

ATTACHMENT 5: JURISDICTIONAL SCAN AND LITERATURE REVIEW

Jurisdictional Scan

Municipal Licensing and Standards Division conducted a jurisdictional scan of licensing and zoning by-laws that regulate multi-tenant housing in 19 North American cities, including 11 in Ontario, three in other parts of Canada, and four in the United States. The sections below summarize key findings that were considered in developing the proposed framework for multi-tenant housing in Toronto.

Definitions and terminology

Terminology used to describe multi-tenant housing varies across jurisdictions, with common terms being "lodging house" and "rooming house". Definitions for this housing type tend to include several elements, including number of people, number of rooms, relationship between tenants, whether there is universal tenant access, and/or remuneration.

Many jurisdictions define a multi-tenant house based on a minimum number of rooms, with a minimum of four rooms and/or units being common. Many cities including Hamilton, Vancouver, and Seattle, also define a multi-tenant house based on the relationship between tenants (for example, tenants do not function as a household unit). Other cities such as London, Barrie, and Brampton seem to use universal tenant access instead of regulating tenant relationships (for example, if all tenants don't have access to all spaces in the house, as it may be with a single family household, therefore they must not be operating as a household).

Select cities also include a requirement for remuneration, compensation, or gain in their definition. Other elements of a multi-tenant house definition common in the United States include duration of tenancy and percentage of the house that is single room occupancy.

Zoning permissions

Multi-tenant houses are permitted in specified residential and mixed use zones in the majority of jurisdictions reviewed. Some cities, including Mississauga and Markham, define multi-tenant houses but do not permit them as of right in any zone within the City.

Licensing regime

The majority of Canadian cities included in the jurisdictional scan employ a licensing regime for multi-tenant housing, whereby multi-tenant house operators must apply for a licence that must be renewed annually. Notably, Guelph does not licence multi-tenant houses and instead has a lodging house certification program, which requires a building permit and safety inspection by a Fire Prevention Officer. Three of the cities reviewed in the United States also employ a registration system for multi-tenant houses.

As part of a licensing regime, jurisdictions require multi-tenant house operators to submit certain information or documentation, or confirm that certain conditions have been met. Common requirements found across many jurisdictions include:

- submitting contact information of a manager and/or emergency contact;
- annual or regular property maintenance, fire safety, and electrical inspections;
- posting a fire safety plan;
- proof of zoning compliance;
- maintaining records of the number of individuals living in the house, and/or personal information of these individuals;
- operator criminal background search; and
- providing dimensioned floor plans.

Staff also reviewed insurance and cost recovery requirements for multi-tenant house operators in seven Canadian cities. Only two of the seven jurisdictions (Brampton and Ottawa) required licensees to provide proof of \$2 million commercial general liability insurance.

Licensing and inspection fees

Annual multi-tenant house licensing fees in other jurisdictions range from around \$250 to \$650. Select cities, including Ottawa determine licensing fees based on the number of dwelling rooms in a house. Many jurisdictions also charge inspection fees, with amounts varying significantly. Some cities charge inspections fees based on the size of the home or number of rooms.

Personal care multi-tenant houses

A limited number of cities (Hamilton, Windsor, and London) licence personal care multi-tenant houses and have specific licensing requirements for this housing type. Common licensing requirements for personal care homes across these jurisdictions include:

- rules for assessing health needs of tenants and tenant admittance/intake guidelines;
- minimum responsibilities for operators;
- standards for administration and storage of prescription drugs;
- meal provision standards and nutritional care guidelines;
- requirements for operators to arrange emergency care for tenants; and
- Maintenance of records and reports.

In Windsor and London, by-law enforcement officers undertake inspections and enforcement of licensing requirements for personal care homes. In Hamilton, public health inspectors enforce licensing provisions related to meal planning and dietary needs, public health nurses enforce provisions related to medical records and prescription drugs, and by-law enforcement officers enforce provisions related to property maintenance.

Fraternities and sororities

Staff also completed a jurisdictional scan of multi-tenant housing regulations in six major Canadian cities as they relate to fraternities and sororities. Staff found information to be limited since fraternities and sororities are not common in most Canadian cities outside of Toronto. In London, fraternities and sororities are specifically defined as 'lodging houses' and must be licensed as such. Other researched municipalities (Montréal, Vancouver, Hamilton, Ottawa, and Kingston) do not mention fraternities or sororities in their business licensing by-laws; however, they may fall under their definitions of a multi-tenant house without being expressly mentioned.

Literature Review

This report was guided by an analysis of academic and industry literature. The sections below summarize key learnings from a robust body of research conducted over the past decades. This includes several studies commissioned by The City of Toronto, and guiding City documents including the HousingTO Action Plan, Toronto Poverty Reduction Strategy, and the City of Toronto Official Plan.

Profile of the Multi-Tenant Housing Sector in Toronto

Academic, industry, and internal research findings widely support that multi-tenant housing plays a significant role in providing private-market affordable housing for a wide range of Toronto residents. However, the multi-tenant housing sector currently faces a number of financial and regulatory barriers that threaten its viability.

Through research and consultations, studies have consistently found that most licensed multi-tenant houses are modest-sized facilities (less than 10 beds) operated by small independent operators, who often possess little formal experience and training of the many complex facets of multi-residential housing operations. The majority of owner/operators are private individuals with one facility, although a small number of owners own a large portion of licensed houses in Toronto. Most small multi-tenant house facilities are created through conversion of former single family dwellings.

Challenges for the Multi-Tenant Housing Sector

The variety of challenges that Toronto's multi-tenant housing sector face is well documented in research literature. First, a history of negative stigma has created a barrier to wide scale acceptance of the important role multi-tenant housing plays in providing critical affordable housing in Toronto. A lack of affordable housing and adequate shelter for all Toronto residents, and the difficulty of maintaining older buildings as inexpensive housing has put additional pressure on the MTH stock.

Multi-tenant house owner/operators can also face a number of economic challenges in property upkeep, including limited home financing options and high insurance premiums. The cost to bring a house in line with Fire Code and Building Code regulations can also be prohibitive. Tenants in illegal multi-tenant houses may not complain if there is an issue, since this could lead to reprisals from the landlord or to the closing of the house altogether. Additionally, neighbourhood change and rising property values across Toronto contribute to multi-tenant house loss through upscaling and/or conversion, and increasing rent prices for tenants.

Policy Learnings

The recommendations put forward in this report were informed in part by an analysis of the key findings and learnings in the reviewed literature, as summarized below.

The need to have consistent oversight and regulation of multi-tenant houses across Toronto is widely seen as a top priority. Inconsistent zoning permissions must be addressed, as restrictive zoning has not succeeded in preventing multi-tenant houses from existing. Unlicensed houses have no oversight to ensure that fire safety or basic hygiene and space needs are being met. The first step towards regulating these units is to legitimize them via permissive zoning. There is also a need for a city-wide policy framework and effective enforcement that recognizes and supports the role of multi-

tenant housing in meeting affordable housing needs, rather than a source of poor housing conditions and social disturbance. Toronto must also consider if the most effective way to maintain oversight of the sector and protect vulnerable residents is through licensing or other methods, such as a registry.

In development of a multi-tenant housing by-law, the regulatory purpose must be to protect tenants and support the sector. The Ontario Human Rights Commission cautions that while a by-law may reasonably contain provisions relating to garbage, snow removal, maintenance, health and safety standards and parking; other provisions, such as gross floor area requirements for bedrooms and living spaces that go beyond what is required by the Ontario Building Code, may reduce the availability and range of multi-tenant housing and have adverse impacts on equity seeking groups.

There is a need for improved supports for both tenants and landlords in the multi-tenant housing sector. Incentive programs for private landlords should be expanded to improve the quality and energy efficiency of affordable homes through essential repairs and modifications. This would help preserve Toronto's multi-tenant housing stock while ensuring affordable rents, and encouraging an increase in legal, well run houses. Landlords should also be provided with training to assist them in maintaining their property, as well as with challenges of operating shared housing. Additionally, the City should involve qualified non-profit housing operators with expertise in providing necessary services to vulnerable tenants, including people with a history of homelessness, to ensure successful tenancies.

Multi-tenant housing is subject to more stringent fire and building standards than other types of private housing. There may be a precedent to explore a regulatory framework that balances safety with affordability for tenants and owner/operators, similar to the rules governing family homes. This could be done by identifying the standards that would most increase tenant safety and well-being, while still allowing a multi-tenant house operator to recover costs within a reasonable time period.