

## The debate around Rent Controls

[Winnipeg Rental Network](#), September 17, 2009

The Province recently announced that the allowable rent increase for 2010 will be limited to 1 percent. This has renewed the call to abolish rent controls in Manitoba. Avrom Charach, a Winnipeg property manager, and chairman of the Canadian Federation of Apartment Associations, recently submitted an opinion piece called "[Efficient way to destroy a city](#)" to the *Winnipeg Free Press*.

Charach points out that Manitoba is the only province with strict rent controls. Different forms of controls continue to exist in provinces like Ontario, B.C., Quebec and P.E.I. While Ontario recently re-established rental increase guidelines, the policy of "vacancy decontrol" remains in effect. Vacancy Decontrol allows the property manager to increase the rent to whatever the market will bear, once a tenant leaves. While this can result in a large portion of units becoming unaffordable, other dynamics come into play, as described by the [East York Tenant Group](#):

On the benign side, [vacancy decontrol] gives landlords no incentive to try to retain tenants and on the sinister side, it gives them every incentive to do things to make tenants uncomfortable enough to leave.

On the pro rent control side, the Canadian Centre for Policy Alternatives has published studies in favour of rent control and low income households, [specific to Manitoba](#). In 1993, the Canada Housing and Mortgage Corporation commissioned a study called "Testing Hypotheses About Rent Control" (see [summary here](#); it can be [ordered here](#)). The major conclusion of the study was that there appears to be no convincing evidence that rent regulations, as they existed in various provinces in Canada from the early 1970s through to the early 1990s, had significant effects on rents, on the construction of rental units, or on vacancy rates.

Of the many pro and con analyses available, an interesting one can be found on the website [Global Property Guide](#). This is a site that is devoted to real estate investment information on a global scale. While anti-rent control, it states that rent control "can be benign, if:

1. It is implemented so that its market-restraining effects are modest
2. It helps to defuse public protest about high rents, and
3. It assists citizens by providing an agreed framework for contracts."

The Guide has particular praise for the Canadian system, and the role of courts or tribunals that oversee rent controls:

Canada, for instance, has a reasonable system. Although the laws appear to be pro-tenant, the system is not entirely disadvantageous to landlords. Allowable rent increases are based on each province's CPI, allowing regional disparity.

A landlord can usually petition for a rent increase above the "rent increase guidelines" set for the province. Landlords doing so have to apply to that province's rent authority.

Landlord-tenant disputes are resolved by the provincial (small claims) court system, or through a tribunal/arbitration system. The system is very efficient ([Global Property Guide](#), 2009).

The Province of Manitoba does not use the Consumer Price Index, and as Charach indicates, it is not clear how rent increases are arrived at. In Manitoba, landlords can petition for rent increases that are higher than the annual guideline. More commonly, landlords can apply for increases or exemption from the guidelines due to major improvements to units or an entire building ([see here](#)). For example, if a landlord invests \$12,000 or more in renovations per unit, he could earn a five year exemption from rent controls (the maximum allowed). This largely explains how, in the five years between 2004 and 2008, Manitoba's rent increase guideline totaled 10 per cent while CMHC reported a 17.9 per cent total increase in rents charged (see Avrom Charach's article).

While the administration of rent controls deserves more attention, we cannot ignore the bigger elephant in the room: EIA housing allowances.

<b>Family Size</b>	<b>Basic Rent</b>	<b>Rent with Heat, Lights and Water</b>
<b>1 Person</b>	\$243	\$285
<b>2 Persons</b>	\$285	\$387
<b>3 Persons</b>	\$310	\$430
<b>4 Persons</b>	\$351	\$471
<b>5 Persons</b>	\$371	\$488
<b>6 Persons</b>	\$387	\$513

[Manitoba Employment and Income Assistance](#) (EIA), Maximum Rent Rates

While rent increases have steadily climbed over the years, housing allowances for EIA recipients has not. With more than 55,000 in Manitoba on social assistance, many of whom do not live in social housing, talk of deregulation in rent controls seems mute.



[www.winnipegrentnet.ca](http://www.winnipegrentnet.ca)