

Intelligence MEMOS



From: Edward Waitzer
To: Jean-Yves Duclos, Minister of Families, Children and Social Development and Minister Responsible for Canada Mortgage and Housing Corporation
Date: March 30, 2020
Re: **FAIRNESS TO TENANTS – THE URGENT NEED FOR A NATIONALLY COORDINATED POLICY RESPONSE**

Residential tenancies represent more than a third of the national housing stock.

Given their relative income profiles, one would have thought tenants in need of financial support as a result of the current pandemic would be receiving such assistance at least equivalent to and ahead of home owners.

Equity, as well as sound public health management and housing policy, suggests that mechanisms be put in place to provide targeted assistance to those legitimately in need to help them pay their rent.

In the absence of such policies, we are seeing calls for arbitrary rent strikes and the imposition of eviction moratoriums. Neither are sustainable solutions. They will, in short order, lead to considerable systemic damage.

Aside from the general encouragement of rule-breaking (at a time when the opposite must be a critical public message), reduced cash flow to landlords will quickly result in mortgage defaults (triggering CMHC guarantees) and the inability to properly maintain properties (putting the security of tenants at risk). Signaling a lack of accountability for those who refuse to pay rent is analogous to making payment for groceries (or other essentials) optional.

What, then, is required?

Immediate solutions, such as rental assistance for those in need and the maintenance of tribunals to administer residential tenancy laws virtually and informally, having regard for the special needs of those who are experiencing financial hardship as a result of the pandemic.

B.C. already has in place such a tribunal mechanism (which could be activated to adjudicate eviction proceedings) and has just introduced a short-term rental subsidy (up to \$500 per month) for those who qualify. Such provincial tribunals might play a role in determining access to benefits and crafting relief (e.g., releasing last month rent deposits).

The Canadian Emergency Response Benefit (CERB) is a good start, but isn't tied to housing costs and hasn't yet addressed housing gaps (e.g., students and recent graduates, and those returning to the labour force).

A lesson to be learned from the National Housing Strategy (announced in November 2017) is that national leadership and coordination between all levels of government are essential, and in very short order.

Subsidies should be generous (for those in need) and directed (to the payment of rent obligations). Existing provincial subsidy platforms are likeliest the easiest to operationalize, although financial institutions could also play a role. Ideally assistance will be on a deferral basis and government backstopped (if not directly administered).

If the crisis persists, landlords may also require assistance to help manage material increases in bad debts. Such assistance could be implemented in conjunction with the deferral programs being introduced by CMHC. In turn, landlords should be prepared to assist by, for example, immediately accepting freezes on rental and "above guideline" increases.

Harmful tenant initiatives for rent strikes and the maintenance of general eviction moratoriums will only be avoided by clear and integrated government commitments to ensuring adequate assistance for those in need.

The longer it takes to get this message out, the greater the risk of inappropriate conduct and knock on effects posing significant systemic risks. The time to act is now, and to do so boldly.

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