



STAFF REPORT ACTION REQUIRED

City of Toronto Position on Proposed Changes to the *Provincial Residential Tenancies Act*

Date:	June 8, 2016
To:	Community Development and Recreation Committee
From:	General Manager, Shelter, Support & Housing Administration
Wards:	All.
Reference Number:	

SUMMARY

On March 14, 2016, the Province of Ontario announced the details of the update to the Long-Term Affordable Housing Strategy (LTAHS). As part of the LTAHS Update, changes to the *Residential Tenancies Act, 2006* (RTA) are being considered to "*encourage small landlords and private homeowners to participate in the rental housing market, while maintaining strong protections for tenants.*" The proposed changes are directed at increasing the supply of affordable rental housing options and choices available to low-to-moderate income tenants by removing barriers for small landlords wanting to rent their properties.

The Province has released a consultation guide with a series of proposals and discussion questions. Shelter, Support and Housing Administration (SSHA) coordinated feedback on the proposals from Toronto Community Housing, Municipal Licensing and Standards and City Planning.

A draft City submission is attached to this report as Appendix A: City of Toronto Comments on Proposed Amendments to the *Residential Tenancies Act, 2006*.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. City Council adopt the positions on the proposed amendments to the *Residential Tenancies Act*, as outlined in Appendix A, and direct the General Manager, Shelter, Support and Housing Administration, submit Appendix A, the attached submission, to the Ontario Ministry of Municipal Affairs and Housing.

Financial Impact

There is no financial impact arising from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity Impact

Private market rentals and most social, affordable and alternative housing providers are covered by the *Residential Tenancies Act, 2006*. Around half of Toronto households are renters and almost three quarters of these households do not meet the national standard for housing affordability.

Housing and homelessness services serve a range of equity seeking groups including people experiencing homelessness, the working poor, youth, seniors, Aboriginal people, and other vulnerable groups. The proposed amendments to the *Residential Tenancies Act, 2006* may support these groups to find more affordable rental housing and achieve greater housing stability.

DECISION HISTORY

At its meeting of May 18, 2016, the Community Development and Recreation Committee requested the General Manager, SSHA to coordinate Toronto's submission to the Province of Ontario's consultation on the Long-Term Affordable Housing Strategy Update - Proposals to Encourage Small Landlords to Provide Rental Housing, and report to the June 23, 2016 Community Development and Recreation Committee meeting with the draft submission.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD12.7>

At its meeting of December 16, 17 and 18, 2013, City Council made several requests of the Government of Ontario with respect to tenant issues related to the *Residential Tenancies Act*.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX36.2>

At its meeting of August 5 and 6, 2009, City Council adopted the Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020 (HOT). The HOT plan requests that the provincial government implement a fully funded long-term affordable housing plan consistent with the City's 10 year Action Plan.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

ISSUE BACKGROUND

On March 14, 2016, the Province of Ontario announced the details of the update to the Long-Term Affordable Housing Strategy (LTAHS). As part of the LTAHS Update, changes to the *Residential Tenancies Act, 2006* (RTA) are being considered to "encourage small landlords and private homeowners to participate in the rental housing market, while maintaining strong protections for tenants." The proposed changes are meant to increase the supply of affordable rental housing options, and choices available to low-to-moderate income tenants by removing barriers for small landlords wanting to rent their properties.

The Province has released a consultation guide with a series of proposals and discussion questions. Shelter, Support and Housing Administration coordinated feedback on the proposals from Toronto Community Housing, Municipal Licensing and Standards and City Planning.

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COMMENTS

The City of Toronto supports the Province of Ontario's initiatives to encourage small landlords and private homeowners to participate in the rental housing market. The primary rental market in Toronto is increasingly unaffordable and the availability of rental housing is low. According to the Canada Mortgage and Housing Corporation (CMHC) Housing Market Information Portal, in October 2015, the average rent for a two-bedroom apartment in Toronto was \$1,301, and the vacancy rate remains at only 1.6 per cent. CMHC's 2011 assessment of core housing need¹ indicated that 21 per cent of Toronto households (32.9 per cent of renters) are in core housing need and 73.6 per cent of renters in Toronto do not meet the standard for housing affordability, meaning they spend more than 30 per cent of annual before-tax income on housing.

Secondary suites may be more affordable for tenants than other housing types, but this is not always the case. Affordability should be a key consideration in any initiatives to create more rental opportunities for Torontonians. While it is necessary to increase the rental housing stock in the city, the stability of an individual's tenancy is influenced by the affordability of their housing. The complementary second unit initiatives under Ontario's Long-Term Affordable Housing Strategy, which focus on reducing the complexity and cost of creating second units, thereby reducing potential costs which

¹ "A household is in core housing need if its housing does not meet one or more standards for housing adequacy (repair), suitability (crowding), or affordability and if it would have to spend 30 per cent or more of its before-tax income to pay the median rent (including utilities) of appropriately sized alternative local market housing. Adequate housing does not require any major repairs, according to residents. Suitable housing has enough bedrooms for the size and make-up of resident households. Affordable housing costs less than 30 per cent of before-tax household income." (CMHC, Housing Market Information Portal).

landlords must recover, will be critical in achieving the goals of the proposed *Residential Tenancies Act, 2006* (RTA) amendments.

It should be noted, however, that the suggested revisions to the RTA will likely not have a significant impact on the greatest challenge faced by low-income renters in Toronto, which is accessing affordable rental units.

Highlights of the Proposed Changes and City Submission

The proposed amendments to the RTA were reviewed with the principles of fairness, equity and accessibility in mind. Any changes made to the RTA must be fair for both landlords and tenants; the proposed amendments consider and attempt to address the needs of both landlords and tenants. Likewise, any changes made to the RTA must be accessible to tenants, meaning they must be presented in plain language in a variety of formats, including materials in other languages than English and auditory materials for individuals with visual impairments and challenges with literacy. The changes must also be communicated broadly.

The proposed changes do not directly impact housing affordability, instead, they attempt to alleviate common challenges faced by small landlords who operate secondary suites. By removing these challenges, small landlords will rent out more secondary suites and thereby increase the supply of rental housing. Discrimination faced by tenants, which is also recognized as an ongoing issue in Toronto's rental market, is not addressed in the proposed changes.

The City submission requests clarification from the Province on a number of proposed changes. Notably, proposal 2.1 – requiring tenants to disclose issues they intend to raise at rental arrears eviction hearings to the landlord prior to the hearing – could be problematic for tenants. The intent of the proposed change is to reduce delays due to adjournments. The Province states that the change will ensure tenants are aware of their rights and continue to have the opportunity to raise their concerns. In practice, it is anticipated that many tenants will not be aware of their responsibility to disclose and may lose their right to raise other issues.

To help mitigate problems around tenant access to information, the City submission recommends that every notice and order from the Landlord and Tenant Board (LTB) include an information sheet on tenant supports in plain and accessible language, providing phone numbers for all services listed, including 211, Housing Help Centres, financial support services such as rent bank programs and energy assistance programs, tenant information services and Legal Aid services. It is also requested that a simple, accessible fact sheet on landlord and tenant rights and responsibilities be made available in all Ontario communications with landlords and tenants.

Clarification is requested on proposed changes to non-smoking and pet-free regulations, as well as possible changes to the process for appealing decisions of the LTB to

Divisional Court. These changes could significantly impact tenants depending on their scope and the interpretation of any new regulations.

The submission also requests the Province to review four additional areas related to strengthening the RTA and tenant access to LTB remedies:

1. A review of the Above Guideline Rent Increase (AGI) regulations is needed to provide an opportunity for public consultation on the impact of AGIs to ensure these regulations are not compromising housing affordability in the province.
2. There is an opportunity to improve scheduling processes within Toronto, at the LTB for both landlords and tenants. Currently, there are often long wait times, resulting in lost time and wages and frustration on the part of all parties.
3. The City requests the Province review regulations around terminating a tenancy for personal use of the unit, specifically with regard to enforcement and penalties for landlords who act in bad faith, in order to strengthen protections for tenants.
4. The City requests the Province to strengthen tenant issues Duty Counsel at the LTB and to increase funding to Legal Aid Ontario to provide support on tenant-specific issues such as AGIs and evictions.

CONTACT

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SIGNATURE

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ATTACHMENT

Appendix A: City of Toronto Comments on Proposed Amendments to the *Residential Tenancies Act, 2006*