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Oshawa proposal is state-sanctioned surveillance by unaccountable enforcement officers

By **Chris Seepe** - Mar 29, 2022 18

It seems like something out of George Orwell's novel *1984* or the real-life events of pre-Second World War Germany, but it's happening here in Ontario and threatens to expand across Canada.

STORY CONTINUES BELOW

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In January 2022, the City of Oshawa's City Council heard a proposal from its bylaw department to roll out a residential housing licensing program that would be the first of its kind.

If you think this is a local municipal issue that doesn't affect or apply elsewhere, you're likely to be proven wrong. Municipalities routinely

that have previously been "successful."

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Oshawa justified its program proposal in part because "other municipalities are doing it." However, only Toronto and Waterloo, out of a total 444 municipalities in Ontario, currently license multi-unit residential properties. Oshawa wants to license every type of rental housing.

The city referenced data it created, managed and "analyzed" using thinly veiled, one-sided surveys and carefully selected participants in "public feedback" forums that could lead to only one pre-determined outcome. The city's foregone conclusion was that it must set up a demerit point system that rates how "bad" every housing provider is by employing 33 additional bylaw officers at a cost of almost $5 million.

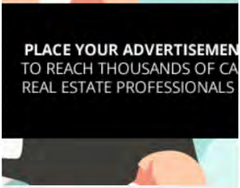
At the January 2022 council meeting, one council member was described as literally flying out of their chair, exclaiming that taxpayers should not get "stuck with (the) extra cost." What was particularly egregious was that the council's unasked questions and unprotested acceptance of the program essentially meant that council agreed that all of Oshawa's housing providers are slumlords.

The city essentially sanctioned a state-run surveillance regime comprising relentless mandatory "spot" inspections using unaccountable law enforcement Praetorian guards empowered to make legal interpretations and pronounce financial penalties for even the most trivial infractions.

This time-tested strategy is exactly the same as that used to deny citizens their democratically granted freedom slowly and methodically in 1930s Germany. And demanding that landlords pay for a punitive licensing system is no different than demanding that convicts pay for the court and prison system that convicted them.

What are some inevitable consequences?

- Any additional fee, tax or "cost recovery" makes housing less affordable
- Property standards define a minimum quality of building that housing providers will adopt as the norm, thus reducing quality of lifestyle for many tenants
- Licensing fees discourage housing development and upgrades. It's no coincidence Ontario has the lowest housing-per-capita of all the G7 nations. No one wants to build housing here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- Durham Region's 10 least-affluent groups are all in Oshawa. Almost all low-income tenants live in rental properties. Tenants pay the property tax – not landlords, who remit it on their behalf the same as retailers remit their customers' HST. Therefore, Oshawa is taxing its low-income wage earners double what it taxes its more affluent single-family homeowners
- Arresting high municipal infrastructure costs can only be addressed with densification. Licensing discourages densification. Aging infrastructure maintenance costs increase and all taxpayers wind up paying more.
- The $5-million program cost obliterates $110 million or more of Oshawa's rental property equity (at 4.5 per cent cap rate). Low equity means higher costs, which means lower property value on which property tax revenue is based. Lower property value means lower tax revenue for the city or higher property tax rates. It's a vicious circle caused by bureaucratic and political short-sightedness and no understanding of how housing actually works. Every tenant will wind up paying for the program.

"Full cost recovery" is the holy mantra and tired cliché of municipalities to justify every extra fee that can't be justified by raising taxes. How easy is it for an unaccountable bylaw officer to deny a small operator, retiree or pensioner's total livelihood by denying a license because of a cost-prohibitive missing window screen or because the grass is too high around a fire hydrant? At what point does mindless enforcement of petty

Most rental housing providers are not slumlords but the very existence of a licensing program implies otherwise.

A detailed analysis of Ottawa's (not Oshawa) 311 property standards-related calls over a 10-year period determined that only 51 properties (0.5 per cent) out of a total 100,000 received more than two calls per year, and those complaints weren't necessarily violations.

Instead, create a "merit" certification program that rates and rewards the top housing operators with "certificates of praise," based on achieving high scores. Housing providers would proudly display such certificates in their foyers. Bylaw enforcement can identify and focus on the slumlords. It would instill pride throughout the legitimate housing community and re-establish some long-overdue respect for housing providers. Importantly, it would near-eliminate the many frivolous claims from tenants who exploit bylaw officers to further personal agendas.

The cost to implement and operate this type of certification program would be a fraction of any housing licensing scheme.

Tenants will ultimately suffer the most in the long run under Oshawa's proposed licensing program. The net result will be excessive property standards enforcement leading to minimalist property quality and no new housing construction, resulting in a grossly inadequate number of property standards-conforming rental units at extremely unaffordable rent rates.

TAGS Landlords Oshawa

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Chris Seepe

http://www.landlordingcourse.ca/

Chris Seepe spent 35+ years in I.T. before entering commercial real estate a decade ago. He's a published writer and author of two books on "landlording," course instructor, president of the Landlords Association of Durham, and a commercial real estate broker of record at Aztech Realty in Toronto, specializing in income-generating and multi-residential investment properties. Call (416) 525-1558, or send him an email.

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18 COMMENTS

Vincent Bell Mar 29, 2022 At 10:42 am

Chris,

Wondering if you're at all aware of what happened in 1930s Germany? Clearly you're not very educated, but the Germans were not requesting a couple hundred dollars a year from landlords to ensure their tenants were safe.

Perhaps read a book.

Also – if you seriously liken Oshawa to Nazi Germany, why not simply leave?

Reply

Christopher Seepe Mar 29, 2022 At 12:40 pm

This reply is so wrong on so many levels.
1. Rather than addressing the issues, engaging in informed democratic debate (for which right 50 million made the ultimate sacrifice), or even offering solutions, you resort to attack the writer's character

2. You essentially suggested that if someone exercises their democratic right to criticize the alleged persecutorial practices of government then they should shut up and leave. Do you not see the uncanny parallel between your response and what the outspoken critics in 1930s Germany were told to do?

3. The amount of money involved is irrelevant. It's the process and the principle behind the program that is at issue. Once the program is established, it will NEVER be rescinded. Once a fee or tax is established and unopposed, government will increase the amounts every year. Two top-of-mind examples of a hundred include: the Land Transfer Tax (LTT) has increased 566% since 1979. The planned carbon tax increase is 300% within seven

years.

4. I did not compare Oshawa to Nazi Germany and never mentioned any political parties or doctrine. There were tens of political parties competing in 1930s Germany with no clear majority until they congealed into the two major parties of Communism and Social Nationalism, despite the multiple immediate knee-jerk comments made here. You leapt to an assumption as did others here with malice aforethought … somewhat paralleling what happened back then.

5. I compared Oshawa's strategy for slowly, quietly, and methodically imposing its view, or perhaps the view of an elite few that run the City (not the mayor by the way) about how they think issues should be resolved, that is, with a municipal hammer to punish all housing providers for the actions of a few, especially when there are better solutions available. I claim boldly that the City's position was predetermined.

6. Your comments about reading a book and my being uneducated (about German history or just in general?) imply that you are an authority on Nazi Germany. But rather than explain how I'm wrong to make any comparison, you resorted to jibes and (again) to character assassination. Once again, I see parallels between your response and the very thing you've taken exception to.

7. You attempted to trivialize the issue by trying to compare licensing fees to world-shattering atrocities. The licensing issue is obviously not on scale with the end results of pre-war Germany but no one knew then what the net consequences would be when the government passed it's various rights-limiting laws. Many citizens couldn't believe the long game agenda. All these commenters about

Nazi Germany are making statements based on 100% hindsight. You have shown no interest and offered no objective viewpoints or opposing insight on what I boldly claim will be SIGNIFICANT consequences of this licensing program that will profoundly affect housing providers and tenants alike, as well as the impact on housing unavailability and unaffordability — within the next 3 to 5 years.

In simple words (I'm unedumacated), this licensing program will make the housing crisis a LOT worse than it is today, and with nothing meaningful to show for, or gain from, it.

I could go on and on but hopefully others reading your comment will see your response for what it thinly masks, and I leave that conclusion to the readers.

To you, I say, "Shame on you."

Reply

Chris Seepe Mar 29, 2022 At 1:21 pm

I re-read my response. It should say National Socialism, not Social Nationalism. I guess I was having a senior's moment.

Reply

A Novak Apr 1, 2022 At 6:41 pm

Thank you for your response, Christopher.
The Internet is full of Vincents who think that they know everything (because they watch MSM) but they, in reality, are ignorant and biased thanks to MSM.

Reply

Christopher Seepe Apr 3, 2022 At 6:51 am

For us less-social-networktechie readers, I'm presuming "MSM" means "MainStream Media."

Reply

Nito Mar 29, 2022 At 10:28 am

Thank you very much Chris for devoting your valuable time and sharing your experience and expertise to inform and caution the rest of us regarding such important matters. This seemingly unwarranted overreach would directly affect many Realtors and our valued Clients. Indeed, the government should be obliged to share ALL the details transparently, clearly, directly and also be scrutinized BEFORE being allowed to implement such measures. I believe that's called ACCOUNTABILITY which is rather lacking in governance??! Chris, I also agree with your recommended principal of praise rather than punishment (merit vs demerit)! Thanks again:)

Reply

Andrea Wiebe Mar 29, 2022 At 10:12 am

Good article, Chris! I totally agree with your references and thoughts. Government is the issue, and we need to be aware of what's really going on. If we don't, this tactic will spread like wildfire across the country, because we are too blind to see what's really going on, or we don't want to believe our "government" would do that…

Reply

Carolyne L (old article: bylaws) Mar 29, 2022 At 9:32 am

Chris, this is a very old article but I draw attention to it due to it actually happened on my watch and thought it might serve as historical value perhaps… tied to your article.

Carolyne L

===

Brampton Bylaws (of the day) and hiring extra bylaw officers to read and check out agent newspaper advertising relative to basement apartments at the time.

I repeat: it's OLD news but might address relativity in regard to your current subject.
Since I put my licence on hold I haven't kept up with current bylaw relative topic.

Brampton Bylaws (my very old article):

https://carolyne.com/basementapartments.html

Reply

Vish Jayaraman Mar 29, 2022 At 9:04 am

This kind of enforcement is already being done at Blue Mountains, the bylaw is so skewed and one sided, the enforcement officers are ruthless people, terrorizing landlords. Demerit points and penalties ranging from $50,000 to $100,000 is the norm.

Reply

Bruce Mar 29, 2022 At 8:40 am

Get a grip, Chris. Making your points about the proposal is fine but can we please stop the ludicrous, insulting, and frankly dangerous comparisons to Nazi Germany?

Some of your points are pretty easily refuted too… "we have the lowest housing per capita among G7 countries…" because of licensing and other fees? How about because we have the fastest population growth rate: https://www150.statcan.gc.ca/n1/daily-quotidien/220209/dq220209a-eng.htm

"Canada's population grew at almost twice the rate of every other G7 country from 2016 to 2021, rising 5.2% from 2016 to just under 37 million people in 2021 (see textbox Census counts, demographic estimates and census coverage studies)."

Not to say we don't have too many barriers and red tape to cut for housing projects; we probably do – but if you want to compare the regulations to other countries, then compare them to other countries. Hysterical blanket statements with zero data to back them up are not helpful.

Reply

Christopher Seepe Mar 29, 2022 At 9:05 am

I responded to this in the earlier "over the top" comment further below. I didn't write that we have low housing per capita because of licensing. Licensing is just another in a long line list of unaffordability factors.

I can provide you backup data until the cows come home. I have a couple of recorded 1.5 hour presentations on the causal factors of housing unaffordability and offered a 10-page bulleted list of proposed solutions, many of which I have not seen in any media covering housing unaffordability. You can do a search on YouTube for "seepe unaffordable".

Reply

D. Gillis Mar 29, 2022 At 8:33 am

The comparison to Nazi Germany is both hyperbolic and deeply offensive.

Reply

Christopher Seepe Mar 29, 2022 At 9:16 am

I was mindful of the allusion and deliberate in its use. It was not a trite reference or intended to be offensive for its own sake. There's a very real and deliberate encroachment or even invasion (to carry on the allusion) of private enterprise by a government that wasn't able to manage it's own housing projects. Yet it has the unmitigated arrogance to define how ALL housing providers should operate their business, with absolutely no regard for the financial burden of housing providers, or the over-arching consequences to tenants and housing providers alike. That should be as equally offensive as any reaction you might have to my allusion to 1930s Germany.

If you're a housing provider you should be offended by the licensing program and the long term damaging consequences to housing availability and affordability.

Reply

D. Gillis Mar 29, 2022 At 10:36 am

It is absolutely trite and extremely offensive. It shouldn't have made it past an editor. Poor form, REM.

Reply

Chris Seepe Mar 29, 2022 At 1:07 pm

Those who don't study history, no matter how offensive any subject matter may be, are doomed to repeat it. Our whole body of law is comprised of historical precedents. We have a duty to study the mistakes of the past to draw lessons to prevent them from happening in the future. I was granted the unfettered right to express my opinion just as you've done in these comments.

Your suggestion smacks of censorship … to protect sensitivities at the expense of civil liberties. Good reporting venues don't censor.

Reply

Holly Agnew Mar 29, 2022 At 7:33 am

Good article. I understand the implications here are serious and that has been conveyed in the article. However, I find the reference to 1930's Germany a bit over the top.

Reply

Christopher Seepe Mar 29, 2022 At 8:28 am

Over the top? Let's review the last couple of years in the life of your average rental housing provider. Note that 49% of all rental housing is in the hands of "unincorporated individuals," meaning mom-and-pop operators, retirees, pensioners, anyone trying to get ahead and willing to take on huge financial, legal and even emotional risks:

- Three LTB moratoriums on evictions
- Ford tells tenants: don't worry about paying the rent
- Speculation tax 15% (just passed on to buyers as cost of doing business)
- Foreign investor tax
- Ban on new immigrant home purchase but Canada invites 1.2 million immigrants
- Vacancy tax (just passed on to buyers as cost of doing business)
- Renoviction tax (just passed on to buyers as cost of doing business)
- Million $$ Home Tax
- 100% to 400% increases in building insurance premiums
- 55% increase in electricity
- 50% corporate income tax … annually
- 15% to 20% property tax
- 0.0% annual rent increase in 2021 wiped out between $2.2 and $3.7 billion in Ontario's rental property equity
- Carbon tax to triple by 2030
- Capital Gains Tax may rise from 25% to 30%
- Recoverable capital cost allowance claws back all depreciation ever taken
- Gov't mortgage default insurance is 1% to 4% of mortgage value
- Land Transfer Tax increased 566% since 1979
- Development charges perhaps 10% of purchase price

- Cash-in-lieu municipal cash grab = $5 BILLION surplus for southern Ontario
- Professional tenants Wide range of losses

Government

- Inclusionary zoning –market-paying tenants finance low-income tenants (not landlords)
- Corporate (passive) tax 50% of annual profit
- HST
- CRA amortization with lengthy cap/ex schedules
- Bad Debt

What one word connects most of the above? Government, more specifically government fees for raising operating cash that can't be justified by property taxes. I was just making an informed opinion based on my observations above and much more.

Reply

Robert Ede, Broker, Toronto Mar 29, 2022 At 7:23 am

Chris should be on every Ontario and Confedetal Housing Task Force ever struck (and TRREB + OREA/CREA too)
He lives the rental market as a landlord and as a broker.
He writes cool and clear points.
He thinks. And he does.

Reply

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