

Date: 2023-03-06

Subject: **INFORMATION REPORT: Current City Licensing and Registration Programs of Rental Housing, Overview of Potential Landlord Licensing Programs and Landlord Code of Conduct (RM 40/2022 and 52/2022)**

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Recommendations:

1. That the report from Mirella Palermo titled, 'Information Report: Current City Licensing and Registration Programs of Rental Housing, Overview of Potential Landlord Licensing Programs and Landlord Code of Conduct (RM 40-2022 and 52/2022)' to the Committee of Council Meeting of March 29, 2023, be received;
2. That the report provides Committee of Council an overview of the following items:
 - I. The City's current registration and licensing programs for rental housing;
 - II. Rental Licensing Programs implemented by other municipalities;
 - III. Rental Code of Conduct;
 - IV. Fees and other accountability measures; and,
3. That staff be directed by Council on whether to further investigate a Brampton Rental Landlord Licensing program and provided clarity on the scope of work (i.e. a licensing or registration program), parameters of the program (i.e. number of units, application fees, appeals mechanism), implementation of the program (i.e. pilot 2 to 3 years), whether it be applied city-wide or a specific target area and report back with the details on the approach.

Overview:

- This report addresses Committee of Council's request (RM 40/2022 and 52/2022) for staff to review and report back on a Residential Landlord Licensing and Code of Conduct for consideration.
- The City currently administers the following registrations and licensing programs: Supportive Housing Residential Types 1 and 2 registration; Lodging House Licensing; Short-Term Rental Business License; and, registration of Additional Residential Units (ARU)/Two-Unit Dwellings.
- Registration of Supportive Housing Residential dwellings is administered by the Integrated City Planning Division. Whereas, registration of ARU/Two-Unit Dwellings is administered by the City's Building Department.
- The licensing of Lodging Houses and Short-Term Rentals are administered by the City's Clerks Department.
- Licensing a program puts measures into place that ensures business operators comply with health and safety measures (i.e. inspections) providing protection to the residents and consumers.
- Registration permits a business to operate in a manner consistent with specific rules and regulations put in place by the municipality but does not necessarily require the same safeguards as licensing.
- One of the main challenges of investigating rental housing complaints from an Enforcement perspective is having access to the updated property owner's contact information.
- The two approaches taken by the municipalities benchmarked has been to develop a rental licensing program to deal with illegal lodging houses or implement a property management rental by-law/program to deal with property standards and nuisance complaints. The goal of each approach is to: create safe living conditions for tenants, have landlord accountability, preserve the neighbourhood character and reduce the number of 311 complaints.
- Some municipalities have implemented a Code of Conduct as part of the Short-Term Rental Licensing program.
- Staff request Council provide clear direction if the City is to administer a licensing or registration program. This includes defining: the scope of work (i.e. lodging houses), parameters of the program (i.e. number of units), geographic location (city-wide or target areas), whether it be piloted or permanent program, application fees, appeals process and department(s) responsible for administering the program.

Background:

Following direction from Council on November 16, 2022 and December 7, 2022, staff received direction to report back on options relating to residential landlord licensing, to include code of conduct, comparison to actions of other municipalities, fees and other accountability measures in use.

As noted at the December 7th (2022) meeting and previous staff reports, staff considered implementing an annual licensing program for two-unit dwellings in 2015, as part of their review. It was determined not feasible because of the additional operational responsibilities the City would have to assume and the budget required to run the program. Staff recommended establishing a one-time registration process for two-unit dwellings after careful consideration.

The purpose of this report is to provide an overview of the City's current registration and licensing programs, landlord licensing programs administered by other municipalities, and Landlord Code of Conduct.

Licensing versus Registration

This section describes the differences between licensing and registrations. Licensing a business ensures that adequate measures are in place to safeguard the health and safety of residents and provides protection for consumers. Licenses generally require zoning approval, regular proof of insurance, annual inspections (i.e. fire and property standards).

Whereas, the registration process permits a business to operate in a manner consistent with specified rules and regulations as set out by a municipality but does not necessarily require the same safeguards (i.e. annual inspections) as a license. It puts the business name on a registry list and requires the operator to acknowledge the rules around operating a business.

Current Situation:

City's Licensing and Registration Programs

The City currently administers the following licensing and registration programs:

1. Supportive Housing Residential Registration

The City's supportive housing (previously referred to as group homes) registration program requires all operators to register and renew on an annual basis along with completing Fire and Property Standards inspections. There are two classifications of Supportive Housing Residences, Type 1 and Type 2, both accommodating three (3) to ten (10) individuals (exclusive of staff) that are licensed, approved and/or funded by the Federal or Provincial statute. Supportive Housing Residences provide a group living arrangement for those requiring 24/7 supervision.

There are no additional parking spaces requirements for Supportive Housing Residences than those specified in general parking space requirements of Section 10.9 – Parking Space Requirements.

To date the City has forty-four (44) supportive housing residential properties registered. The Supportive Housing Residential registration program is administered by the Integrated City Planning section. The Ministry of Children, Community and Social Services and the Retirement Home Regulatory Authority are responsible for regulating the operations of each supportive housing facility (group home) to ensure the safety and wellbeing of residents.

The cost of registering and annual renewal of each supportive housing application is one hundred dollars (\$100), excluding inspection fees. All Supportive Housing registrations are processed and maintained manually whereas, inspections are entered and maintained in the City's Amanda software program. Planning staff are coordinating with other departments to explore implementing a digital tool to accept and maintain the registration applications.

2. Lodging Housing Licensing

A Lodging house, 'houses more than four (4) lodgers in a residential accommodation, with or without meals, in which each lodger does not have access to all the habitable areas of the building'. Each lodging house requires a minimum of 0.5 parking spaces for each lodging unit, plus two parking spaces for the proprietor.

To obtain a lodge house license each property requires zoning approval, compliance with the Building Code Act, 1992, c.23, as amended, approval by the Medical Officer of Health or Peel Region Health Inspector, inspection of H.V.A.C for heating/cooling equipment, compliance with the Fire Code and Property Standards. Each lodging house license issued by the City requires annual renewal including, inspections requiring clearance from the Fire Chief and Property Standards.

The Lodging House license program is currently administered by the City's Clerks Department and has seven (7) licensed lodging houses that are currently in good standing. The majority of these homes are only permitted and legally located within walking distance of the City's downtown core. The cost to obtain/renew a license is four hundred and seven dollars (\$407) and maintained in the City's Amanda software program.

3. Short-Term Rental Accommodation Business License

An annual business licensing program (By-Law 165-2021) was created and limited short-term rentals to the principal residence, capping the number of consecutive days per stay to less than twenty-eight (28) days, and not permitting short-term rentals in registered two-unit dwellings. The City's Short-Term Rental Business Licensing By-Law came into effect on September 30, 2021, requiring all eligible short-term rentals operators in the City to be licensed.

No annual inspections are required by Property Standards and Fire Emergency Services. There are no additional parking spaces required for Short-Term Rentals than those specified in general parking space requirements of Section 10.9 – Parking Space Requirements.

As of January 16, 2023, the City issued forty-two (42) Short-Term Rental Business Licenses. The City's Clerks Department administers the Short-Term Rental Licensing By-Law and applications are maintained in the Amanda software program. The cost to obtain and renew a business license for Short-Term Rentals is one hundred and fifty dollars (\$150), and renewed on an annual basis on September 30th of each year.

4. Two-Dwelling Unit /Additional Residential Unit (ARU) Registration Program
In 2015, the City established a two-unit dwelling registration allowing second units to be permitted in detached, semi-detached and townhouse dwellings subject to zoning requirements and restrictions. In August 2022, Council enacted 157-2022 the 'Additional Residential Unit (ARU) Registration By-Law' to repeal By-Law 87-2015 known as, the 'Registration of Second Residential Unit By-law'.

In early May 2019, the City had one thousand two hundred and fifty-four (1,254) new units registered and has seen significant growth in registrations over the past years. As of February 22, 2023, there were a total of sixteen thousand two hundred and sixty-four (16,264) two-units registered with the City, which continues to grow on a regular basis with proactive Enforcement measures and education. Lots with a two-unit dwelling or ARU are required to provide one additional parking space to the parking specified in the zoning (Section 10.9) for the principal dwelling unit located on the same lot.

As of January 2023, the City has not received any formal applications for constructing a third unit within a detached, semi-detached or townhouse dwelling. The registration fee is two hundred dollars (\$200), excluding permit and inspection fees. However, it's anticipated that the City will experience an increase in ARU applications in the coming year with the adoption of the Official Plan and Zoning By-Law amendments. Similar to the two-unit registration process ARU will be administered by the Building Department.

The Building Department currently has eight (8) staff assigned to the ARU/Two-Dwelling Unit registration process and officially registered 5,015 two-unit dwellings in 2022.

Enforcement

Enforcement has seen an increase in the number of property standards and parking complaints city-wide over the past three (3) years. A significant increase in the number of complaints was seen with the launch of the 311 mobile app in 2020, which was

implemented to improve access to City services. From 2018 to 2022, Enforcement received six thousand (6,000) property standard (i.e. garbage, noise, weeds/long grass) complaints related to two-unit dwellings. Many times having difficulty contacting the property owner to address the issue as it was no longer the principal residence or ownership of the property was transferred. Presently, the City's Two-Unit Dwelling registration process does not require landlords/property owners to update the City with new information.

Over the past eight years the City's Enforcement Department has seen an increase in the number of illegal lodging house complaints. However, in over seventy-five percent (75%) of complaints investigated by Enforcement there was no substantial evidence to determine the dwelling was operating an illegal lodging house.

Overview of Rental Licensing Program from other Municipalities:

City of Toronto's Framework for Multi-Tenant Housing

On December 14, 2022, Toronto City Council adopted a new regulatory framework for multi-tenant housing (rooming/lodging houses) resulting in an amendment to the City's Zoning By-Law to permit multi-tenant houses across Toronto. The new multi-tenant houses licensing by-law will introduce consistent standards, regulatory oversight, and enforcement to help protect the safety of tenants and respond to neighbourhood concerns.

The intent of the new framework is to help create safe and affordable housing in Toronto supporting more complete and equitable communities with a range housing options for a range of incomes and needs. Key items of the new framework include:

- City-wide zoning standards that permit consistent and equal access to multi-tenant houses (rooming/lodging houses) across the City, as well as place limits on the maximum number of rooms permitted in multi-tenant houses;
- Enhanced licensing requirements for multi-tenant house operators that promote health and safety, including property maintenance requirements, compliance with the Ontario Building and Fire Codes;
- A strategic enforcement and compliance program that ensures effective enforcement through a dedicated multi-tenant housing enforcement team, annual inspections, increased fines, modernized multi-tenant housing tribunal, and other enforcement tools;
- Initiatives to support tenants and maintain affordable housing options;
- Comprehensive communications and stakeholder engagement strategy, including education and outreach to operators, tenants and communities.

The Multi-Tenant Licensing program will go into effect in March 2024. Currently, the City has three hundred and ninety (390) legal lodging houses in the downtown and expects to receive between four and seven hundred (400-700) additional lodging house applications once the program goes into effect city-wide.

City of London

The City of London implemented their city-wide licensing and regulation program of residential rental units on September 14, 2021. The goal of their Residential Rental Unit Licensing (RRU) By-Law is to protect the health and safety of persons residing in residential rental premises, and to maintain the amenity, character and stability of residential areas. A rental license is required:

- For any building containing four or fewer rental units;
- For any building containing five or more units but is classified as a converted dwelling;
- If the registered property owner does not occupy the property and has no intentions of occupying the property;
- If there are multiple units (even if the registered owner occupies one of the units); and,
- For group homes not registered or licensed with the federal or provincial government.

City of Windsor

The City of Windsor will be launching their rental licensing two-year pilot program in April 2023, aimed to protect tenants from unsafe living conditions and keeping landlords accountable. Landlords in Wards 1 and 2 (predominately student rental housing) who own properties with four or fewer apartment units will have to apply for a license from the City for each unit. Landlords must show that their units meet building, fire and electrical code standards. The cost of the initial license is four hundred and sixty-six dollars (\$466) and two hundred and seventy-five dollars (\$275) for renewals. All applications are due by May 31st, 2023. The City's By-Law Enforcement Officers will begin with education and outreach before the deadline date and will start enforcing the program as of June 1st, 2023.

City of Hamilton

In April 2022, the City of Hamilton launched a two-year rental housing licensing pilot program to deal with community concerns regarding illegal lodging houses, absentee landlords, property standards and yard maintenance complaints. These concerns resulted in the recommendation of creating a rental housing pilot two-year program in Wards 1, 8 and parts of Ward 14 to deal with these issues.

Once the pilot program is complete city staff will provide a report for Council with recommendations for the future of the program, including the potential for city-wide implementation. The City has issued fifty-three (53) rental licenses and two hundred and one (201) applications have been received since the start of the program.

City of Oshawa

In February 2008, Oshawa became the first municipality in Ontario to implement a Residential Rental Housing Licensing (RRHL) regime to deal with an escalating number of landlords that were illegally retrofitting houses with additional bedrooms in dens and basements in the vicinity of Durham College and Ontario Tech University.

The intent of the RRHL system is to respond to significant enforcement concerns that were specific to the rental areas around the post-secondary institutions to regulate landlords, address health, safety, consumer protection issues, and improve compliance with municipal by-laws and provincial acts. The program requires all rentals with more than two (2) units being occupied by tenants to be registered with annual inspections and other supporting documentation (i.e. insurance, property maintenance). In January 2013, the City implemented a demerit point system for residential rental properties to encourage compliance with the City's by-laws.

City of Ottawa

In August 2020, Ottawa's Council approved a Rental Housing Property Management By-Law 2020-255 to increase consistency of the quality of rental housing throughout Ottawa. The regulations aim to resolve property-related incidents between landlords and tenants without the need for City intervention.

Landlords are held accountable to their tenants by providing:

- Up-to-date contact information for the landlord or property manager;
- Information on how tenant can submit service requests;
- Information on how tenants can submit complaints to the City if their requests remain unresolved; and,
- Site-specific information about fire safety, waste management and parking on-site.

City of Mississauga

In 2022, the City of Mississauga launched an Apartment Rental Compliance (MARC) pilot program aimed to ensure apartment property standards are maintained across the City. The intent of the program is to ensure tenants feel comfortable and safe in their own space. The MARC pilot program features:

- A requirement for building owners and landlords to register each year of the program;
- Proactive apartment building inspections conducted by a dedicated team of Enforcement staff;
- A streamlined complaints process for tenants, including the ability to submit complaints anonymously; and,
- Potential fines for owners and landlords who fail to comply.

The program commenced in 2022 and is scheduled to run until 2027. As of January 2023, there were three hundred and thirty-eight (338) apartment buildings out of three hundred and fifty-six (356) registered for the program.

Licensing Code of Conduct

In 2018 the Canada Mortgage Housing Corporation (CMHC) published a list of landlord/tenant responsibilities. Landlords are legally obliged to ensure the rental unit complies with the rules and regulations pertaining to minimum standards for: health; safety;

housing and, maintenance. This entails satisfying the municipal property standards, zoning by-laws, fire safety regulations and building codes.

Tenants are required to: pay rent on time, behave well, clean the rental premises, repair damage caused by a willful or negligent act of the tenant or person whom the tenant permits on the premise, not harass, threaten or interfere with the landlord, contact the landlord when serious problems arise involve repairs or services, permit entry (with proper notice) for repairs or showing of premises for the next tenant or purchaser.

There are a number of municipalities (i.e. Oakville, Milton, Town of South Bruce, Gravenhurst, Tiny Township) that have adopted a renter's code of conduct all focused on Short-Term Rental Accommodations. Gravenhurst and Tiny Township require that the landlord and tenants sign the code of conduct acknowledging the rules and regulations.

The purpose of preparing a code of conduct is to outline a set of rules/guidelines individuals are to follow when participating in the City's rental market. The code of conduct is to include the following:

- The objective/premise of the code
- Guiding Principles
- Responsibilities of the landlord and tenant
- City's requirements (i.e. number of individuals residing the home)
- Applicable City By-Laws (i.e. Nuisance and Nuisance By-Law 93-84, Parking By-Law 93-93)

Corporate Implications:

Financial Implications:

There are no financial implications presented with this information report. Should Council direct staff to pursue a rental licencing program various City departments will need to prepare a cost analysis of the licencing/registration approach and resources required to administer the program.

Term of Council Priorities:

This report aligns with Brampton as a Healthy and Safe City by supporting the City's Community Safety and Action Plan to outline measures such as, Licensing programs and code of conduct that protect individuals in the rental housing market and outline the responsibilities of landlords.

Housing Brampton

Council endorsed 'The Housing Brampton Strategy and Action Plan' on May 19th, 2021, bringing forward a number of action items. One of the 'big moves' is increasing the number of purpose-built rentals for low to middle income individuals through a number

of measures, including the increase of single-room occupancies (SRO) and co-living housing.

Conclusion:

As directed by Council in November and December 2022, this report outlines current registration and licensing programs administered by the City, reviews various rental licensing programs implemented by other municipalities and a rental code of conduct. As the City continues to grow affordable housing options become more difficult to find providing landlords opportunities to increase their profits, which may comprise the health and safety of tenants.

Over the past few years, the City's Enforcement Department has seen a significant escalation in the number of complaints (i.e. property standards and parking) related to rental housing. A significant number of complaints regarding two-unit dwellings are related to property standards such as, noise, garbage and grass cutting. The majority of complaints related to illegal lodging houses are difficult to fine because in many cases, the individuals are living as one family unit. Parking complaints are also difficult to correlate with rental housing as many times the complaint is not associated with a particular property address. Overall, the challenges with addressing many of the rental housing complaints is getting in touch with the property owner as the City may not have access to the latest information. Enforcement is continually looking at ways to reduce the number of resident complaints through education and proactive measures.

Should Council decide to proceed with a licensing or registration program for rental housing it is important to clearly define the scope of work, how the program will be administered and its parameters, the boundary of the program (city-wide or target areas), the length of the program and which department will be responsible for administering the program.

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Attachment:

- Attachment 1 – Benchmarking of Other Municipal Licensing & Registration Programs