

Knowledge IS Power



Strong Powers, Weak Mayors

July 14, 2023

The province of Ontario has demonstrated genuine desire to tackle one of the most complex issues I believe government faces today – arresting housing unaffordability and unavailability.

Bill 23, *More Homes Built Faster Act, 2022* is a huge step in the right direction. While it serves primarily only large housing operator interests, despite literally half of Canadian rental properties being in the hands of unincorporated individuals, small-to-medium size housing operators and investors will benefit from many of the bill's features. For example, proposed and existing municipal rental housing licensing is in direct contravention to the spirit and intent of Bill 23.

On June 16, 2023, Ontario conferred "... *Strong Mayor Powers to Build More Homes Faster ... to the mayors of 26 large and fast-growing municipalities that have committed to a housing pledge as part of the province's work to build 1.5 million homes by 2031.*"

The 26 municipalities are: Ajax, Barrie, Brampton, Brantford, Burlington, Caledon, Cambridge, Clarington, Guelph, Hamilton, Kingston, Kitchener, London, Markham, Milton, Mississauga, Niagara Falls, Oakville, Oshawa, Pickering, Richmond Hill, St. Catharines, Vaughan, Waterloo, Whitby and Windsor.

The strong mayor powers empower a mayor to draft housing-related bylaws and have them passed with the support of just one-third of councillors as well as override a council's approval of bylaws of any kind which might impede the creation of more homes such as a zoning bylaws and municipal housing licensing, the latter of which is in direct conflict with the spirit and intent of Bill 23.

The powers also provide a mayor with the means for the first time to prepare and table their own budget for their city, instead of the council budget, and to hire and fire department heads. Politicians change every few years but the real power brokers have been the career civil servants who were traditionally "untouchable."

As usual, some cliques of critics have decried the empowerment as undemocratic. This criticism is a double-edged sword. To claim the powers to be undemocratic presumes that municipal mayors can't be trusted to do the right thing with the powers they've been given.

According to a Global TV news article, the responses of the mayors has been mixed:

(<https://globalnews.ca/news/9773484/ontario-strong-mayor-powers-expansion/#:~:text=The%20strong%20mayor%20powers%20include,the%20creation%20of%20more%20homes.>), .

Mayors of Ajax, Barrie and Brampton expressed thanks for the powers while other mayors surprisingly devalued the opportunity. The following bullet points are from Global TV's article:

- "I don't foresee a need to use these powers," St. Catharines Mayor Mat Siscoe said in an interview.
- Oshawa Mayor Dan Carter said he wants to respect the democratic process. "It will be an extraordinary moment when and if I ever have to use the powers as strong mayor," he said in an interview.
- Kitchener Mayor Berry Vrbanovic said he would look at the specifics, but his city's council has been working well together.
- Kingston Mayor Bryan Paterson wrote in a statement that he and his council are committed to solving the housing crisis through collaboration. "Anyone who has worked with me knows I am not going to all of a sudden start wielding this tool, but I am also not going to rule it out if there were situations in the future that may require considering it," he said.
- The NDP said the strong mayor expansion is undemocratic.
- Ottawa's mayor has said he doesn't want them
- Several leading candidates in Toronto's mayoral by-election have said they won't use them.
- Newmarket was the only municipality that was given a target but refused to commit to it, and it was left off the list of new strong mayors. "I'm OK with it, frankly," said Mayor John Taylor. "It would be disingenuous of me to pretend I'm really upset because the fact is I wouldn't use strong mayor powers." Taylor said he couldn't commit to the province's target of 12,000 new homes for his municipality ... I'm not trying to be difficult, but the matter of the fact is it's an engineering impossibility for us to meet that (12,000) number," he said.

I was astonished when I read that some mayors were supporting the view that this empowerment was undemocratic. There's a huge difference between democratic representation and "management by committee," or so-called "collaboration."

Management by committee is a process that shares decision-making authority through discussions, debates, and consensus-building among committee members. It allows for different stakeholders to have a voice as part of the decision-making process, and the process aims to decentralize power.

However, the process is slow and time-consuming. A bad decision made by multiple individuals makes it near-impossible to assign clear responsibility for outcomes. The organization doesn't learn from its mistakes. Committees, especially those with weak members, are susceptible to "groupthink," where members prioritize consensus and harmony over critical thinking and independent opinions. Weak members may feel compelled to go along with the position of stronger (or louder) members.

Overall, management by committee decisions are either weak and ineffectual because of over-compensating compromise, or they overwhelm a target group and make recourse, appeals or change for the target group near-impossible.

All municipalities are incorporated entities. Every private sector incorporated company has at a minimum a president, secretary, treasurer and one or more directors. For very small companies, all these positions may be held by one individual.

Society and its vast body of law together inherently understand and accept that the ultimate responsibility for every decision made in a company is the president, chief executive officer or managing director. U.S. President Truman famously kept a sign on his desk in the Oval Office that read, "The Buck Stops Here."

The only corporation that doesn't have a top-level, final-say executive who assumes ultimate responsibility for everything that happens in their company is government, whether the Prime Minister or a Mayor. Government politicians are elected by democratic methods but career civil servants are not, and time and time again I have personally experienced and heard myriad stories from others that demonstrate that civil servants and sometimes elected officials forget that they are custodians, not owners, of the municipality. They serve at the pleasure of the public who pays their wages and extraordinary benefits.

Civil servants have little accountability to the public and some make their own (by)laws to suit their agendas. One striking example is that salary freezes have been imposed everywhere. A LifeWorks survey projected average annual pay increase of Canadian workers to be 2.5% for 2022. Small-to-medium housing providers and residential tenants suffered together under COVID with job loss, death, illness, strained familial relationships, housing unaffordability, drained savings accounts, lockdowns, acute shortages in shelters and healthcare services, hyperinflation, a potential compounding recession, and many other challenges.

Meanwhile, my analysis of the City of Oshawa's top five employees (civil servants, not politicians) together take about \$1.2 million in salaries from the public coffers, which is close to a quarter of a million dollars each. In 2019, at the start of the COVID pandemic and the financial meltdown, each Oshawa senior civil servant took a salary increase between 5.6% and 10.2%. During the height of the pandemic in 2020, three of the five senior employees took an increase between 8.0% and 10.4%. From 2014 to 2020 these five employees granted themselves an overall increase between 31.2% and 51.4%, averaging out to 43.8% or 7.3% per year over six years. Public sector salaries are a matter of public record.

Yet, Oshawa does not have enough money to pay for their proposed expanded licensing program and instead demanded that the City implement a rental housing licensing program on a "full cost recovery basis." The beneficiaries of this program—residential tenants—would not be the ones paying for it though. Oshawa expected housing providers to pay \$5 million to essentially double their bylaw enforcement staff.

I suspect that this same situation is not a rare occurrence and any reader here doing a couple of hours of investigative homework would find similar situations in their own municipality.

Hard decisions are often by nature unpopular. The nature of the democratic process means that an unpopular politician quite possibly won't serve a second term. By extension then, populist politicians routinely place their interests above the people they are supposed to serve. Democracy is an

imperfect system but the ratio of its pros to cons is still deemed by most people to be far better than any of the other alternatives of government.

But democratic representation doesn't mean that the leader must find consensus with every councillor and senior civil servant. We elected a leader to lead and make the hard decisions that serve the best interests of the people, not the most popular view of the people.

Unhappily, government leaders engage in a process of “management by committee.” Councillors and bureaucrats get together, analyze issues, make recommendations, and then dissolve the committee. If things go well, then every committee member ensures that everyone else knows they were part of that committee. If things go badly, there's no one to go back to there's no accountability. Worse, government forms a new committee to review the failure of the old committee, and the cycle continues.

Representative democratic rule is not a synonym for governing by popular support. Otherwise, mob rule would be democratic.

Any mayor who states they don't want the new strong mayoral powers is passing the buck of responsibility and refusing to take accountability for making the hard, and usually unpopular, decisions that nevertheless must be made.

The so-called “democratic” management by committee process is one of the primordial causes behind the government's 50-year catastrophic failure in Ontario to ensure that there is enough housing to not only meet the needs of a growing population but to ensure that housing is “affordable” (however that is defined). Failure to provide adequate housing is an ever-widening crack in the foundation of any society and a major contributor to widening the wealth gap.

Weak and/or populist politicians hide behind their failures to implement their campaign promises because they claim either that they have only one vote on city council or they are unable to change the bureaucracy of the civil service that run the municipality, especially senior career bureaucrats who have built their individual internal power bases, and where newcomer mayors are often figureheads.

Ontario mayors have now been empowered by the province to do something about it. They have the opportunity to show the merit of their election campaign promises and put a sign on their desk that reads, The Buck Stops Here.

The province's press release is here: <https://news.ontario.ca/en/release/1003169/ontario-expanding-strong-mayor-powers-to-build-more-homes-faster>

Chris Seepe

I sent the unedited letter below to Mayor Dan Carter of the City of Oshawa on June 17, almost a month ago, before I saw his Global TV quote that he wouldn't use his new strong mayor powers. I never received a reply or even an acknowledgement.

From: cseepe@aztechrealty.com

Sent: Saturday, June 17, 2023 7:23 AM

To: Dan Carter

Subject: More rental housing availability and affordability in Oshawa

Hello Mayor Carter,

I'm writing to you personally because I know you truly want to improve housing availability and affordability. You demonstrated this again with your attendance at the second rental housing licensing bylaw meeting. I have not bcc'd anyone on this email.

Despite whatever unofficial agendas may be in play between city councillors and housing providers, I'm personally appealing to you to demonstrate your commitment to increasing desperately-needed housing. As Mayor of Oshawa, the provincial government recently empowered you with veto powers over bylaws that conflict with provincial priorities. Bylaws no longer need a majority vote of city council. You can also prepare and table your city's budget, instead of council, and hire and fire department heads. Delivering on election promises is more attainable than ever before.

This is an exceptional opportunity for you that none of your predecessors had to stand behind and push forward your platform election promise to create more affordable housing, and I would heartily support within my sphere of influence any such initiative.

I provided you and committee members with a list of provincial housing priorities that would be directly negatively impacted by Oshawa or any municipality implementing rental housing licensing, especially Bill 23, *More Homes Built Faster*, but also the *Places to Grow Act*, for instance.

And just to clarify any off-books agenda one might suspect I might have, what motive would I or any private sector housing provider have to support and encourage more rental housing? It's in my personal best business interest if there's never enough rental housing supply. **While licensing might eat into my profits a bit, if I truly believe licensing will reduce rental housing supply then licensing actually plays into the longer-term upside benefits for me and all local rental housing providers.** I receive over 200 inquiries for every vacancy I have in Oshawa. It would be a lot different if every tenant had several rental options.

Every waking day I live and breathe rental housing affordability in the real-world trenches. I have insights and a plethora of innovative and original suggestions for improving housing affordability that no city councillor or mayor would have, given all their collective other responsibilities. How well did your idea work out to use religious institutions to build housing with low-cost labour?

In many ways, my upbringing is similar to yours. I grew up in 1960s gangland Regent Park and 1970s Jane-Finch corridor, specifically Driftwood Avenue. And I was a tenant for 15+ years before finally earning the means to own my own home.

Allow me the opportunity to share my ideas with you, or at least put an end to the unproven and implausible benefits of rental housing licensing. Any short-term budgetary gain will not remotely compare to the direct and spin-off ill-effects (e.g. increased cost of police, fire, etc.) of the decreasing availability of rental housing in Oshawa and the inverse directly-related rapid increase in rent rates.

Regards,

Chris Seepe

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The 78 legal clauses I added to the Ontario Standard Tenancy Agreement, a compressed Word version of the standard lease agreement, separate guarantor and parking agreements, and the application form I use can be found here: www.standardlease.ca

My 330-page book, *Landlording in Ontario*, is a superset of what I teach in the course: www.landlordingbook.com

My second book, *The Dark Side of Residential Landlording*, is a no-nonsense, firsthand, in-the-trenches, occasionally irreverent, decade-long account and compendium of the perils, trials and abuses against residential landlords; www.darksidebook.com

I teach a 6-Saturday course (total 36 hours), ***Landlording in Ontario***, on *everything* from finding and properly assessing the value of an investment property to dealing with the “dark side” of being a landlord and adding value in uncommon ways. Full details, including extensive testimonials from past attendees, are here: www.landlordingcourse.ca. A high-resolution video recording of a past course session is here: www.landlordingvideo.com.

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