, I presume.

MR. CHAIRMAN: No, I can't, because I don't know if there's another amendment around so I'll take (b) first.

MR. B. CORRIN: I move,

THAT clause 2(2)(b), of Bill 2, be struck out and the following clause substituted therefore: "where a panel has approved the rehabilitation of a building for the purpose of this clause, to residential premises in the building or a part of the building, as may be specified in an order of a panel granting an exemption under this clause in respect to the building or the part of the building for such period as may have been fixed under subsection 33(3) in respect of the building or that part of the building."

Yes, this provides an exemption for the rehabilitation that I referred to during the course of discussion and debate on the other point. It's complementary for those who want to look ahead to Section 33, subsection 3, which is simply, which has been revised to assure greater certainty with respect to the approval of time limits on exemptions of older buildings. What we're doing is simply making a clarifying amendment. We felt that it should be absolutely clear that these exemptions will take place in an atmosphere of certainty.

MR. G. FILMON: I just want to say that I think this is essential to making that rehabilitation aspect of the bill at all attractive to anybody, because despite the Minister's earlier claims that the rehabilitation aspect was going to attract all sorts of people to rehabilitate when there was no certainty whatsoever that they'd gain any exemption whatsoever, or as little as one day. I was never persuaded that the rehabilitation aspect was going to be attractive to anyone, but this goes a way to improving that situation as I see it.

MR. CHAIRMAN: On the amendment, Mr. Corrin.

MR. B. CORRIN: I just wanted to make the point, Mr. Chairman, through you that it was never our intention to create situations of uncertainty with respect to people who wish to renovate or rehabilitate their older properties. This was mentioned by several delegations but I think in fairness to us, it was probably an oversight from the point of view of legislative draftsmanship, if you can call it that. It just didn't occur to us that we were imposing this sort of burden with respect to this sort of redevelopment project. We thought that - at least I can speak for myself - I thought initially that a developer upon coming forward to a panel would be able to secure a fairly early response, and I'm still satisfied that within the panel's discretion that could have happened. But now what we're doing is legislating a type of assurance so that a person who comes forward to redevelop a property will be able to know almost initially, after the initial portion of the application has been completed, that he can gain a certain type of exemption and proceed with his redevelopment on that basis. We're probably debating or discussing 33(3) under this subsection.

MR. CHAIRMAN: The amendment to strike out 2(2)(b) and (c) and . . .

MR. B. CORRIN: Just (b) right now. I'll move (c) in a moment when we get there.

QUESTION put on the amendment, MOTION carried.

MR. CHAIRMAN: Mr. Corrin.

MR. B. CORRIN: Dealing with item (c)? I move,

THAT clause 2(2)(c) of Bill 2 be struck out.

MR. CHAIRMAN: Is it agreed? Mr. Filmon.

MR. G. FILMON: I would like to move a subamendment

THAT clause 2(2)(c) be struck out, and replaced by the following clause (c), to residential premises for which the rent payable is greater than $600 per month.

If I may explain, Mr. Chairman, I think this arrives at a matter of considerable importance in this overall legislation. The fact of the matter is, Mr. Chairman, that this is the point at which I believe the government has to decide whether or not it is their intention to, in any way, relate their actions under this Act, to ability to pay or a provision of affordible housing in this province. It seems to me that many Manitobans will be able to judge whether or not this government is willing to act on matters of concern in any fairness or equity, or whether or not this is related to the principle of dealing especially with people who need the assistance of the government, or rather whether this government can arbitrarily single out a certain sector of society and apply upon them controls.

I think this relates to what the Member for Ellice said in referring to my arguments a certain degree of intellectual hypocrisy. We are looking here at, in my view, a matter of whether or not this government will say, we are prepared at any time to act arbitrarily with respect to any one sector of society if it's in our political interests. If that's the case, then I think they will be telegraphing for the remainder of their term in office the fact that they are prepared to single out, at any time, any group of society in political interest solely to give them special treatment, because I relate this to all other aspects of legislation that they have brought forward, or to many other aspects of legislation that they've brought forward in this Session and many promises that they've made.

For instance, when we look at the matter of mortgage interest rate relief as it applies to homeowners - and now we're separating homeowners from renters in society - but presumably they're all taxpayer, they're all citizens deserving of government's inten-

tion and concern. But in that particular program, and the Minister of Agriculture in defending the differences between his government's approach to mortgage interest rate relief and ours said that our governments approach was to use the $40,000 mortgage limitation as our prime concern, and not be concerned with the income of people for mortgage interest rate relief. Their approach was to say that nobody above $28,000 in income is eligible for mortgate interest rate relief.

Well, if that's the case, then why does that same principle not apply to the provision of affordable housing in the rental market to Manitobans? Why is this clause, and this tideline set at a $1,000 a month rent? If we take the factor that the Provincial Government itself has utilized in its agreements with CMHC of 25 percent of income relating to shelter and housing costs, 25 percent of $28,000 is $7,000 a year for shelter costs, for rental purposes, that should be approximately $600 a month; it's just under $600 a month. Why does that principle not apply in this legislation? Why are we saying that everybody, regardless of their income, has to be under rent controls? Why are we saying that there shouldn't be something that relates to everything else that this government presumably stands for, or are we going to be faced with, as the Member for Ellice says, a certain degree of intellectual hypocrisy which says, we are turning this into a public utility and it doesn't matter what your income is; we aren't interested in that, we are interested in the votes that you have because for every 100 of you that are out there in rental accommodation there is only one landlord, and he doesn't have any say whatsoever, we're going to single him out for special treatment.

It seems to me that this is the crunch issue on whether or not there is any semblance whatsoever of concern for affordability of rental housing, or whether in fact this is just a case of treating one sector of society specially with respect to other sectors of society and if the Member for Ellice was interested in the protection of SAFER and SAFFR, well I can assure him that nobody in this area would qualify for SAFER and SAFFR grants. In fact, that is one of the safeguards of the system that was there before; it was only eligible for people in lower incomes. Now we're dealing with people in upper incomes that were also apparently going to catch into this whole neck of rent controls and I see no justification. In principle, I can't see this government supporting it, this government who came out so strongly saying that they would not allow public sector civil servants to in any way have their incomes controlled because that would be singling them out as a sector of society; that would be giving them special treatment unfairly with respect to the rest of society. How does this $1,000 limitation represent this government's commitment to protection of those who need their protection?

MR. CHAIRMAN: Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. I think the Member for Tuxedo has ignored the main motion, which is to delete section 2(2), subsection (c), which means obviously that provision will not exist in the legislation once passed, proclaimed. It is our intention to address the issue of exemption with respect to a class of residential rental units that are over a certain rent per month in regulations and that is where we feel it would be better placed than in the legislation, and it will not be the $1,000 a month figure.

MR. CHAIRMAN: Mr. Penner.

HON. R. PENNER: Yes, I just want to address one aspect of the point made by Mr. Filmon, on whether or not our concern is for affordability, and I want to assure him, from my own experience, that it really is hard to strike a level at which you can say, well, it's no longer a question of affordability you're just being mean. But my own experience, during the election campaign, in canvassing all of the apartment blocks west of Osborne, was to encounter a class of persons about whom I will admit I knew not enough prior to the election campaign. These were, in the main, seniors, widows living on fixed incomes, relatively substantial fixed incomes as these things go, but nevertheless fixed incomes, who were expressing to me feelings of desperation at the levels their rents had reached in the $500 to $550 per month level.

There was a situation in which, with no control on rents, even at that level, if not poor they would be driven into penury by uncontolled rents because with rental increases which were then experiencing, and this was in the period primarily from September 1st, 1981 on, of 20, 25, 30 and 33 percent, such substantial amounts of their fixed incomes were then going to have to be allocated to rent, that other things to which they were entitled in their senior years, would be very seriously and adversely effected.

So, it really is a concern for affordability. These were seniors and I say, in the main, older women, living in Harrow House and 188 Roslyn and 55 Nassau and 71 Roslyn, east of Osborne, but in the main west of Osborne. At what level? You can say, well it really can no longer be a question of hardship. It is very difficult to say. Hardship after all is a relative question. I suppose that one has to have some concern, I do, for people in that class who have lived a comfortable life and have been left, as I say, with an estate, in trust, and they're limited to the income with the residue going, following their death, to children, so it really is a fixed income. How far down do you want to drive them? What happens, and that was happening in part because of condominium conversion as well, the effect, the adverse psychological effect, of dislocation at that age, when they finally move from a house, widowed, and into a place which they can call their own and they fixed up, and then having to face the question of moving out and into a more affordable but less decent kind of housing. The shock of that to a lot of these persons was very severe. I mean I actually spoke to people who broke down and cried at what they felt was the prospect that faced them with uncontrolled rent.

So it is, let me assure the Member for Tuxedo, a concern for affordability. But that has to go I think to many sectors of society, not just the lowest end of the income spectrum.

MR. CHAIRMAN: Mr. Corrin.

MR. B. CORRIN: I just wanted to say that I have problems with the $600 a month, I guess largely because I think it exposes people who should be within the regu-

latory program to potential exploitation and I think we all accept the fact that we're talking about isolated cases. I don't want to be misinterpreted or misrepresented with respect to that observation.

I have concern, I suppose, about large families who, by virtue of the size of the group, simply need fairly substantial housing accommodation. They need a substantial number of square feet in order to house the family group, and I don't really see any correlation between the $600 a month figure in income. It seems to me that we're talking about people who, out of necessity, may well have to invest a significant proportion of their income toward housing needs. You know the whole question of exemption is a dicy one anyway when you talk about a regulatory program, and I suppose any exemptions that are given, are ultimately given, because of feeling that people who are able to bear certain rental charges are of such an income that regulation is unnecessary in terms of their market decisions. That the market at their level of income is fairly fluid because of their income level and the availability of options in terms of where they live and how they live. I suppose the decisions at that level are penthouses on Wellington Crescent or town homes in Palm Springs and so on, or for that matter private housing in Tuxedo.

I am concerned about the amendment that the Member for Tuxedo has brought to committee. I think it would jeopardize many families and for that reason I simply couldn't support it; I have to vote against it.

MR. CHAIRMAN: Amendment to the amendment on (c), all those in favour . . .

Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I just wanted to say to the members who have spoken that the suggestion arises, not out of a lack of concern for those who might in fact be faced with rental affordability, but I'm saying that the government has taken a stand on mortgage interest rate relief that says that despite the fact, and I can make equally good arguments for people losing their house because, unfortunately, they have anticipated perhaps bettering times and not anticipated, in terms of their own income, and not anticipated the change that is, in effect, a doubling in mortgage interest rates in about a year-and-a-half, have not anticipated that and stand to lose their houses and move their families into poorer circumstances because of that Interest Rate Relief Program. We had that in mind when we were saying that we will not have an income cutoff so that there will be an opportunity for people who are caught in that vortex and have no choice whatsoever and are going to be thrown out of their houses. But this government has said, if you make over $28,000, I'm sorry we can't help you, you'll be thrown out of your house, and here you're saying that there is a different standard to be applied to people in rental accommodation.

I can make equally as heart rendering a pitch for those people in their own homes, as I say, who perhaps, under good advice at the time which now proves to be poor advice, were extended beyond the 25 percent of income going to housing, which they thought would only be temporary and is now, in fact, going to be forever if they can afford it; if not, they'll be thrown out. So, that's the situation that this government has chosen to turn its back on but has said now, in this situation we are going to look at the special circumstances for a very small handful of people, but we're going to include in the whole net everybody, including those who can well afford to pay $700 a month and so on.

For the Attorney-General who has said that there are people who are living on a life income entitlement to an estate that is frozen, I suggest that in most cases, and I act as trustee in a particular instance under those circumstances, that income is not frozen. In fact, it bears on the ability of the estate to earn income, which bears upon the ability of the estate to invest its money, mostly in fixed income situations, that is, interest-bearing situations and those interest-bearing situations mandate that the income increases. So for every one of those cases it's probably one in a thousand in which their income is not in fact increasing to a certain extent. If some of them are now getting 18 percent on the interest bearing investments in the estate, which were getting 11 percent last year, they have ergo had a 70 percent increase in their income. The fact of the matter is that exists.

I went around, and I spoke door-to-door to those same people in the Attorney-General's constituency during the last election, and I know and have concern over the situation, but I say that it may be one in a thousand that he is looking at that he now wants to set a whole set of rules to govern everybody because of that. Yet, in the circumstances for the homeowners, which represent 70 percent of our population in Manitoba, they have have been just thrown out by the stroke of the pen at $28,000 income for virtually the same cases of hardship that can be developed as far as I'm concerned. I just think that, yes, there are family situations; yes, there are single people on fixed income situations but, in every case, I think you have to go beyond that and look at the situation that exists and make the case for it.

You haven't done that, obviously, for the homeowners, for whatever justification I don't know, and you're doing it now for the renters and, again, I have to ask why you're treating them separately and differently and distinctly without some equity?

HON. R. PENNER: The Member for Tuxedo speaks very well and very convincingly but I think he may have missed a reference by the Minister, namely, that the question of a cut-off point is something which, if addressed, can be better addressed in the regulation. I think that's right because your looking always at a moving horizon, in a sense, and you have much more flexibility to adjust a cut-off level to the state of the market than if you carve it in stone in the Act itself.

Secondly, with respect to comparing the approach that has been taken by this government with respect to interest rate relief and this Legislation, again, the point is well taken, but I would just draw the member's attention to the fact that we have stated as a government that we are monitoring that situation very carefully and what has been done so far by no means exhausts the kinds of remedies which this government might have to look at and bring to bear if the situation for homeowners continues to deteriorate.

So, in neither set of circumstances is our position a

fixed and an inflexible one.

QUESTION put on the subamendment and lost.

QUESTION put on the Amendment and carried.

MR. CHAIRMAN: 2(2)(a),(b) and (c) as amended—pass; 2(3)(a),(b),(c) and (d)—pass; 3(2)—pass; 3(3)—pass; 3(4)(a)—pass; (b)—pass; (c)—pass; 3(4)(a),(b) and (c)—pass; 4(1)—pass; 4(2)—pass; 4(3)(a) all of 3—pass; 5(1)—pass.

Can we take it page-by-page until we hit an amendment again? Is that agreed? (Agreed)

Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I'm going to be proposing amendments on Section 16 and Section 23 so, other than that, I have no further amendments to propose.

MR. CHAIRMAN: Page 4—pass; Page 5—pass.

Mr. Corrin.

MR. B. CORRIN: That Section 8 of Bill 2 be amended by adding thereto . . .

MR. CHAIRMAN: Mr. Penner.

HON. R. PENNER: No, I had suggested pass to 8(3) inclusive, but that hadn't been recorded as . . .

MR. CHAIRMAN: To 8(3) inclusive—pass; Mr. Corrin.

MR. B. CORRIN: Yes, I move an amendment to section 8,

THAT it be amended by adding at the end thereof the following subsection, Mr. Chairman. The title would be "Oath of Panel Members" and the amendment would be as follows: 8 subsection (4), each person whose name is on the list approved under subsection (1) shall, before being appointed to a panel, take and subscribe before a person authorized to administer oaths and affirmations for use in the province, and file with the director an oath or affirmation in the following form": - and the wording would be as follows - "I do solemnly swear (or affirm) that I will faithfully, truly, impartially and to the best of my knowledge, skill, and ability, perform the duties of a member of any panel to which I may be appointed under section 8, of The Residential Rate Regulation Act. So help me God. (Omit last four words where person affirms.)"

I may on that point by way of explanation, and also question to the Chairman because I've often thought of it and I've never raised it; I'll raise the question first. When a motion such as that is read into the record, punctuation is not obviously part and parcel of the amendment, and I've always presumed that it's taken more or less that the written amendment has been presented. Certainly in Opposition we were required to present written amendments. I take it that a written package of amendments is before the Committee at all times, and the Chairman has acknowledged their presence and simply considers them as part of the entire record of these proceedings, in order to assure that the punctuation of the Legislative amendments are somehow on the record. Is my presumption correct that you have received a copy of written amendments and that they're considered part and parcel of the entire record?

MR. CHAIRMAN: Well what is occurring is that the Legislative Counsel is inserting them into the bill as we passed them - the amendments that are passed.

MR. B. CORRIN: In the form that they have been presented.

MR. CHAIRMAN: That's right. So are you ready for the amendments?

MR. B. CORRIN: Perhaps I should just explain that a few delegations came forward and indicated that they felt that there should be some sort of oath administered to those who sat as panelists in order to assure that they would perform their duties in an impartial manner. There was some consideration given to whether this was absolutely necessary as apparently, people in a quasi-judicial position are often regarded as assuming that responsibility and if they don't, they would be subject to the due process of law and their decision could be quashed as a result of their not acting in an impartial manner as that is defined by administrative law. But in any event, we have considered the point and have decided to include such a requirement in the legislation so that those concerns are dealt with and met at this point.

QUESTION put, MOTION carried.

MR. CHAIRMAN: 9, at the bottom—pass; Page 7, 10(1)—pass; 10(2) Mr. Corrin.

MR. B. CORRIN: I move an amendment, Mr. Chairman,

THAT subsection 10(2) of Bill 2 be amended by striking out the words "in presenting his case" in the last line thereof.

Again, I think people were acting or speaking out of an abundance of caution, but there was some concern raised that because of the wording of this particular subsection, persons making cases under the legislation would be precluded from gaining the assistance of people like accountants during the processing of their appeal. So we are deleting the words "in presenting his case" in order to assure that it's understood through the legislation that a person can obtain assistance with respect to any part of the process involved in rent regulation, whether it be accounting assistance or legal assistance or interpreting assistance or any other sort of assistance.

QUESTION put, MOTION carried.

MR. CHAIRMAN: 10(3) to 10(7) were each read and passed; Page 7—pass; Page 8—pass.

Mr. Corrin.

MR. B. CORRIN: I would move,

THAT Section 12 of this Bill be amended by adding thereto at the end thereof the following subsection. Section title would be "Persons Acting for Landlords or Tenants, 12(6), Any person duly authorized by a landlord or a tenant may for or on behalf of the land-

lord or tenant as the case may be, make an application or objection under this Act or appeal a recommendation of a rent regulation officer made under this Act."

So, the landlord or the tenant in this respect could delegate the responsibility to make his or her case to someone else. I think the major thrust is, and the emphasis should be made on the fact that we are extending this to both landlord and tenant. There were some people as I'm sure members will remember that argued that some landlords or tenants might for various reasons, be unable to undertake these functions and so, again, it's an expansion to assure that this is in the law.

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: Mr. Chairman, I'm not necessarily opposed to the amendment. I think it has some merit. I am a little concerned about the possibility of misinterpretation of the form of authorization. If somebody walks into a meeting or goes to see the director or whatever process and says, I'm authorized by so and so, it seems to me that there ought to be a requirement to have the authorization in writing.

MR. CHAIRMAN: Any further discussion? 12(6) as amended—pass;
Mr. Corrin.

MR. B. CORRIN: In terms of the submission by the Member for Tuxedo and I'm just thinking out loud, I suppose, because it's not an inappropriate suggestion, but I'm not sure how much discretion we want to take from the panelists in terms of how they administer the legislation and conduct the proceedings. I suppose, I'm a bit concerned that in certain circumstances, it may not be easy to obtain something in writing. I suppose one has to conjure up various scenarios, but it's possible that you could be dealing with an immigrant person or a person who doesn't have language skills, a Native person who isn't familiar with the English language and this could create small problems for the panels administratively. I'm just not sure whether you want to require that things be done in writing, that's all. I appreciate the point you're making in terms of sort of the efficacy of the program and the need for some degree of certainty as to who is representing whom and that sort of thing.

But on the other hand, you may be denying somebody certain rights by virtue of trying to tighten up the administration of the legislation and so on. I bring that concern to bear to the discussion as well.

MR. CHAIRMAN: Mr. Tallin, Legislative Counsel.

MR. R. TALLIN: I just thought I should point out that if you add something in the nature of a requirement for writing, it would have perhaps a reverse effect. The greatest number of people who act for other people are lawyers and it is not normal that they get a signed retainer for all cases and certainly not that they then, file their signed retainer with whatever board or court they're appearing before. One of the things that would worry me is that when they wanted to appear in this type of a situation they would be required, if the Act said so, to have a written authorization which would mean there would be another document to prepare; which would mean that there would be a further fee to be charged.

Thank you.

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: I'll accept that explanation, Mr. Chairman.

MR. CHAIRMAN: 12(6) an amended—pass. It takes us to Pages 9 to 15—pass; 16. Mr. Filmon.

MR. CHAIRMAN: Order please. A matter of procedure. Mr. Kostyra.

HON. E. KOSTYRA: Mr. Chairman, I wonder if, by agreement, that we could hold that specific amendment over to the next sitting. I would like to spend a bit of time. I think there might be some possibilities and rather than dealing with it now, if that could be held till this evening's sitting and deal with it then?

MR. G. FILMON: I was hoping we wouldn't be sitting this evening, Mr. Chairman. Let's leave it till the end then. Yes.

MR. CHAIRMAN: 16 is then tabled temporarily. Page 10—pass. Is there an amendment on Page 10 also? Oh yes, I'm sorry.

17(1). Mr. Corrin.

MR. B. CORRIN: Yes, Mr. Chairman, my amendment is

THAT subsection 17(1) of Bill 2 be amended by striking out the words and figure, "but not more than 4 months" in 2nd and 3rd lines thereof.

This, basically will allow more flexibility with respect to the service of notice. Landlords, as I'm sure members will recollect, were concerned about having to meet the one-month time frame. There was formerly a restriction that the notices be served and processed between 3 and 4 months prior to the expiration of the tenancy period.

Now, this is open-ended, in the sense that beyond 3 months there's no restriction. It's consistent, as well, with The Landlord and Tenant Act and it pretty well takes away the possibility that the old lease will expire prior to the setting of new rents insofar as landlords who are concerned about lengthy proceedings emanating from notices of rent increases could presumably give notice of rent increases substantially before the three-month period prescribed in this legislation and The Landlord and Tenant Act.

MR. CHAIRMAN: 17(1) as amended—pass; 17(2)
Mr. Corrin.

MR. B. CORRIN: I move the amendment

THAT clause 17(2)(a) of Bill 2 be amended by striking out the words "a rent regulation officer" in the 2nd line thereof and substituting therefor the words "the director."

This is simply to assure consistency with respect to Section 20(1), wherein the tenant is required to serve an objection of a rent increase on the director. We

wanted to make sure that the Right of Appeal would be directed to the same officer, the same official, with respect to all aspects of the process; there's no confusion as to who gets what.

MR. CHAIRMAN: 17(2)(a) as amended—pass; (b)—pass; (c)—pass; (d)—pass; 17(3)—pass
Mr. Corrin.

MR. B. CORRIN: No, I'm waiting for.

MR. CHAIRMAN: 17(4). Mr. Corrin.

MR. B. CORRIN: No, 17(5) is what I'm. At the end of 17(4), I will make an amendment. No, I have to catch up. Oh, excuse me, I was skipping one.

THAT subsection 17(4) of Bill 2 to be amended by striking out the words "shall not increase the rent payable for the residential premises except as provided under this Act and" in the 3rd and 4th lines thereof.

This section it was thought might contradict the five-year exemption set out in Section 2(2)(a), so we're moving an amendment to assure that any contradictory wording is withdrawn.

MR. CHAIRMAN: 17(4) as amended—pass.
Mr. Corrin.

MR. B. CORRIN: THAT Section 17 of Bill 2 be further amended by adding thereto, at the end thereof, the following subsections:

Continuation of occupancy pending applications etc. 17(5) Notwithstanding clause 103(8)(a) of The Landlord and Tenant Act, where

(a) an application or objection under this Act relating to residental premises, or an appeal in respect thereof, is not finally determined 2 months before the date on which an increase in rent for the residential premises is to take effect; and

(b) the tenant has not executed the tenancy agreement submitted to him by the landlord under subsection 103(7) of The Landlord and Tenant Act;

the tenant shall not be deemed to have given notice to the landlord of his intention to terminate his tenancy on the expiry date of the existing tenancy agreement and does not loose his right to continue in occupancy of the residential premises after the expiration of the existing tenancy agreement, but where the tenant later determines to vacate the residential premises, he shall serve notice of his intention to terminate the tenancy agreement on the landlord at least 2 rental payment periods before the date on which he wishes to terminate his tenancy.

Execution of tenancy agreement after application" etc. 17(6) Where a tenant does not execute a tenancy agreement in respect to residential premises submitted to him by the landlord under subsection 103(7) of The Landlord and Tenant Act, and subsection (5) applies, the tenants shall, within 14 days after the final determination of the application or objection under this Act relating to the residential premises, or of any appeal in respect thereof, execute the tenancy agreement submitted to him by the landlord with such variations thereto as may be required to comply with the determination of the application or objection or the appeal in respect thereof, and if the tenant fails to do so, he shall be deemed to have given notice to the landlord of his intention to terminate his tenancy on the last day of the 2nd rental payment period following the expiry of those 14 days.

That is the amendment, and basically, Mr. Chairman, there was a concern about situations where - and this is primarily, I might add, for the landlord's security and assurance - situations where a case may not be determined prior to the completion of hearings before the Rent Regulations Office and, basically the amendments provided that the landlord would be able to know, with some degree of certainty, when a tenant is dissatisfied with the decision rendered by the Rent Regulation Office.

Cases arise, as we understand it, tenancy agreements, where a tenant will not sign a tenancy agreement because he or she is unaware of what the final outcome of the regulation hearing would be and, therefore, in order to accommodate both sides, we have made provision for an over-holding period, wherein a tenant will be required to give notice to the landlord of whether or not he or she wishes to proceed in tenancy within 14 days after the decision is rendered by the panel.

If the tenant fails to do that the landlord now has the assurance that he or she has a two-month notice period prior to the vacating of the suite by the tenant, so we are trying to provide a balanced sort of protection to both parties so that the tenant can't simply summarily say, well, I'm packing it up, I don't like the decision and I'm leaving now. The tenant would have to act within the 14-day period and if not so, there's a presumption of a two-month notice period which gives the landlord adequate time to rerent the premises and the tenant, on the other hand, isn't prejudiced if there is, by some administrative quirk or inefficiency, failure to render a decision prior to the expiration of the tenancy period.

We're trying to address a very difficult decision prior to the expiration of the tenancy period. We're trying to address a very difficult problem as I'm sure the Member for Tuxedo will appreciate. I believe there were similar, if not almost identical provisions with respect to the landlord and tenant amendments that his government brought into the Legislature in 1980 and I'm sure that this simply complements what now exists in that legislation.

MR. G. FILMON: I wonder if the Member for Ellice would consider going over slowly the sequence of events. Three months ahead of time the landlord must give notice of an increase.

MR. B. CORRIN: Yes, that's correct; we start from that presumption. But the landlord, as a result of that amendment I moved to 17(1) of the bill, could give notice now, six months, at any time if there was a concern about the process being delayed or whatever. I should make the point that the tenant is not going to be bound by a tenancy agreement that's signed prior to a determination under this legislation anyway. Regardless of whether or not a tenant is motivated to sign an agreement, it's because the legisla-

tion is pervasive and universal no such contract would be recognized as binding in any event, and I'm skipping ahead to another provision but that's irrelevant. I think members should know that.

Where you go from there is that we are trying to assure the landlord that failure to secure a decision from the Rent Regulation Office will not prejudice that individual in terms of his security as a business person. He knows that people aren't going to be able simply to walk away because the Rent Regulation Office may have been tardy in processing an application. It's sort of a safety valve or a safety-net type of provision that we hope will protect the landlord from that sort of problem, if it should arise.

On the other hand, we don't want to lock the tenant into an onerous situation where he or she has to pay rents that cannot be afforded, so there is this 14-day period within which the lease has to be signed and if it's not then there is a presumption that the tenant is going to leave. I think that is a change. I think under the former legislation, the burden was essentially on the landlord, under The Landlord and Tenant Act and The Arbitration Act if I recollect, I think the burden was on the landlord in that there was no presumption. Perhaps the Member for Tuxedo can help me, but I think if the tenant didn't act, the landlord didn't know with any degree of certainty when the tenant was going out of occupancy, I think that was part of the problem.

If I haven't made the point, the Minister reminds me that, of course, the tenant would have to pay the increased rent for the interim period. I thought that was presumed.

MR. G. FILMON: It wasn't.

MR. B. CORRIN: I'm sorry. That's why I'm talking about this as securing the interest of the landlord. It's a balancing provision. I guess both parties have to determine whether or not they wish to take the risk of being bound by the decision of the Rent Regulation Office in this respect, or at least the tenant does.

MR. G. FILMON: May I just ask, for simple clarification: if assuming worse cases, three months after the lease began a decision is rendered finally, after all due appeals and processes take place, a decision is rendered by the panel and that decision is not acceptable to the tenant, so we're now three months after the increase was to have taken place. He is responsible to pay the increase for that three months but he can move out by doing what?

MR. B. CORRIN: I guess by giving notice or failing to give notice. It is my understanding of this amendment that if they fail to give notice there is a presumption . . . I have to check here with my staff but I think there's a presumption, if they fail to give notice that there's . . .

MR. CHAIRMAN: Mr. Corrin, you're not on tape.
Mr. Kostyra.

HON. E. KOSTYRA: Mr. Chairman, as I understand the amendment and the way it would fit into the legislation is that if the person has the option of either vacating within that two-month period and, of course, paying the increased rent for the five-week period, if not, they have to execute the tenancy agreement as was proposed initially, and however it may be amended by the determination of the officer or decision of the panel.

MR. G. FILMON: I'll ask one more time. If the increase was to have taken place on January 1 of 1983 and they got the three-months' notice but there's a backlog of appeals and so on and so forth, the decision is not rendered until April 1 of 1983 and so the tenant will be responsible to have paid the increased rent that's agreed upon by the panel for January, February and March. Now I'm given to understand by what the Member for Ellice has said, that if they haven't signed the lease or even if they have signed the lease, they don't have to abide by the terms of the lease because they now find that the increased rent is unacceptable and they want to move out. What rights does the landlord have in terms of notice and time period?

MR. B. CORRIN: What I was saying before still applies and I've checked it with staff and it's their understanding of these amendments as well. There is a 14-day period within which the lease should be executed. If the tenant does not do that, there is a presumption that tenant has given notice to quit at the end of the 14-day period. That tenant would then have to pay the increased rents for a further two months, so in that case I guess the tenant would have to pay five months in total at the increased level in that particular situation.

I guess what we're doing is we're trying to inject an element of balance. We appreciate the landlord's predicament. As I think the former government did with respect to the Arbitration Program we're trying to move, essentially, in the same direction but I think the major change is that we've put the burden back, probably properly where it belongs in these cases, back on the tenant. The landlord will know with some degree of certainty on the basis of the 14-day presumption notice period whether the tenant is staying or leaving.

MR. G. FILMON: Mr. Chairman, I accept that.

MR. CHAIRMAN: Thank you. 17(6) as an addition—pass; 18(1) The Honourable Member for Ellice.

MR. B. CORRIN: I move,
THAT subsection 18(1) of Bill 2 be amended by adding thereto immediately after the word "panel" in the 2nd line thereof, the words and figures "and subject to subsection 28(1)."

We may want to defer the vote on this to 28(1) in order that we can deal with them together. I think you would make more sense and I wouldn't have to repeat the same things over twice. Is that acceptable to everybody?

MR. CHAIRMAN: I will defer that until we get to 28. 18(2)—pass. 19(1) —pass; 19(2)—pass; 19(3)—pass; 19(4)—pass; 20(1).
The Honourable Member for Ellice.

MR. B. CORRIN: I move an amendment, Mr. Chairman;

THAT subsection 20(1) of Bill 2 be amended by adding thereto, immediately after the word "regulations" in the 3rd line thereof, the words "and notwithstanding that the tenants had signed a tenancy agreement submitted to him by the landlord under subsection 1037 of the Landlord and Tenant Act."

The explanation there is simply that this is the clause that I said I was anticipating before and it means that tenants will not be bound by agreements that have been signed prior to the regulatory process being enjoined and completed.

MR. CHAIRMAN: 20(1) as amended—pass; 20(2)—pass; 20(3)—pass;

MR. CHAIRMAN: Mr. Tallin.

MR. TALLIN: In 21(1) there is a drafting error which I wonder if you would permit me to correct. In the 2nd last line there is a reference to the amount indicated in the notice. Under the circumstances described in clause (b) of 21(1) there will be no notice and therefore those words in the 2nd last line should read "the amount indicated in the notice or application." Is that satisfactory to the Committee? (Agreed)

MR. CHAIRMAN: 21(1) as amended—pass; 21(2)—pass; 21.(3).

MR. CHAIRMAN: Mr. Corrin.

MR. B. CORRIN: Mr. Chairman, I move an amendment

THAT subsection 21(3) of Bill 2 be amended

(a) by striking out the words "in his absolute discretion" in the 4th line thereof and substituting therefor the words "with the approval of the director"; and

(b) by adding thereto, immediately after the word "notices" in the 2nd line of clause (a) thereof, the words "of the application or objection."

Dealing with (a) first by way of explanation, this will allow the director to have the power to approve the adding of premises on an application. Basically it's a consistency thing that assures that there will be consistency between decisions when units are brought in, that the same person will make the decision. I think that's basically it, without looking at the Bill it's sort of . . .

MR. G. FILMON: Mr. Chairman, I agree with that, in fact, that's precisely the context of my proposed amendment on 23(3) and you'll see it when you come to it.

MR. CHAIRMAN: Mr. Kovnats.

MR. A. KOVNATS: Mr. Chairman, I think there is going to be some confusion. We passed 21(1) as amended, I would think we should have passed 21(1) as corrected, rather than as amended. Somebody will be looking for a motion on an amendment and I think it's just a matter of correcting the records.

MR. CHAIRMAN: Is that agreed? (Agreed). 21(3)—pass as amended; 22(1)—pass; 22(2)—pass; 23(1)—pass; 23(2)—pass.

MR. B. CORRIN: We have an amendment at this point and, as I understand it, we're accepting an amendment from the Member for Tuxedo. I'm not sure the exact wording has been prepared by Legislative Counsel so I will read our amendment and the Member for Tuxedo can proceed to read his and they will be incorporated and dealt with.

THAT Section 23 of Bill 2 be amended by adding thereto at the end thereof, the following subsection:

Frivolous applications, etc. 23(3) Where a rent regulation officer is satisfied from the material provided under subsection (1) that an application or objection is of no substance or is frivolous, he may recommend that the application be refused or the objection dismissed, as the case may be.

MR. G. FILMON: Mr. Chairman, I move

THAT the words "with the approval of the director" be added after "rent regulation officer."

The only reason I suggest that is that every officer could have a different set of guidelines under which he considers an application frivolous and therefore you must have one central authority that looks at all of them.

MR. CHAIRMAN: Is it agreed? (Agreed) 23(3) as amended—pass.

MR. B. CORRIN: This, by way of explanation, is an amendment made to facilitate the concerns of the landlords who talked about the lack of some mechanism to review what might be a frivolous or a vexatious type of application or objection under the legislation. So this is another revision which is meant to accommodate the requests and concerns of the landlord.

MR. CHAIRMAN: Mr. Penner.

HON. R. PENNER: "The regulation officer with the approval of the director" after the word "he may."

MR. CHAIRMAN: 23(3)—pass.

MR. G. FILMON: Mr. Chairman, there's no question that without this the system could be hopelessly gummed up with applications and it was one that we were prepared to bring as a proposed amendment. The Member for Ellice in discussion indicated you were bringing it forward and I'm happy to see it in place because I believe that if the system is at all to work it will have to have this kind of mechanism in place.

MR. CHAIRMAN: 24(1); I believe there is a correction there.

MR. B. CORRIN: The motion,

THAT clause 24(1)(b) of Bill 2 be amended by striking out the word "the" where it appears for the first time in the 4th line thereof. There is a duplication of the word "the" and we're taking out one

MR. CHAIRMAN: Is that agreed.(Agreed) 24(1)(a), (b), (c) as corrected—pass. 24(2)—pass, 25(1)—pass; 25(2)—pass; 25(3)—pass. Page 16—pass; Page 17—

pass. 28(1).

MR. CHAIRMAN: Mr. Penner.

HON. R. PENNER: I'd just like to go back to 27(1). A point was made and I'm just wondering whether during the hearings, I'd just like to ask the Minister and Mr. Corrin, it refers in 27(1) the second and third line the appeal as an appeal de novo, whether there isn't a technical problem in what that means. I know of a trial de novo but I'm not sure of what is meant by an appeal de novo.

MR. CHAIRMAN: Mr. Tallin.

MR. C. TALLIN: I suppose you could use the appeal as a hearing de novo but it's not really a trial. "Hearing" would perhaps be a better word than "appeal."

HON. R. PENNER: Yeah. Could we accept that change for clarity?

MR. CHAIRMAN: Is that agreed? (Agreed)

HON. R. PENNER: 27(1) as corrected.

MR. CHAIRMAN: 27(1) as corrected—pass; page 17—pass; 28(1) I believe there's an amendment.
Mr. Corrin.

MR. B. CORRIN: Yes, we're making an amendment here as follows . . . proposing an amendment.

MR. CHAIRMAN: Which is tied in with 18 as well.

MR. B. CORRIN: Yes, perhaps we can deal with 28(1) and then we'll go back.

THAT subsection 28(1) of Bill 2 be amended by striking out clauses (a) and (b) thereof and substituting therefor, the following clauses.

"(a) the tenant to pay to the landlord the increased rent for which the landlord has given notice; and

"(b) where the landlord collects or has collected an increase in rent that is in excess of the increase permitted under the regulations, the landlord to pay to the director that part of the increase in rent that is in excess of the increase in rent permitted under the regulations."

Simply, this is to allow the Director some discretion with respect to the payment of rents that have been requested by the landlord during the term of the processing of the appeal before the rent regulation panel so that the director can at his or her discretion allow the monies to be paid directly to the landlord or could require that those monies be paid in trust to the Director's office.

We were concerned about possibly being a bit too rigid here and wanted to make provision for situations where it would be in the party's best interest to have those rents paid into the Director's office as opposed to directly to the landlord. We are concerned that there be as much flexibility in this regard as possible and I think I'll leave the explanation there unless members opposite or a member of the Committee wants to go into further depth.

MR. CHAIRMAN: Is the amendment agreed to? (Agreed) We wish to go back to 18?

MR. B. CORRIN: I move

THAT subsection (18)(1) of Bill 2 be amended by adding thereto, immediately after the word "panel" in the 2nd line thereof the words, and figure "and subject to subsection (28)(1)."

This simply acknowledges that increased rents can be paid at the discretion of the Director to the landlord or to the Director in trust and it's complementary - I have to run back and forth, but again unless there's specific questions, I think . . .

Just to make sure that there is an understanding that with respect to increases, there is this exception and it's contained in (28)(1) and the formula for dealing with the exception, is in accord with (28)(1).

MR. CHAIRMAN: (18)(1) as amended—pass; (28)(2) Mr. Corrin.

MR. B. CORRIN: We move an amendment there as well, Mr. Chairperson.

THAT subsection (28)(2) of Bill 2 be amended by striking out the words, "but on payment of the excess increase to the director, the tenant shall be deemed not to be in arrears for rent for failure or refusal to pay that excess to the landlord," in the last three lines thereof.

This complements (28)(1) in that this wording was meant originally to accommodate the former wording of (28)(1) and is no longer appropriate. So, it's being taken out.

MR. CHAIRMAN: (28)(2) as amended—pass; page 18—pass; (29)(1) Mr. Corrin.

MR. B. CORRIN: On (29)(1), we're moving an amendment

THAT the words "subject to subsection to (28)(1)," be inserted immediately before the word "no" in the first line of the subsection.

Again it's simply meant to complement (28)(1) because there has to be an exception afforded or else they don't run consistently.

MR. CHAIRMAN: 29(1) as amended—pass. Do we go page-by-page from here on in? Pages 19 to 22 were each read and passed; 33(1)—pass; 33(2)—pass; 33(3)
Mr. Corrin.

MR. B. CORRIN: A lot of reading here. I ask your direction, Mr. Chairman, is it possible for us to take the amendments to the subsections of 33 - and I think there're five or six - as read? What is the procedure in this regard?

MR. CHAIRMAN: Yes, if the members of the Committee agree.

MR. B. CORRIN: If that's agreed, that we can accept them as read and then perhaps if necessary stop for a minute and all read them, it'd probably be just as purposeful.

MR. B. CORRIN: As printed, yes.

MR. G. FILMON: I think they should be read into the record. I don't think the member has to make any comment on them.

MR. B. CORRIN: You know I'm beginning to like the Member for Tuxedo.

THAT subsection 33(3) of Bill 2 be amended by adding thereto at the end thereof the words, figures and letter "and fix for the purposes of an order of exemption under subsection (7), a period in respect of the building, or a different period for each part of the building, of such length not exceeding 5 years as the panel may determine, for the exemption under clause 2(2)(b) in respect of the building or that part thereof, as the case may be, to which the landlord will be entitled under the issue of an order of exemption under subsection (7) in respect of the building or that part thereof as the case may be."

Do you want to deal with them individually or do you want them all together, all the subs together?

MR. G. FILMON: Well, Mr. Chairman, I understand that this brings in parallel with the exemption for new construction of 5 years, the exemption for rehabilitated construction of apartments and I understand this is the purpose. I just think it should be read into the record and no further comment is need made, so that 33(3)—pass.

MR. CHAIRMAN: Thank you, Mr. Filmon.

MR. B. CORRIN: I have a concern. Before you pass it, the Member for Wolseley tells me that I said, "under," where I should have said, "upon" in the 5th last word of the 3rd last line and if that is the case, the record should show that the correct was "upon" not "under." Now we can pass it.

MR. CHAIRMAN: 33(3) as amended—pass; 33(4)—pass; 33(5) Mr. Corrin.

MR. B. CORRIN: Yes, I move an amendment

THAT subsection 33(5) of Bill 2 be amended by adding thereto immediately after the word "order" in the 5th line thereof, the words, figures and letter "or any period fixed by the order for the exemption under clause 2(2)(b)."

MR. CHAIRMAN: 33(5) as amended—pass; 33(6)—pass; 33(7).

Mr. Corrin.

MR. B. CORRIN: THAT subsection 33(7) of Bill 2 be amended by striking out the words, "the panel may in its absolute discretion determine, but ending not later than four years after the completion of the rehabilitation of the building or that part of the building in respect of which the rehabilitation has been completed" in the 7h, 8th, 9th and 10th lines thereof, and substituting therefor the words "has been fixed under subsection (3) in respect of the building or that part thereof"; and that's just to accord with the amendment respecting time limits that we've already passed.

MR. CHAIRMAN: 33(7) as amended—pass; 33(8)—pass; 33(9).

Mr. Corrin.

MR. B. CORRIN: THAT subsection 33(9) of Bill 2 be amended by striking out the figure "4" in the 5th line thereof and substituting therefore the figure "5"; and that's the time limit extension that we referred to earlier.

MR. CHAIRMAN: 33(9) as amended—pass; 33(10)—pass; 33(11)

Mr. Corrin.

MR. B. CORRIN: THAT subsection 33(11) of Bill 2 be amended

(a) by striking out the word "serve" in the 3rd line thereof and substituting therefor the word "send"; and

(b) by adding thereto, immediately before the word "owner" in the 3rd line thereof, the word "registered."

MR. CHAIRMAN: 33(11) as amended—pass; 33(12)—pass; 33(13)

Mr. Corrin.

MR. B. CORRIN: THAT subsection 33(13) of Bill 2 be amended by striking out the figure "4" in the 1st line thereof and substituting therefore the figure "5"; it's again obvious.

MR. CHAIRMAN: 33(13) as amended—pass; 34(1)—pass; 34(2).

Mr. Corrin.

MR. B. CORRIN: THAT subsection 34(2) of Bill 2 be amended by striking out the words "under any order or" in the 3rd last line thereof and substituting therefor the word "and."

This amendment basically confirms that the new landlord will be able to collect excess rents that were refunded to tenants as a result of an order that had been made by the Rent Regulation Office, even though the order has not been made prior to the transfer of title to the property, so that even in cases where the order affecting the rent levels is made after the conveyance of the property and the new owner takes full possession and title to the property, that new owner, that new landlord will still be able to go back as against the former owner and old landlord to collect excess rents. But this does not alter the concept, in substance, of the subsection which requires that the new landlord affect the refund of the rents, the excess rents, to the tenants that are affected. This may be a case where rents, at the discretion of the director, could be paid into the director's office under the formerly amended and revised subsection that we dealt with a few minutes ago. That would sort of provide double protection all around to all parties; tenants, new landlords and old ones. Again we're a bit concerned about the rights of landlords here and we want to try and tie these things up so that nobody's put in a prejudicial position. We don't want anyone arguing that because of a contract in law, and perhaps a failure by a lawyer or whatever, a failure in terms of the wording of a contract, that a new landlord is precluded from going back against an old one for excess rents that he has to refund to the tenants under an order.

MR. CHAIRMAN: Mr. Filmon.

MR. G. FILMON: I had that point made to me by a person who was concerned about that and so, therefore, I think that if the amendment will enable that to happen so that a new landlord is not prevented from going back against a person from whom he bought the property, then I'm happy with that.

MR. CHAIRMAN: 34(2) as amended—pass;
Mr. Kovnats.

MR. A. KOVNATS: Should there be some notice made by leave that we're carrying on after 12:30.

MR. CHAIRMAN: I'm late. I'm sorry, by leave, should we carry on? Is it agreed? (Agreed) Thank you.
Page 26—pass; Page 27—pass; Page 28—pass; Page 29—pass; 41(3)—pass; 41(4)—pass; 41(5).
Mr. Corrin.

MR. B. CORRIN: THAT section 41 of Bill 2 by amended by adding thereto, at the end thereof, the following subsection:

Where protest not determined 41(5) For the purposes of this section, where, after the coming into force of this Act, a court
(a) decides that any proceedings relating to a protest made under subsection 116(4) of The Landlord and Tenant Act as it was before the repeal of that section are invalid or null and void or quashes or sets aside any determination or result of mediation arising out of such a protest, or
(b) decides that proceedings related to any arbitration taken under section 120 of The Landlord and Tenant Act as it was before the repeal of that section are invalid or null and void or quashes or sets aside any award resulting from such an arbitration the protest or arbitration, as the case may be, shall be conclusively deemed not to have been determined.
This is the companion piece for 2(l)(c) we dealt with earlier and I talked about this at the outset of our discussion. We're concerned that cases that fall into this category, cases under the mediation or arbitration provisions that have gone to court, not be dealt with under the former legislation. We feel that if they've been held up and if they've been challenged in court for procedural or other reasons - jurisdictional as well I suppose I should add - procedural or jurisdictional reasons as several have, we feel that they should be brought under the aegis of the general legislation being put in place under this bill and so that's the purpose of the sub-clause amendment.

MR. CHAIRMAN: 41(5) as amended—pass; 42—pass; 43—pass.
Mr. Kostyra.

HON. E. KOSTYRA: Just on a matter of procedure, Mr. Chairperson. We have the one section that we have laid over, section 16. After consulting with the Member for Tuxedo, I'd suggest that, if it's agreed, we lay that specific section over for a subsequent meeting of the Committee to deal with.
Further I would like to make another suggestion that we now deal with Bill No. 20 and that we also lay over Bill No. 19 for the next meeting of the Committee. The reason for laying over Bill 19 is that we have to get some further clarification from Legislative Counsel with respect to the issues of serving a notice and that and I'd rather do that than try to scramble here and do that if that's acceptable.

MR. CHAIRMAN: Is that agreed? (Agreed)

BILL NO. 20
AN ACT TO AMEND THE CONDOMINIUM ACT

MR. CHAIRMAN: Page-by-page? Page 1—pass; Page 2—pass; Preamble—pass; Title—pass; Bill be Reported.
Mr. Filmon

MR. G. FILMON: In view of the fact that there may be some subsequent discussion and, in view of the fact that we are only dealing now with one clause in Bill 2 and with Bill 19, to which we have not objected, in principle. I'm wondering if maybe tonight's sitting of the Committee might be cancelled and rescheduled at a more appropriate time when we could just have a short meeting of the Committee. I suspect it would take less than an hour and it might be appropriate.

MR. CHAIRMAN: Is it agreed? (Agreed)
One other problem, if I get a call this afternoon, I'll have to have someone replace me as Chairperson of this Committee. I think I may get an ear operation yet one of these days.
The Committee will, therefore, not meet tonight.
Thank you.