

Speech to Oshawa Safety Committee by Chris Seepe in City Hall Council Chambers on 2023 09 23

Members of the Committee and these delegations ... My name is Chris Seepe and I'm a front line, in-the-trenches residential rental housing provider who has invested heavily in, and hands-on manages, "missing middle" rental properties in Oshawa. I see myself somewhat like a first responder in respect of experiencing real-world trends and issues in residential rental housing long before many government officials do.

For more than three years I've unsuccessfully attempted to educate this City on what I genuinely believe will be debilitating consequences for tenants, housing providers and the City, in equal measure, resulting from the implementation of rental property licensing.

According to a study by the Centre for Urban Studies at Metropolitan Toronto University, Oshawa and Toronto have the highest property tax rate in the greater Golden Horseshoe. Yet, despite a higher per-capita revenue base than any other Ontario municipality, Oshawa is unable to achieve its property by-law enforcement objectives without "recovering" additional costs from the people that provide the fundamental foundation upon which every municipality and society is built.

The fact that the newest update to the licensing report simply adds two more options and halves the budget for city-wide licensing confirms for me personally that the City has no intention of considering abandoning the city-wide licensing proposal.

I spent many hours this past week studying the updated licensing report, looking for the ever-absent statistics that justify the program, the never-presented business case, the missing line-item cost analysis, picking apart the fatally-flawed logic, and the weak arguments proffered for implementing this program.

Oshawa believes it has the moral authority to implement licensing to hold housing providers accountable to the City's property standards while the City itself was not able to live up to those same standards with its own rental properties. Oshawa's report CORP-13-177-CM stated that council directed the city to exit from affordable housing by late 2017 in order to realize \$260,000 in annual operating savings and to [quote] "... **avoid significant capital repair costs ...**" **that are immediate in nature** (*ref: Oshawa Express*) **of about \$3.9 million**. I personally know one of the city-owned properties had between 60 and 100 police calls as well as 38 pest control invoices, in one year. So bad were the city's properties that they could not give them away to the Region of Durham, and Councillor John Aker, chairman of Oshawa's development services committee then was quoted in the media as saying, "**The buildings do not represent good housing for anyone at this time.**"

For me, I interpret the underlying premise of the city-wide licensing program as the City's bold statement that it makes no distinction between good and substandard housing providers. The report's list of intended duties and inspection cycles, plus the additional staff and resources, reflects what I believe is the City's mindset ... that is ... ALL of Oshawa's housing providers are profit-centric, insensitive, low-class operators with no moral inclination to operate anything better than pest- and mould-ridden, electrically-dangerous, fire traps.

Yes ... harsh words I know, but that is what I genuinely, personally feel. I'm not speaking for anyone else so there's no need for me to mince those words.

The licensing report is big on comparisons with other municipalities as if that was some kind of vindication or self-evident proof of the rightness of licensing. According to a CBC report, Oshawa has reached only 59% of its 10-year commitment to the province for new housing starts after nearly two years, while Pickering, for example is at 107%.

I mention this because I own and operate 25 residential rental units in Brantford, which I consider demographically similar to Oshawa. At 102,000, Brantford's population is smaller than Oshawa's. According to the same urban study report, Brantford has THE lowest average property tax payment of all the municipalities in the greater Golden Horseshoe area ... AND it is tracking at 109% of its 10-year new housing starts objective, which puts Brantford in the #1 position. Brantford has no rental housing licensing program and to my knowledge licensing has never come up in public debate. Notably, when I sent an email to the City of Brantford to ask them about the viability of infilling six self-sustaining, super-green, new-build, container-homes on excess space on our rental property land, a senior official replied within 24 hours and a mutually-convenient meeting date was set a few days later.

For me, one lesson learned from this is that Oshawa ought to choose better role models to emulate than the ones it chose in its licensing report.

One councillor repeatedly recused himself, supposedly because he had a conflict of interest as a landlord. Did any councillors recuse themselves because they're tenants? If they had done so, what informed decision makers would be left? How can the interests of housing providers be fairly represented on council when there's no one left who has hands-on experience in the rental property market? If you reply, landlord stakeholders, I'd reply, for three years you've already ignored the perilous consequences provided to you from large and small market operators.

The Builders Industry Association reported that condos sales dropped 51% since this time last year, and July 2023 sales was the lowest monthly number in 23 years.

Many of the remaining condos that were purchased by investors to operate as rentals are being sold off en masse now because they are financially untenable as a rental.

Bank of Canada reported earlier this month that 30% of all housing was purchased by investors ... for rentals. How much lost rental units in Oshawa does a 30% drop in new purchases represent?

A licensing program will reinforce those sell-off, no-buy and no rental business decisions. Suggested quarterly inspections and policing oversight with the consequent implied threats that such inspections entail will drive investors to look at more landlord-friendly geographic locales, probably outside Ontario.

After much analysis and reflection last week, I suddenly had an epiphany ... a moment of crystal clarity if you will. I realized that if I truly believed everything that I have conveyed to you today and previously, it would be in my own best interests to stop resisting the city-wide licensing program.

Oshawa may continue to do the great things it has done to attract new businesses, and educate world-class students to feed a young, vibrant and diversified workforce. These efforts could result in spectacular growth for the City, but by extension, also fuel a rapid increase in housing demand.

As a private sector housing provider, I'll win in the longer term under the licensing regime because the City's anti-landlord legislation and paramilitary policing, fines and other disincentives will discourage

rental property creation. And homeowners won't open their homes with second suites. The RTA already makes second suites a wholly discouraging prospect.

Oshawa's rental housing supply will quickly stagnate and then shrink resulting in ... what else ... low supply, bringing with it long tenant waiting lists and even conceivably black-market housing activities. Lack of available rental housing, and especially affordable rental housing will result in a gradual loss of business opportunities due to higher rents for employees. That means higher wage requirements for employees, which will make it tougher for Oshawa's businesses to compete. Consider, for example, the 2,500+ GM workers housing needs?

Ultimately, the City will experience property and business tax revenue losses.

In summary then, it may be welcome news to some of you that I'm giving up on trying to provide this council with information and the hard statistics that I believe would serve the best interests of all stakeholders and the long-term prosperity of this City.

Instead, I'm setting aside those efforts and will concentrate on maximizing the business advantages that I believe will fall out of your licensing program, which will yield higher returns for me in the long run as a private sector housing provider in Oshawa than any of the licensing fees you might extract from me in the short term.

Thank you for listening.