Annual Report on the Activities of the Rental Office

April 1, 2015 to March 31, 2016

Submitted by Hal Logsdon Rental Officer

The Role of the Rental Office

A Provider of Information to Landlords and Tenants

The Rental Office is a convenient and accessible place for landlords and tenants to obtain information regarding their rights and obligations. Many landlord-tenant problems are solved simply by providing landlords and tenants with information concerning their respective rights and responsibilities. Many tenants and a surprising number of landlords are unaware of the legislation that governs their relationship or the tenancy agreement that forms the contract between them. The provision of information is probably the single most important function of the office, often serving to eliminate conflict and problems before they start.

The Rental Office maintains a toll-free telephone number which can be used anywhere in Canada. We receive numerous calls each day seeking information concerning rights and obligations of landlords and tenants, and the process for filing applications and resolving disputes. Increasingly, we also receive and respond to e-mail inquiries which can be made via our webpage.

The Rental Office also provides written information, including a simple-to-read booklet outlining the major aspects of the *Residential Tenancies Act* and numerous standard forms. All of this material was updated and revised to reflect the revisions to the Act. This material helps both landlords and tenants acquire an understanding of mutual rights and responsibilities to help solve problems before they start.

The Department of Justice maintains a website for the Rental Office that contains all of the written material, as well as a link to the legislation and a searchable database of rental officer decisions. The rental officer is also available to make presentations or participate in forums with tenants, property managers, or others involved in residential tenancy matters. We provide these services free of charge in the belief that informed and knowledgeable landlords and tenants are more likely to respect the rights and obligations of each other and less likely to end up in a conflict situation.

Dispute Resolution

Landlords and tenants are encouraged to attempt to resolve disputes themselves. Often, the information provided to the parties regarding their legal rights and obligations helps the parties resolve the dispute, but a dispute resolution process is available to both landlords and tenants. The dispute resolution process can be initiated by a landlord or tenant filing an *Application to a Rental Officer*. On the filing of an application, a rental officer may investigate to determine the facts related to the dispute. Applications involving the physical condition of premises are often best understood through an inspection of the unit. Similarly, applications involving third parties, such as utility suppliers, are often investigated.

Occasionally, the investigation leads to a resolution of the dispute by agreement. For example, a tenant may file an application when a security deposit has not been returned and no statement of the deposit has been provided to the tenant. A brief investigation into the matter may reveal that the landlord was unaware of the new address of the former tenant or of his responsibility to produce a statement. The production of the statement may lead to agreement between the parties and the withdrawal of the application.

Occasionally, the parties will agree to a mediated solution to the problem without recourse to a formal hearing or the issuance of an order. If the parties wish to try to settle the issue by mediation, the rental officer will assist them in the resolution of the matter and the preparation of a mediated agreement.

Often, landlords and tenants cannot agree or, more often, one of the parties wants a decision which can be enforced, should the other party fail to abide by that decision. In these cases, the rental officer will hold a hearing and, after hearing the evidence and testimony of both parties, render a decision. The rental officer will issue a written order along with reasons for the decision. Orders by a rental officer may be filed in the Supreme Court of the Northwest Territories and are deemed to be an order of that court when filed. Most disputes are settled in this manner as the majority of disputes concern non-payment of rent and an enforceable decision is desired by the applicant.

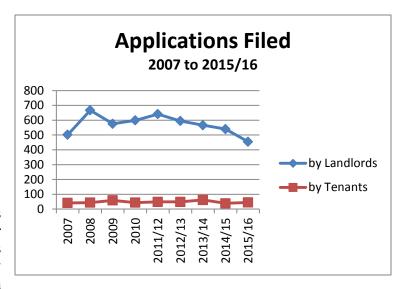
Market Trends¹

The Yellowknife apartment vacancy rate continued to decrease from a high of 5.9% in April 2014 to 2.8% in April 2015 and to 1.9% in October, 2015 as reported by Canada Mortgage and Housing Corporation. For units common to both surveys, the average rent for two-bedroom units increased from \$1,682/month in April, 2015 to \$1700/month in October, 2015. The total number of rental units increased by 1.9% since October 2014 representing some production of new units and newly renovated units which have been returned to the market. Weaker economic conditions may be holding back prospective home buyers from purchasing, resulting in higher demand for rental units, lowering vacancy rates and moderate rent increases.

Rental Office Activities

Hal Logsdon continued to serve as Rental Officer and Ms Adelle Guigon continued to serve as Deputy Rental Officer. Ms Annette Wright began serving as Rental Office Administrator in October, 2015 replacing Ms Kim Powless who began a one year leave of absence. Hal Logsdon's term as Rental Officer ended on March 31, 2016 and Ms Guigon was appointed as Rental Officer on April 1, 2016.

The total number of applications filed has been declining since 2012/13, falling over 13% from 2014/15 levels. The reduction is the result of one major landlord significantly reducing the number of applications filed in 2015/16 as compared to 2014/15

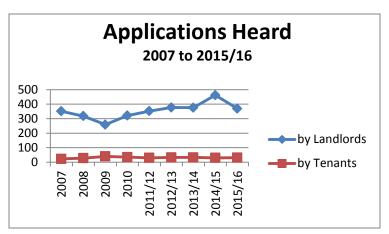


¹Rental Market Report, Canada Mortgage and Housing Corporation, Fall, 2015

Although it was anticipated that the introduction of filing fees in August, 2015 might result in fewer applications overall, there is little evidence to suggest this has caused the reduction. The number of

applications filed by other landlords, as well as those filed by tenants, has increased somewhat in 2015/16 The reduction of applications from the one major landlord are not significantly correlated to the imposition of filing fees.

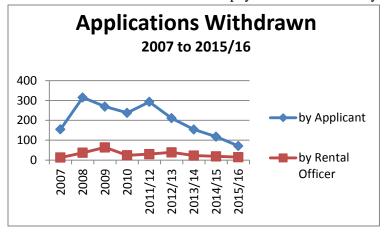
The number of applications that were heard in 2015/16 dropped by nearly 19% to 2013/14 levels. This was due primarily to the reduced number of applications filed by one major Yellowknife landlord.



The number of applications that are filed and subsequently withdrawn also continued to drop. Applications which are withdrawn by landlords are usually the result of the dispute being resolved prior to the hearing being held. Some landlords who file for orders to pay rent will routinely

withdraw the application if the rent is paid. It would appear that landlords have become less inclined to commence immediate legal action and more likely to reserve applications when other methods of collection have been unsuccessful. For some landlords, this may be related to the implementation of filing fees in 2015.

Applications withdrawn by a rental officer are usually the result of applicants failing to serve the filed

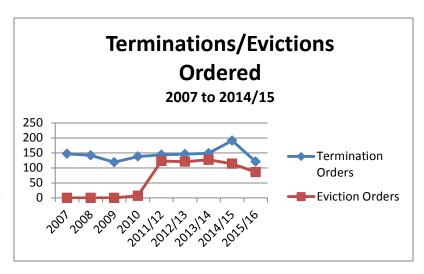


application on the respondent. A rental officer may withdraw an application and close the file if the application is not served on the respondent within 14 days. An applicant's failure to serve the application is often due to the inability to locate the respondent, but may also indicate that the dispute has been resolved.

Landlord applications continue to comprise most of the applications filed and the majority of these applications involve the non-payment of rent. Many of these applications are undisputed by the tenant and result in an agreement between the landlord and tenant about how the arrears will be paid. In many cases of rental arrears, a rental officer is able to mediate an agreement between the parties concerning how the rental arrears will be paid and issue an order reflecting that agreement. For example, it may be established at a hearing that a tenant owes rent to the landlord who is seeking an order to pay the rent and terminating the tenancy agreement. The rental officer may be able to arrange an agreement between the parties which would result in the continuation of the tenancy agreement if the rental arrears are paid by a certain date or in a certain manner. The result is a

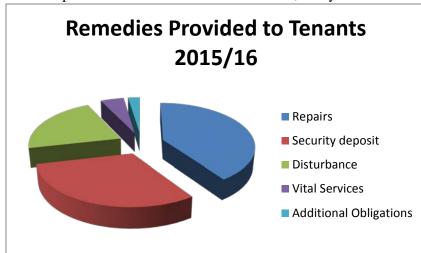
conditional termination order which provides the tenant with an opportunity to resolve the problem and continue the tenancy without subjecting the landlord to additional risk.

Commencing September 1, 2010, eviction orders could be obtained from a rental officer on the application of a landlord. Prior to the amendments, a rental officer could issue an order terminated the tenancy agreement, but if the tenant remained in possession the landlord had to obtain an eviction order from the NWT Supreme Court. The number of termination orders granted in 2015/16 decreased from 2014/15 level, representing only 30% of all applications heard. The



number of eviction orders granted remained relatively steady comprising 22% of all applications heard.

Landlords are able to apply for an order terminating the tenancy agreement and evicting the tenant in a single application. The eviction order expires six months after it takes effect unless it is filed in the NWT Supreme Court. Like termination orders, many eviction orders contain conditions which act to



invalidate the order if the conditions are met, such as the payment of rent by a specific date.

The remedies most frequently ordered following the hearing of a tenant application are orders requiring the return of a retained security deposit and orders involving repairs to the rental premises.

If a landlord retains all or part of a security deposit, they are

obligated to issue a statement to the tenant itemizing the deductions. If a tenant does not receive a statement, objects to a deduction, or feels that the costs claimed are unreasonable, they may file an application. Only rental arrears and the costs to repair damages may be deducted. However, if a landlord fails to conduct the required inspections at the start and the end of a tenancy they may only deduct rental arrears from the security deposit.

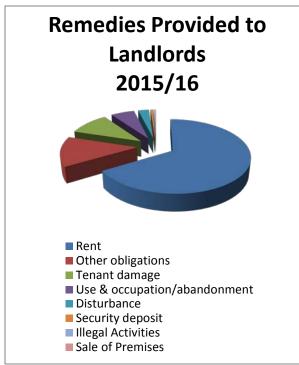
In most cases, a landlord is obligated to provide and maintain the rental premises in a good state of repair. If a landlord breaches this obligation a tenant may file an application requesting an order for relief. The tenant may also request an order requiring the rent be paid to the rental office and held in trust.

In 2015/16, there were also orders issued involving the landlord's disturbance of the tenant's quiet enjoyment or possession of the rental premises. These orders took two forms; several involved the disturbance of the tenant's possession of the premises, and others involved unreasonable noise created by the landlord's actions.

Two orders dealt with the landlord's interference with a vital service, defined in the Act as heat, fuel, electricity, gas, hot and cold water or any other public utility.

Additional obligations include any other obligation of the landlord which is included in a tenancy agreement. These types of obligations normally include services such as parking, laundry facilities

and use of storage areas.

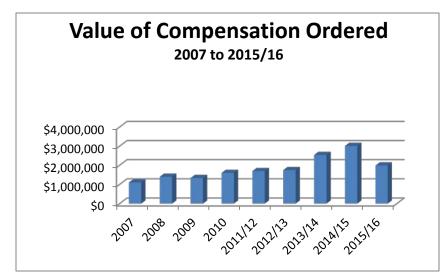


Not surprisingly, the most common remedies provided to landlords involve non-payment of rent. Since subsidized public housing rent is based on the household income, there are also a considerable number of applications filed by public housing landlords seeking orders requiring tenants to accurately report their household income and/or terminating the tenancy agreement unless the tenant complies with that obligation. These remedies fall under section 45 of the Act which covers "other obligations contained in a tenancy agreement". The higher proportion of applications received from public housing landlords has increased the number of remedies issued in this category over the past three years. There are also other obligations that fall into this category such as "no pets" provisions, parking rights, and responsibility for utilities.

Tenants are obligated to repair any damages that are a result of their negligence or persons they permit in the premises or the residential complex. Most applications are made after the tenancy agreement has been terminated and the security deposit is not sufficient to cover the repair costs. Landlords also apply for authorization to repair damages during the tenancy agreement and seek monetary relief for the repair costs.

Landlords are entitled to compensation for lost rent when a tenant abandons a rental premises. The landlord is only entitled to actual losses subject to their reasonable efforts to mitigate the loss. Landlords are also entitled to compensation for use and occupation of the rental premises after the tenancy agreement has been terminated if the tenant fails to return possession to the landlord. Compensation for both of these reasons was provided to landlords in 2015/16.

Orders providing remedies for disturbance are also commonly issued. Tenants who disturb other tenants in the residential complex are in breach of section 43 of the *Residential Tenancies Act*. Tenants who permit others to enter the premises or residential complex are responsible for any disturbance they create. Landlords commonly seek eviction in cases of on-going or extreme disturbance.



Other remedies ordered include those for non-payment of security deposit, illegal termination activities. and where there is an offer to purchase and the buver requires vacant possession on sale in order to use the premises their as own residence.

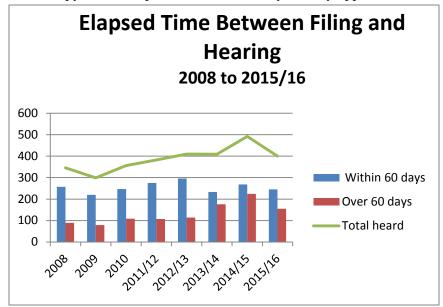
The value of compensation orders issued dropped significantly in 2015/16. The total value of orders dropped

by over \$1 million and the average compensation order was \$6036, a reduction of over \$1200 from the previous year.

The length of time between the date an application is filed and the date it is heard depends on a number of factors, some of which are outside the control of the Rental Office. Once the application is filed, the applicant must serve a filed copy on the respondent within 14 days. Many applicants fail to

meet this time limitation and we often extend the time for service. Users of the services occasionally complain about the length of time it takes to resolve a dispute and we continue to do what we can to make the administration of the process move as rapidly as possible.

In 2013-2014, the time between filing an application and holding a hearing began to increase significantly, a trend that continued in 2014-2015 despite the appointment of a



Deputy Rental Officer. This trend coincided with the increased efforts of the NWT Housing Corporation and their agents to collect old rental arrears. We determined that the increase was due to the increased number of hearings held outside of Yellowknife and the method we were using to schedule those hearings.

Housing associations/authorities often file multiple applications at a time. Previously we would often wait until all the filed applications in a given community were confirmed served before arranging a hearing room and scheduling the hearings. This resulted in longer times between the application and the hearing in communities outside of Yellowknife. Since most of the Housing Corporation's rental portfolio is outside of Yellowknife, their increased efforts to collect old rental arrears have resulted in

a higher proportion of hearings outside of Yellowknife and longer intervals overall between filing and hearing.

The introduction of cell phone service in NWT communities and the proliferation of cell phones have made it possible to conduct more hearings via 3-way teleconference facilities rather than renting a hearing room in the community. We now schedule hearings in communities outside of Yellowknife as soon as the service on the respondent is received. If we have multiple matters to hear, we will rent a hearing room, but if we have only a few we will schedule them by 3-way teleconference.

The change to the scheduling process is beginning to show results. In 2015/16, 61% of the applications scheduled for hearing were heard within 60 days after the application was made, compared to 55% in the previous year

Issues

Definition of "Tenant"

The Act currently defines "tenant" as a person who pays rent in return for the right to occupy rental premises and his or her heirs, assigns and personal representatives. In most cases, this definition is quite reasonable, but it may create a problem when applied to subsidized public housing. If a public housing tenant dies, their legal heir may be entitled to possession as a tenant. In many cases, the heir will have no interest in taking occupancy and will simply terminate the tenancy agreement by giving notice pursuant to section 53 of the Act. However, if the heir wishes to take occupancy or if the heir is already an occupant but not a tenant, they may be entitled to the rights of a tenant. If the heir does not meet the requirements for occupancy, the landlord may make an application to the rental officer to terminate the tenancy pursuant to section 57(b) of the Act. Even if the heir meets the requirements for occupancy, there would surely be an issue regarding allocation based on greatest need. It may be advisable to remove the inclusion of "heirs, assigns and personal representative" from the definition of tenant as it applies to subsidized public housing.

Transitional Provisions

The amendments to the Act in 2015 included a provision whereby an order, except an eviction order, expires three years after the day on which the order takes effect unless it is filed with the Court.

86. (3) An order or a decision of a rental officer, except an order evicting a tenant from rental premises, expires three years after the day on which the order or decision takes effect, if the order or decision is not filed within those three years with the Clerk of the Supreme Court. S.N.W.T. 2015,c.8,s.10.

Bill 42, which amended the Act, set out a transitional provision (in article 14) which was not included in the consolidation of the Act. The consolidation is the document to which most landlords and tenants refer when referencing the statute.

14. An order or a decision of a rental officer, except an order evicting a tenant from rental premises, that was made before the coming into force of section 10 is deemed, for the purpose of subsection 86(3) of the Residential Tenancies Act, as enacted by section 10, to have been made on the day on which section 10 comes into force.

The amendments came into force on August 31, 2015. Therefore, any order, other than an eviction order, issued before August 31, 2015 will expire on September 1, 2018 unless it has been filed.

Anyone reading the consolidation would assume that an order made before August 31, 2012 was no longer enforceable. Few, if any, landlords or tenants would be aware that these orders were still valid.

I recognize the difficulty of having the consolidation changed to include this information but recommend that the rental office web page be amended to inform landlord and tenants of this provision and include transitional provisions in the statute in the future.

Security Deposit Deductions

The Act is very specific that a landlord may only retain all or part of a security deposit, or pet deposit, for arrears of rent or for repairs of damages to the rental premises. However it has become common practice for some landlords to retain all or part of the security deposit if the tenant fails to give proper notice or abandons the premises. Some landlords have incorporated in their tenancy agreements a provision that the security deposit will be retained in full as a "lease break fee" if the tenant fails to fulfill the full term of the tenancy agreement despite the fact that such a provision is of no effect. A landlord may be entitled to compensation for lost rent on abandonment but since it is not arrears of rent or repair costs, it may not be deducted from the security deposit.

Of course, a tenant may easily obtain a decision for the return of such a deduction from their security deposit but must file an application to a rental officer, pay the application fee and appear at a hearing to present their case. I suspect that most do not file because they assume the deduction is appropriate or they feel the landlord will subsequently file against them and will succeed.

It is somewhat understandable why a few landlords continue to deduct this "fee" from the security deposit, knowing full well that it is not legitimate. In most cases, I suspect it goes uncontested by the tenant so why not try. The consequences will only be to return the inappropriate deduction to the tenant. As well, a landlord's ability to succeed with an application against a tenant for compensation for lost rent is often hampered by the inability to determine the whereabouts of the tenant or enforce an order in another jurisdiction. Landlords often provide discounted rent to tenants who commit to a term agreement. It is easy to sympathize with a landlord who has provided a discounted rent and then loses a month or more rent after a tenant abandons the premises and disappears. Perhaps it would be acceptable to consider allowing landlord to deduct a specific amount (say 50% of the monthly rent) from a security deposit as liquidated damages on abandonment.

The Act does consider contraventions of the security deposit provisions to be offences, but, in my experience, charges under the Act are not effective and are unusually difficult to apply. Some jurisdictions, such as Alberta and Ontario, have enacted ticketing or fines for specified violations of the *Residential Tenancies Act* which have been noted to be more effective deterrents. These types of deterrents might be considered in order to curtail persistent violations of the Act by landlords.

Transitional Housing

I outlined my concerns with the applicability of the Act to transitional housing in my 2013/14 annual report and recommended that a definition of this form of housing be developed to more clearly define whether the Act applied to a particular tenancy. I made my views on this matter known to the Standing Committee on Social Programs at a public hearing on Bill 42 on February 2, 2015. In their report to the 17th Legislative Assembly, dated March 10, 2015, the committee made three recommendations regarding transitional housing:

That the Department of Justice establish a definition for transitional housing in the regulations.

That the Department of Justice provide a definition of transitional housing in the next round of statutory amendments and clarify its position on an exemption for this type of housing.

That the Department of Justice provide better protection for transitional housing tenants against unreasonable restrictions on personal freedom and arbitrary evictions.

The Government of the NWT tabled their response to the Standing Committee on Social Programs on June 3, 2015.

The GNWT pointed out that a definition of transitional housing would more appropriately be included through an amendment to the Act rather than through regulation. I agree. However, the GNWT response does not support defining transitional housing, stating that it currently falls within the current exemption contained in section 6(2)(e) of the Act. It was also noted at the public hearing that the exemption in 6(2)(d) also adequately captured transitional housing.

- 6(2)(e) living accommodation established to temporarily shelter persons in need.
- 6(2)(d) living accommodation occupied by a person for penal, correctional, rehabilitative or therapeutic purposes or for the purpose of receiving care.

The GNWT also stated in their response that other avenues of redress are available to transitional housing tenants, specifically, "complaints to the program provider, with the Human Rights Commission, MLAs, or with the Minister of a Department that provides funding to the provider." The Supreme Court was also mentioned.

I continue to have concerns about the lack of an adequate definition of "transitional housing". Unlike the Department of Justice, I do not think that a definition must necessarily take the duration of occupancy into consideration. In my opinion, the defining feature of a transitional housing program is the mandatory participation in a program designed to improve a tenant's skills in order to transition to market or social housing. Does transitional housing also involve rehabilitative, therapeutic or care components? In my opinion, one must stretch the usual definitions of these elements to include most transitional housing programs.

As we struggle with the problem of homelessness in the NWT, it is going to be necessary to recognize that many of those without shelter are also in need of medical and/or psychiatric help, counseling, life skills acquisition and protection. In my opinion, we will recognize that offering shelter with supports under one program makes sense. We will have to decide, then, which programs will fall under the jurisdiction of the Act and which will not. Accurate definitions will be necessary.

I am less concerned with whether transitional housing is exempted from the *Residential Tenancies Act* than I am with defining transitional housing so it is clear which tenancies are subject to the Act. Without definition, we risk self-identification by so-called providers in order to avoid the obligations of the Act. Personally, I feel that transitional housing providers and tenants would benefit from inclusion, provided that, like subsidized public housing, special provisions permit the program to operate as it is designed.

I do not agree with the GNWT that redress of transitional housing tenant issues via intervention of MLAs and Ministers is adequate or desirable. Rental officers have established a reputation of being fair, impartial adjudicators for landlord/tenant disputes and politicians have, by and large, let the system of dispute resolution take its course. In my opinion, favouring political intervention as a substitute for resolution by an administrative tribunal constitutes a step backward in time.

Structure of the Act

The *Residential Tenancies Act* has been amended numerous times since it was introduced in 1988. I would strongly suggest that future revisions include a reorganization of the Act. The Act is beginning to look like the proverbial "horse built by a committee" with various appendages tacked on here and there. I suggest that the overall organization of the Act and the inclusion of more appropriate language be part of the next review of the statute.

A Final Note

I have served as Rental Officer for over 17 years. I would like to thank the various Ministers who appointed me and have had continued confidence in my ability to serve landlords and tenants in the NWT. I would also like to thank all of the Justice Ministers and the Department of Justice who, without exception, respected and vigorously defended the independence of the office.

If there is a legacy I leave, I hope it will be that, to the extent possible, I always tried to bring landlords and tenants to a mutual agreement as to how their dispute should be resolved. That was not always possible, of course, but where it was, my objective was to maintain tenancies without undue risk to landlords. It was that continuing challenge that kept me interested in the work for this many years.

I would also like to acknowledge that the Department of Justice and the Government of the Northwest Territories have always seriously considered my recommendations for legislative changes to the *Residential Tenancies Act*. While we have had differences of opinion in a few legislative areas, my opinions have always been thoughtfully and thoroughly considered.

As I conclude my working career and enter retirement, I wish the best to those who will carry on: Ms Guigon; Ms Wright; and those in the Department of Justice who help administer the program, particularly Mr. Mark Atkins. To all the landlords and tenants I have had the pleasure of meeting over the years, be nice, be ethical, be responsible, and for goodness sake, take some time to read the *Residential Tenancies Act* and call the rental office if you have any questions.

Statistics for the Year April 1, 2015 to March 31, 2016 With comparisons to previous years

Note: Annual reports prior to 2011 were based on the calendar year. Later reports are based on the fiscal year from April 1-March 31.

Applications to a Rental Officer

	2007	2008	2009	2010	2011/12	2012/13	2013/14	2014/15	2015/16
Applications	544	711	635	643	690	644	628	579	500
Filed									
By Landlords	502	667	576	599	641	595	566	540	455
By Tenants	42	44	59	44	49	49	62	39	45
Applications	374	346	299	356	382	410	409	492	400
Heard									
By Landlords	351	318	259	321	352	377	376	462	369
By Tenants	23	28	40	35	30	33	33	30	31
Applications	168	352	333	262	323	250	177	137	86
Withdrawn									
By Applicant	155	315	269	238	293	211	154	118	71
By Rental Officer	13	37	64	24	30	39	23	19	15

Hearings Held by Community and Type – 2015/16

Community	In Person	By Phone	Total
Aklavik		2	,
D -111	1.1	1	1.

Remedies Provided to Landlords 2015/16

Remedy	Number of remedies
Non-payment of rent	515
Other obligations	104
Damage	80
Compensation for use and occupation/loss of future rent	46
Disturbance	21
Security deposit	5
Illegal Activities	3
Sale of Premises	1

^{*} Many orders contain multiple remedies. Therefore the total remedies applied, exceed the total number of orders. For example, there are three available remedies which may be applied for non-payment of rent. Often an order made for non-payment of rent contains more than one.

Remedies Provided to Tenants 2015/16

Remedy	Number of remedies
Repairs	17
Security Deposit	13
Disturbance	9
Vital Services	2
Additional Obligations	1

Terminations/Evictions Ordered * 2007- 2015/16

	2007	2008	2009	2010	2011/12	2012/13	2013/14	2014/15	2015/16
Termination Orders Issued (Requested by Tenant)	1	3	4	2	3	0	5	2	0
Termination Orders Issued (Requested by Landlord)	146	139	115	136	144	146	149	191	121
Termination Orders as % of Applications Heard	39%	41%	40%	39%	38%	36%	38%	39%	30%
Evictions Ordered	-	-	-	7	123	121	127	114	86
Eviction Orders as % of Applications Heard	-	•	•	2%	32%	30%	31%	23%	22%

^{*} includes orders which terminate tenancy agreements or evict tenants only if specific conditions are not met.

Value of Compensation Ordered - 2010 to 2015/16

	2010	2011/12	2012/13	2013/14	2014/15	2015/16
Total Orders Granting Monetary Relief	292	308	330	326	414	329
Total Value of Orders Issued	\$1,596,625	\$1,695,226	\$1,746,655	\$2,538,478	\$3,011,166	\$1,985,780
Average Value	\$5468	\$5504	\$5293	\$7787	\$7273	\$6036

Elapsed Time between Filing Date and Hearing Date Applications Heard During Period – 2007 to 2015/16

	2007	%	2008	%	2009	%	2010	%	2011/12	%
0-30 days	133	35.6%	90	26.0%	80	27%	88	25%	82	21%
31-60 days	178	47.6%	167	48.3%	140	47%	159	45%	193	51%
61-90 days	44	11.7%	59	17.1%	50	17%	65	18%	69	18%
91-120 days	10	2.7%	18	5.2%	15	5%	25	7%	16	4%
120+ days	9	2.4%	12	3.5%	14	4%	19	5%	22	6%

	2012/13	%	2013/14	%	2014/15	%	2015/16	%
0-30 days	88	21%	62	15%	68	14%	24	6%
31-60 days	208	51%	171	42%	200	41%	221	55%
61-90 days	91	22%	111	27%	121	24%	119	30%
91-120 days	16	4%	27	7%	58	12%	20	5%
120+ days	7	2%	38	9%	45	9%	16	4%