



November 14, 2017

To: Councillor David Shiner, Chair, Planning & Growth Management Committee
Members, Planning & Growth Management Committee
Councillor Cesar Palacio, Chair, Licensing and Standards Committee
Members, Licensing and Standards Committee

From: Daryl Chong
President & CEO, Greater Toronto Apartment Association

Re: **PG 24.8 Zoning By-law & Zoning By-law Amendments to Permit Short-Term Rentals**
LS23.1 Licensing and Registration Regulations for Short Term Rentals

For the reasons that follow, the Greater Toronto Apartment Association (“**GTAA**”) is of the view that the manner in which the Zoning By-law Amendments to Permit Short-Term Rentals (“**By-law Amendments**”) and the Licensing and Registration Regulations for Short Term Rentals (the “**Licensing Regulations**”) pertain to residential tenants, needs to be consistent with the rights and obligations contained in the *Residential Tenancies Act, 2006* (“**RTA**”). It follows that, before finalizing the By-law Amendments and the Licensing Regulations, greater consideration should be given to the interplay between the By-law Amendments, the Licensing Regulations and the RTA.

The GTAA represents the interests of the multi-family, purpose-built rental housing industry. Generally speaking, the GTAA’s stakeholders are not in favour of short-term tenancies and/or their tenants entering into short-term sub-tenancy agreements. In the GTAA’s stakeholders’ experience, short-term tenants or transient occupants tend to treat the rental units and/or common areas of a residential complex as if same belong to a hotel. These occupants have no interest in the long-term upkeep, maintenance and repair of the residential complex. In addition, these occupants do not know the rules of the residential complex and, unlike long-term tenants, they have no vested interest in abiding by same.

In light of the foregoing, short-term tenancies can create significant impediments to the quiet enjoyment and security of the tenants of the residential complex, and significant risks to the property belonging to the owners and tenants of the residential complex. Such tenancies often result in an increase to the costs related to the repair, maintenance, management and security of the residential complex, which costs are ultimately passed on to tenants in the form of increased rent.

Other industries, such as the hotel industry, are able to protect themselves against such risks by, among other things, obtaining insurance that insures them for the particular perils associated with renting out rooms to the travelling public. In addition, hotels can require their guests to provide a damage deposit and/or a credit card that can be used in circumstances where, among other things, undue damage is caused to the hotel.

Residential landlords, however, are unable to protect themselves against such risks.

By way of example, the typical insurance policies that cover a residential complex are not intended to cover the risks associated with short-term tenancies or transient occupants. Indeed, in circumstances where a residential landlord is making a claim under its insurance policy for damages caused by a short-term tenancy, it is conceivable that an insurer will raise concerns, or deny coverage outright, on the basis that a rental unit is being used as a “hotel” by the tenant. Moreover, there is no legal obligation that requires tenants who sublet their rental unit to short-term tenants (or otherwise) to obtain their own insurance.

Further, residential landlords are unable to obtain damage deposits from tenants. The RTA governs the rights and obligations of residential landlords and tenants. The RTA contains a number of very strict provisions that significantly limit a residential landlord’s rights. For example, residential landlords and sub-landlords (which includes residential tenants who sublet their rental units to short-term tenants) cannot collect or require a tenant or prospective tenant of a rental unit to pay, among other things, a damage deposit, key deposit or other like amount of money. It should be noted that hotels, motels, and other accommodations provided to the travelling public are exempt from the RTA.

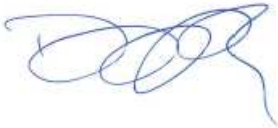
That said, the RTA does contain a few rights and obligations that can arguably help to protect residential landlords against the risks of short-term tenancies. Specifically, the RTA defines a sublet as occurring where a residential tenant vacates the rental unit and gives one or more other persons the right to occupy the rental unit for a term ending on a specified date before the end of the tenant’s term or period. In other words, where a residential tenant rents a rental unit to a sub-tenant for a short term tenancy, the RTA considers same to be a sublet. In this regard, the RTA provides that a residential tenant may only sublet a rental unit if the tenant first obtains the consent of the landlord. It follows that, if a landlord does not provide its consent to a tenant’s request to sublet the rental unit to a short-term sub-tenant, then the sublet is unlawful. The RTA further provides that, where a tenant has sublet the rental unit without the landlord’s consent, the landlord can apply to the Landlord and Tenant Board to evict the tenant and sub-tenant.

Another right or obligation contained in the RTA that arguably provides some protection against the risks of short-term tenancies is the prohibition against subletting a rental unit for a rent that is greater than the rent that is lawfully charged by the landlord for the rental unit. That is, residential tenants cannot sublet their rental units at a rate that exceeds the rent that they pay. For example, if a residential tenant pays a monthly rent of \$1,200.00, which on a *per diem* basis is approximately \$40.00, the tenant cannot charge its short-term sub-tenant more than \$40 per day. In other words, residential tenants cannot profit from subletting a rental unit.

Having said all that, what is most concerning to the GTAA’s stakeholders about the By-law Amendments and the Licensing Regulations is that same do not accord with the rights and

obligations contained in the RTA. That is, the By-law Amendments and the Licensing Regulations may be misinterpreted by residential tenants as overriding the terms of their leases and/or the RTA by allowing such tenants to, among other things, sublease their rental units without the consent or authorization of their respective landlords, and without regard to the rents that they are charging.

Accordingly, we respectfully submit that greater consideration ought to be given to the interplay between the By-law Amendments, the Licensing Regulations and the RTA. We further submit that, with respect to the manner in which the By-law Amendments and the Licensing Regulations pertain to residential tenants, same need to be consistent with the rights and obligations contained in the RTA. To this end, and in light of the fact that the province has recently amended the RTA and is currently developing a standard lease that will be applied to most residential tenancies, we submit that the Planning and Growth Management Committee and the Licensing and Standards Committee should, among other things, consult with the province before finalizing the By-law Amendments, the Licensing Regulations.

A handwritten signature in blue ink, appearing to read 'Daryl Chong', with a stylized, cursive script.

Daryl Chong
President & CEO
Greater Toronto Apartment Association