

Rental Apartment Buildings: Results of Public Consultation and Proposed Regulatory Regime

Date: November 16, 2016

To: Licensing and Standards Committee

From: Executive Director, Municipal Licensing and Standards

Wards: All

SUMMARY

The report responds to City Council directives to consult on a proposed licensing framework for rental apartment buildings and recover the costs of an enhanced MRAB program. The report details the findings of staff research and public consultations that took place from August to October 2016.

Staff evaluated the regulatory option of licensing rental apartment buildings based on stakeholder expectations and the goal of improving the City's enforcement capacity. Findings confirm that a regulatory approach through licensing does not present any advantages over other regulatory tools authorized by the *City of Toronto Act, 2006* and may actually create additional complexities that would not contribute to the programs goals of bringing rental apartment buildings into compliance.

The evaluation confirmed that the enactment of a regulatory bylaw, instead of a licensing bylaw, would provide the City with the necessary authorities to accomplish the City's mandate of consumer protection, safety and wellbeing of its citizens, and fulfill public expectations, while avoiding potential hindrances to obtaining compliance.

The report proposes improvements to existing enforcement activities and regulations that will help:

- **strengthen enforcement** of city by-laws
- **enhance tenant engagement** and access to information
- **promote preventative maintenance** in rental apartment buildings to prevent the deterioration of standards
- **recover program costs**

The improvements include the creation of a regulatory by-law, which would impose legal requirements for rental building owners, improved access to information about the quality of rental apartment buildings and new opportunities for higher fines.

The report also identifies additional inspection activities to help benchmark the quality of the housing stock in rental apartment buildings and enhance the proactive enforcement of property standards. Lastly, the report outlines a process for recovering the costs of existing and proposed inspection and enforcement activities based on a combination of tax revenues, rental apartment building registration fee and user fees for non-compliant building owners.

The proposed changes build on the successes of the existing MRAB program and represent the next building block in an evolving municipal approach to improving living conditions for tenants in Toronto.

Legal Services, Shelter Support and Housing Administration (SSHA), Toronto Fire Services, Solid Waste Management Services, Toronto Public Health, and Tower Renewal Steps Program were consulted in preparation for this report.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that:

1. City Council approve a new regulatory by-law for rental apartment buildings that requires property owners to:

- a. register the building with the City of Toronto and submit required information;
- b. have a process for receiving, tracking and responding to tenant repair requests;
- c. notify tenants of service disruptions, property standards appeals, work orders and cleaning plan,
- d. install notification board in central location;
- e. use licensed pest management professionals;
- f. have a waste management plan;
- g. have a cleaning plan;
- h. use contractors with certification from Ontario College of Trades to conduct maintenance of HVAC and plumbing systems
- i. have a state of good repair capital plan; and
- j. pay all applicable fees.

and direct the Executive Director, Municipal Licensing and Standards to report to the March 6, 2017 meeting of Licensing and Standards Committee with the new regulatory by-law.

2. City Council direct that the program be funded as follows:

- Option A: Program budget of \$4,442,904, funded:
- 80% from a \$13.00 registration fee per unit per year (\$3,580,317);
 - 20% from the tax-base (\$888,580)

OR

Option B: Program budget of \$4,442,904, funded:

- 65% from a \$11.00 registration fee per unit per year (\$2,917,123),
- 15% from revenues from enforcement action (\$637,200)
- 20% from the tax-base (\$888,580)

OR

Option C: Program budget of \$4,442,904, funded:

- 60% from a \$10.00 registration fee per unit per year (\$2,665,742),
- 40% from the tax-base (\$1,777,161)

OR

Option D: Program budget of \$4,442,904, funded:

- 45% recovered from a \$8.00 registration fee per unit per year (\$2,028,542)
- 15% recovered through revenues from enforcement action (\$637,200)
- 40% recovered from the tax-base (\$1,777,161)

and direct the Executive Director, Municipal Licensing and Standards to report to Budget Committee during the 2017 Operating Budget process on the program budget and the six additional FTEs required to implement the program proposed.

FINANCIAL IMPACT

The current 2016 annual operating budget for the MRAB program is \$3.18 million and includes salaries and benefits for 24 FTE, material and equipment, and indirect and overhead costs. This report outlines a proposed annual budget of \$4.4 million, which includes the current costs of the MRAB program plus the proposal to add six (6) new FTEs. It also includes an amount of \$100,000 for stakeholder engagement and \$227,575 in one-time costs to cover implementation and the development of an online information portal. The total proposed new annual program budget is \$4.4 million.

The current 2016 annual operating budget for the MRAB program is 100% tax supported. For cost recovery option D, the preferred option, described in the report, 60% (\$2.66 million) of the program will be funded through new and increased user fees, and 40% (\$1.77 million) will be tax supported (see Table I) on an annual basis.

Table I: Cost Recovery Option D

Item	Cost (\$000s)
Total program budget	\$4,442.90
Tax funded (40%)	\$1,777.16
MRAB budget to be recovered through new and increased user fees (60%)	\$2,665.74

Table II: Annual Financial Impact Based on Cost Recovery Option D

	Gross (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)	Positions
Total Current Program (a)	3,182.98	-	3,182.98	24
Total New Program (b)	4,442.90	2,665.74	1,777.16	30
Change (c=b-a)	1,259.92	2,665.74	(1,405.82)	6

Table II highlights the difference between the current MRAB program and the proposed program (Option D) on an annual basis for gross expenditures, revenues and net expenditures. 6 new positions are recommended to be added to the existing staff of 24. These positions are required to ensure the program is operating with the appropriate levels of management oversight and analytical support. The recommended revenue represents 60% cost recovery from user fees and the remaining 40% funded by property taxes. As a result, the annual net cost of this program has been reduced by \$1.406 million or 44.2%. These changes are consistent with the 2017 Operating Budget currently being recommended to Budget Committee. Subject to the approval of City Council on this cost recovery model, the Executive Director, Municipal Licensing and Standards will report to Budget Committee during the 2017 Operating Budget process on the proposed program budget and applicable fees.

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

DECISION HISTORY

At its meeting of June 7, 8, and 9, 2016, City Council adopted the following:

- Executive Director, Municipal Licensing and Standards (ML&S) to report to the Licensing and Standards Committee on an enhanced full cost recovery model for Multi-Residential Rental Apartment Building (MRAB) Audit and Enforcement Program with additional supports and other potential measures to support tenants.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.LS11.3>

- Executive Director, ML&S to conduct public consultation on the proposed framework for a multi-residential rental property licence, such consultation to seek input on a variety of staffing and service levels, and report back in the fall of 2016 on consultation findings, a draft by-law, associated fee, budget and staffing model, proposed administrative monetary penalties, final proposed licensing fees, tenant engagement plan, technology requirements, implementation schedule, and fee reductions for demonstrated compliance with property standards by-laws.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.LS11.4>

At its meeting of July 7, 8, and 9, 2015, City Council supported a cost recovery model for the MRAB program, which was to include an increased budget for stakeholder engagement, outreach and education.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.LS5.4>

At its meeting of June 25, 2015, Licensing and Standards Committee received for information a staff report on the "Jurisdictional Scan and alternatives to Licensing Landlords" and directed Executive Director, ML&S to report on:

- Regulatory options for ensuring safe and adequate rental housing in Toronto;
- On a user fee for the MRAB program;
- On the next steps identified in the report i.e. continued research and issue identification ,detailed financial analysis, stakeholder and public consultation
- To consider in a report whether an established standard of 6 units or greater is appropriate for a licensing regime.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.LS5.4>

At its meeting of June 26, 2014, Licensing and Standards Committee requested the Executive Director, ML&S review the feasibility, merits, and experience of other jurisdictions, in licensing landlords in Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.LS29.4>

COMMENTS

The City of Toronto over the past number of years has explored new tools for ensuring safe, secure and decent housing in Toronto's rental apartment buildings.

Before 2008, the City enforced property standards in rental apartment buildings based on complaints from residents. The by-laws in the Municipal Code relevant to living conditions in apartment buildings include Chapter 629 Property Standards, Chapter 548 Littering and Dumping of Refuse, Chapter 485 Graffiti, Chapter 489 Grass & Weeds, and Chapter 447 Fences.

In 2008, the City, through the Municipal Licensing and Standards (ML&S) division, launched the Multi-residential Apartment Building (MRAB) audit and enforcement program. The audits focus on high-risk buildings and include a comprehensive inspection of all common areas in the building (i.e. lobby, hallways, mechanical rooms). The program also includes any required enforcement actions such as the issuance of work orders, charges or remedial actions. Remedial actions are when the City hires contractors to undertake the repairs necessary and the cost is recovered as part of the building owner's property tax bill. To date, the City has audited 1,174 rental apartment buildings and 87% of the identified deficiencies have been rectified by property owners.

Since 2011, the City of Toronto has also been operating the voluntary Tower Renewal STEP program. The program supports building owners and property managers of high rise apartment buildings (8 storeys or higher, built before 1985) with identifying, planning and taking action on improvements related to energy, water, waste, operations, safety and community. Supports include free assessment and performance

benchmarking, follow up support, financing, a toolkit of resources and network events. To date, 154 buildings have participated in STEP and received customized improvement action plans and follow-up support.

In 2014 and 2015, Licensing and Standards Committee requested that ML&S assess new measures for increasing compliance with City by-laws, including the feasibility of licensing rental apartment buildings. City Council also directed ML&S to report on a cost recovery model for MRAB program activities.

Quality of Housing in Toronto's Rental Apartment Buildings

The City of Toronto's interest in improving the quality of rental apartment buildings reflects the fact that around a third of Toronto residents live in rental apartment buildings and that there are indications that a significant number of these tenants are affected by property standards issues. In addition, research indicates that there is a connection between poor housing conditions and poverty. Improved quality of life in rental apartment buildings would impact a significant number of residents and would disproportionately benefit residents living in poverty.

As of 2011, 45.4% of all households in the Toronto were rented, which translates into a total of 1,022,820 tenants. Most renters live in rental apartment building; the number of residents living in rental apartment buildings constitutes approximately 30% of Toronto's population, according to the 2011 National Household Survey Data.

There is an absence of comprehensive, reliable data on the current quality of the rental housing stock in Toronto, which has been identified as an issue by all stakeholders, including tenants, the City, and the rental apartment building industry. However, surveys of tenants in Toronto suggest that some may be experiencing deteriorating standards. The majority of apartment towers in Toronto were built in the 60s and 70s and in buildings that have not been properly maintained, core infrastructure elements such as heating/cooling, ventilation, electrical and elevating system are reaching the end of their life cycle.

In 2011, the United Way published the Poverty by Postal Code report based on a survey of 2,803 residents in high-rise inner suburban rental towers. Feedback collected indicated a high occurrence of elevator breakdown and general disrepair, with over 50% of respondents requiring two or more major repairs in their unit or building that year. The study also found that there is a strong connection between poor housing conditions and poverty. In 2014, the Cities Centre at the University of Toronto published a study that surveyed 1,566 families living in high-rise rental apartment buildings. 46% of these families indicated that their building conditions were poor, 27% that units were in poor condition, and 23% felt unsafe. These surveys all indicate that tenants in rental apartment buildings face significant issues related to property standards.

To further understand living conditions in rental apartment buildings and review available regulatory and enforcement tools to improving these conditions, staff completed:

- Jurisdictional scan (see Attachment 1)
- Online Ipsos Reid survey in December 2014 (see Attachment 2)

- Public and stakeholder consultations
- Internal consultation with enforcement staff and relevant Divisions
- Legal review of available enforcement tools (i.e. penalties)

Findings of Jurisdictional Scan

Cities across North America use a variety of licensing and non-licensing regimes for rental apartment buildings. There are a few instances of large U.S. cities (over 500,000 population) using licensing schemes – these include Washington and Philadelphia. In contrast, there are many large American cities that use a business registration scheme to regulate rental apartment buildings, including: Baltimore, Boston, Dallas, Houston, LA, New York, Portland, Raleigh, San Francisco, and Seattle. Voluntary systems are less common and appear to be associated more with cities in the United Kingdom.

The majority of jurisdictions reviewed have a base fee for annual registrations, regardless of building size or number of units. Many also employ a scaled fee on top of the base fee, usually on a per unit basis, and up to a set limit.

All examined cities have complaints-based inspections, similar to Toronto, where tenants can make complaints to the municipal authority and staff respond with an inspection. The use of proactive inspections is less common. It is rare for municipalities to conduct inspections with every annual renewal of a license (Boulder, Colorado is the only known example). Many municipalities conduct proactive inspections over a multi-annual cycle ranging anywhere between three to ten years. Some cities employ an inspection system in which the inspection frequency depends on the number of infractions identified in a building.

Most jurisdictions that conduct proactive inspections also charge for these services. Because proactive inspections are most often conducted on properties which have previously been non-compliant, this leads to a system whereby properties requiring the most enforcement resources incur the greatest costs.

Across all the jurisdictions reviewed, staff could not find evidence of a license being revoked in the case of non-compliance. Instead, both licensing and non-licensing cities use penalties and fines for non-compliance. This would suggest that the distinguishing feature of a licence (i.e. the ability to remove the license in case of violation) is not used.

Staff found that the most effective enforcement of living standards in rental housing is a proactive inspection system that focuses on problematic properties. These proactive systems are used in cities irrespective of whether they license, or register, their rental apartment buildings.

Summary of Ipsos Reid survey

In 2015, ML&S commissioned Ipsos Reid to conduct a survey of 1,011 residents, of which 38% were tenants (results are included in Attachment 2). 14% of respondents living in apartments described the quality of their building as poor, 26% did not feel safe around their building and 43% felt they had issues with pests and insects in their unit. The results also indicate that the quality of one's building is positively correlated with

income and education – the higher the household income or education, the better quality apartment building. The differences in findings between this survey and the surveys conducted by the United Way and the Cities Centre are likely due to the smaller sample size and the focus on all residents rather than low-income earners. Nevertheless, this survey indicates that a significant portion of tenants in apartments have identified issues with the quality of their buildings.

Public and Stakeholder Consultations

As per City Council direction, ML&S staff planned and implemented a public consultation on the licensing framework for rental apartment buildings proposed in the June 2016 staff report. The consultations took place from July to October, 2016 and included:

- 7 public meetings
- 9 stakeholder meetings (i.e. industry associations, tenant advocacy groups, other enforcement agencies)
- Online survey (available online from September 20 – October 12, 2016)

The public meetings attracted over 250 participants, including tenants, building owners/property managers and members of the general public. The online survey had 560 respondents of which 77% were renters and 5% were building owners/property managers. The remaining respondents were either interested person, "other" or preferred not to answer.

Staff also organized meetings with the following stakeholder groups:

- tenant advocacy groups including Acorn, Federation of Metro Tenants' Associations (FMTA), and Advocacy Centre for Tenants Ontario (ACTO)
- industry associations such as Greater Toronto Apartment Association (GTAA) and Federation of Rental Housing Providers of Ontario (FRPO)
- social housing/non-profit housing providers including Toronto Community Housing and Ontario Non-Profit Housing Association (ONPHA)
- Rental Housing Advisory Committee
- Tenant Issues Committee
- Enforcement agencies such as Electrical Safety Authority (ESA), Technical Standards and Safety Authority (TSSA) and Enbridge

The findings of the public consultation and stakeholder meetings were analyzed with the following overarching goals:

- Collect feedback on the licensing framework proposed in the June 2016 report
- Learn about the issues affecting living conditions in rental apartment buildings
- Identify solutions to improve the quality of rental apartment buildings
- Determine the type of rental building information the City should collect
- Identify gaps in applicable regulations and opportunities for future collaboration with other enforcement agencies
- Find ways to improve communication between building owners/property managers and tenants

The notes from the public meetings can be found on the ML&S website www.toronto.ca/mlshaveyoursay and results of the online survey are outlined in Attachment 3.

High Level Summary of Consultation Findings

Not all rental apartment buildings in Toronto have property standards issues (20% of online survey respondents said there were no issues in their building) but in buildings where problems were identified, some of the most common issues include:

- Elevators are frequently out of service
- Issues with pests (bed bugs, cockroaches) and mold
- Lack of response from landlords/superintendents to repair requests
- Lack of cleanliness in common spaces such as hallways, staircases, garbage rooms, etc.
- Inadequate heating due to outdated systems
- Weak communication between landlords/property managers and tenants related to service disruptions
- Tenants fear intimidation from landlords/property managers if they make complaints to the City
- Poor quality of repairs

To address the issues above and improve living conditions in rental apartment buildings, participants recommended the following solutions:

- Escalating penalties/fines for non-compliant landlords
- Regular building inspections by the City of Toronto
- Rating system for rental apartment buildings
- Information about buildings should be available to the public
- Property managers/maintenance staff need training in customer service and what to do during emergencies
- Require landlords to hire professionals to make repairs
- Engage tenants about their rights and responsibilities
- Require landlords to plan for future capital repairs

Tenants want access to information about rental apartment buildings so they can better understand their present living conditions and make informed decisions about future tenancies. When asked what building information is important to tenants, the most common responses included:

- Contact information for building owner
- History of charges, complaints and work orders
- Record of violations from other agencies (e.g. Toronto Fire Services)
- History of mold and pest infestations
- Information about laundry room (hours of operation, number of machines)
- Types of amenities available
- Description of accessibility features
- Description of security systems (e.g. cameras)
- Building restrictions (e.g. no pets)
- Charges not included in the rent (e.g. parking)
- Building's cleaning schedule

- Smoking/non-smoking status
- How often are appliances/cabinets replaced
- Number of superintendents in the building

Tenants and other stakeholders highlighted the need to improve communication between building owners/property managers and tenants, particularly concerning events that may affect more than one unit, such as:

- Service disruptions: water shut off, elevator maintenance, power outage
- Fire alarm testing
- Major repairs/maintenance work in common spaces
- Change of ownership or property managers

Tenants found the following methods as the most effective for tenant notifications:

- Posting information on bulletin boards on the main floor
- Email
- Notices should be made in writing and delivered to every unit. Some tenants do not have email accounts
- Notices of any disruption posted on every floor
- Translation in other languages should be available, if needed
- Superintendents could organize regular meeting with tenants, although respondents recognize that there is a lack of meeting spaces

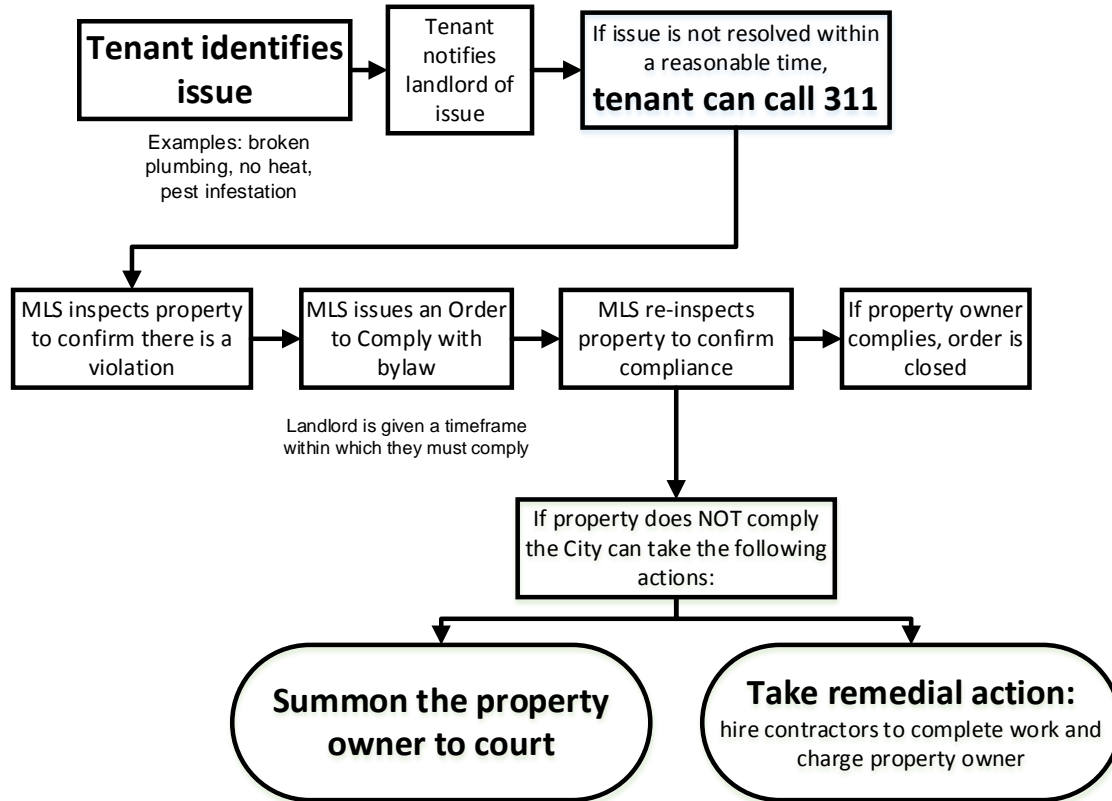
Staff also identified several common themes from the consultation findings that were shared by tenants, property owners and other stakeholders.

- Costs of the program should not be passed on to tenants.
- Efforts should be focused on penalizing “bad landlords” rather than those that are compliant with regulations.
- Improvements should be made to minimize “red tape” and duplication of efforts between different levels of government.
- Changes made to the current regulatory and enforcement regime must have a real impact on living conditions in rental apartment buildings.

Current Inspection and Enforcement Program in Rental Apartment Buildings

Currently, ML&S enforces compliance with city by-laws in rental apartment buildings through (1) inspections in response to 311 complaints and (2) audits of high-risk buildings in the MRAB program.

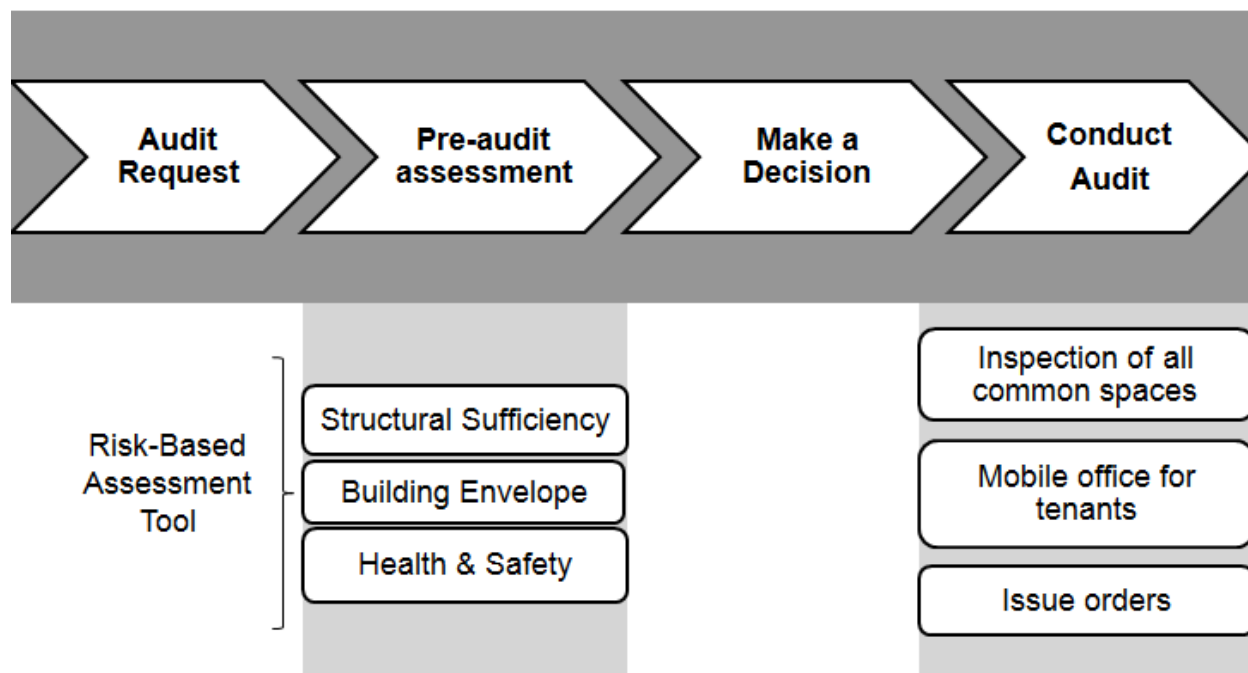
Figure 1: Process map for ML&S response to 311 complaints on rental properties



The MRAB program has two components:

- **Pre-audits**, where staff assess the risks of a building to determine if an audit is needed. Pre-audit assessments are initiated based on referrals from stakeholders and include background research and surface level observations of the building.
- **Audits**, where staff do a comprehensive inspection of all common areas (i.e. laundry room, garage, mechanical room) and issue orders if by-law violations are identified. A mobile administrative office is present during each audit for tenants to bring forward concerns.

Figure 2: Process map of MRAB program



Analysis of current inspection and enforcement program

In the last eight years, the MRAB program has been successful in identifying and remedying 57,537 property standards deficiencies in 1,174 rental apartment buildings in Toronto. The pre-audit inspection allows the City to concentrate its efforts and resources on buildings that demonstrate a high risk in terms of health and safety. In 2015, ML&S staff conducted 193 pre-audits and determined that 84 buildings required an audit.

Despite these positive outcomes, ML&S efforts continue to be primarily complaint driven and do not always reach the most problematic buildings. Although complaints received through 311 can assist in identifying at-risk buildings, they are not always the most accurate indicator. According to the consultation findings, many tenants do not know they can complain to the City if repairs are not being made in their unit/ building and some tenants fear intimidation from landlords/property managers if they call the City.

In addition, the complaints received through 311 related to apartment buildings are addressed by district municipal standards officers, while the inspection of high-risk buildings is done by the MRAB team. This segregation of responsibilities does not necessarily maximize the potential for efficiencies of the City's response.

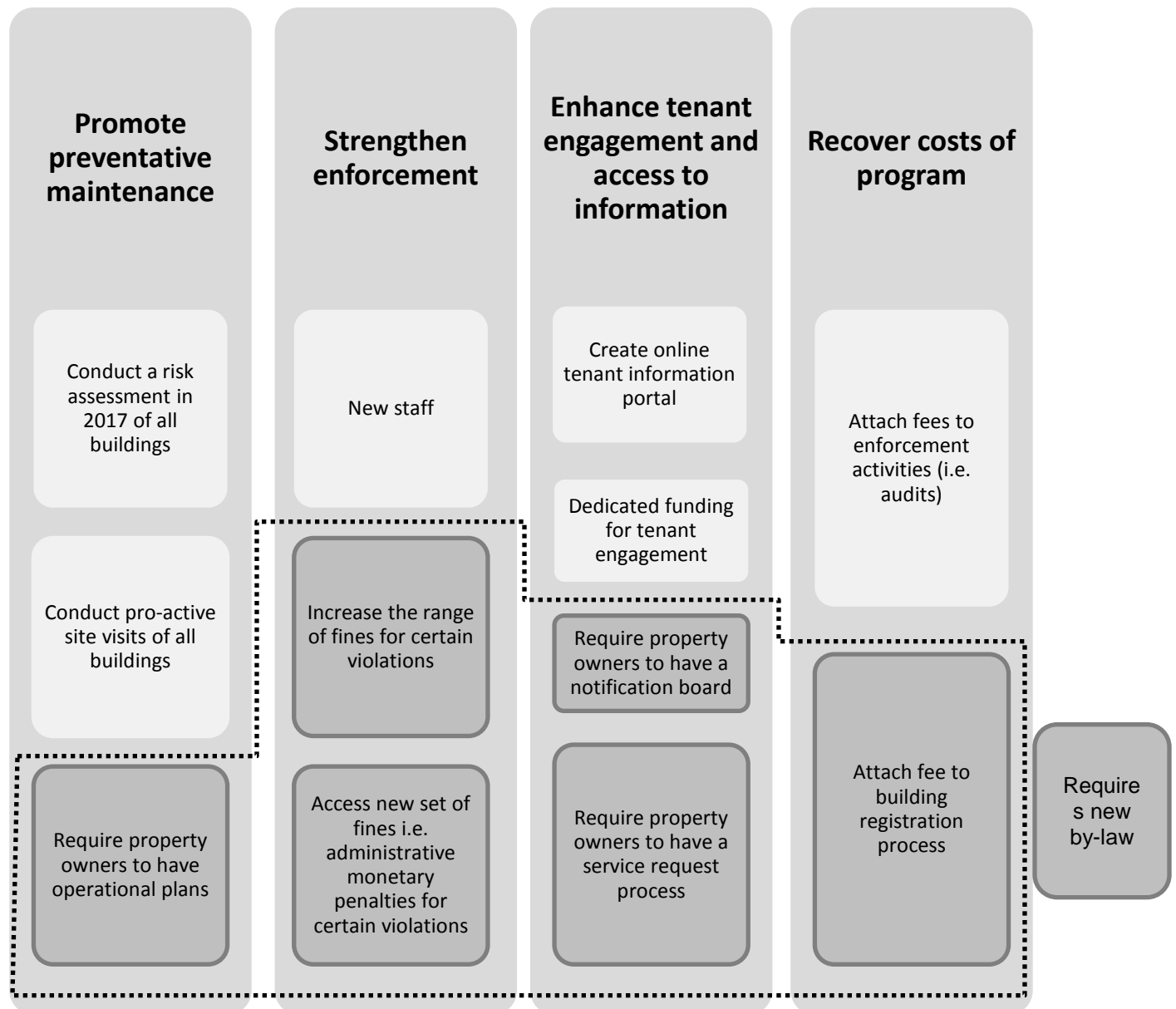
New Regulatory Regime for Rental Apartment Buildings

Based on consultation findings and research, staff have identified a number of improvements to current enforcement activities and regulations that will help:

- **strengthen enforcement** of city by-laws
- **enhance tenant engagement** and access to information

- **promote preventative maintenance** in rental apartment buildings to prevent the deterioration of standards
- **recover program costs**

The changes being proposed in this report include the creation of new regulations for rental apartment buildings, deepening the pro-activity of the MRAB inspection system, improved access to information about the quality of rental apartment buildings and new opportunities for imposing higher fines in cases of non-compliance. Staff proposals are summarized in **Figure 3** and are outlined in greater detail below.



The proposed changes build on the successes of the existing MRAB program and represent the next building block in an evolving municipal approach to improving living conditions for tenants in Toronto.

Scope

The type of rental housing stock affected by the proposed changes is consistent with the rental apartment buildings currently encompassed in the MRAB program. This includes private, non-profit and Toronto Community Housing buildings with three or more storeys and ten or more units. The scope reflects the reality that majority of renters in Toronto live in rental apartment buildings and face unique challenges with the quality of their housing. Houses with rental units (i.e. secondary suites) and condominium rentals are not currently part of the scope.

The program will include 3,478 rental apartment buildings with 352,447 units, which includes 333 Toronto Community Housing and 202 non-profit housing buildings.

During consultations, staff heard that there is interest in including condominium rentals in the program. As the program evolves, staff will evaluate whether the program should be extended to these and other types of rentals.

MRAB Enhancements: enhancing pro-activity of inspection system

To address some of the enforcement challenges in rental apartment buildings and enhance pro-active inspection activities, staff propose the following operational enhancements:

- Benchmarking initiative

As previously explained, the City of Toronto does not have sufficient data to accurately evaluate the quality of the rental housing in Toronto. In order to establish a baseline assessment of living conditions in Toronto's rental apartment buildings, ML&S proposes to initiate a benchmarking initiative in the first quarter of 2017. The initiative will include ML&S officers undertaking pre-audits of all rental apartment buildings in Toronto and evaluating those buildings based on the risk assessment tool used in the MRAB program. Buildings identified as high risk in terms of health and safety will be prioritized for audits. Buildings in good condition will have periodic site visits (2-3 years) to ensure standards do not deteriorate over time.

- Site Visits

For buildings determined to be in good condition during the benchmarking initiative, ML&S staff will conduct site visits every 2 to 3 years to ensure standards are being maintained. The site visits will also be an opportunity to check compliance with the proposed by-law requirements outlined later in the report. ML&S officers may choose to apply a pre-audit assessment during the site visit, if needed.

- Consolidate all program activities, including pre-audits, audits, benchmarking initiative, site visits and complaint-based inspections, in the MRAB team.

Currently, MRAB staff do not respond to 311 complaints related to individual units or common spaces in rental apartment buildings. The equivalent of 6 Municipal Standards Officers (MSOs) in the district offices are responsible for these complaints. Staff

propose that all officers enforcing City by-laws in rental apartment buildings be integrated into one team. This integration will ensure that staff build a comprehensive understanding of all issues affecting a rental apartment building, both in-suite and common spaces, as well as improve the consistency in the application of municipal regulations.

Regulatory Options

Beyond operational enhancements and new inspection activities, staff evaluated the costs and benefits of introducing a regulatory by-law and licensing by-law for rental apartment buildings in order to improve the City's enforcement capacity.

Findings confirm that the licensing and regulatory by-laws have the same advantages. They both enable the City to:

- Create and apply new fines such as administrative penalties
- Codify new requirements for building owners such as requiring them to notify tenants of service disruptions
- Prevent landlords from renting out a vacant unit if certain thresholds are not met

However, a licensing by-law may create additional complexities and procedural demands that do not facilitate the City's capacity to improve living conditions for tenants in non-compliant rental apartment buildings.

The regulatory by-law can provide more opportunities for penalties because it applies to all building owners regardless of whether they have a licence or not. Under a traditional licensing by-law only buildings that are licensed with the City would be charged with failing to meet the proposed requirements such as having a cleaning plan, or notifying tenants of service disruptions.

As a result, staff propose that the City enact a regulatory by-law that will create new offences, deter problematic activity and create greater transparency, without the added cost and administration of a licensing system.

- **Administrative Requirements of a Licensing Regime**

A business licence regime often includes an internal review process for licence applications, thresholds for denial of a licence, and an independent quasi-judicial body such as the Toronto Licensing Tribunal (TLT) that make decisions on matters referred to it by the City's ML&S division or when a licence holder appeals a staff decision. Considering the added layers of administrative processes, staff do not believe a licensing regime would effectively increase the City's ability to enforce property standards in non-compliant buildings.

For these reasons, staff recommend the new building requirements and fines be pursued through the implementation of a regulatory by-law and not a licensing regime.

- **Revoking or Suspending a Licence and De-housing Tenants**

One of the core characteristics of a licence under the *City of Toronto Act, 2006* is the power of the City to revoke, suspend and impose conditions. The objective of the City is to bring a non-compliant rental property into compliance, not to close the property or de-house tenants. In situations where there are life and safety concerns, these issues may be corrected through remedial action undertaken by the City.

- **Rent escrow and Preventing Rent Increases**

Tenant Issues Committee also inquired if licensing would enable the use of rent-escrow accounts as a means for the City to deal with non-compliant landlords. Rent escrow is a process used in some jurisdictions of the United States, which allows a tenant with outstanding repairs to pay their rent into an account set up by the court or local housing department until the repairs are made.

In Toronto, tenants already have an option similar to rent escrow available to them. If a tenant has filed a Tenant Application about Maintenance to the Landlord Tenant Board (LTB), they can request to pay some, or all the rent, to the LTB instead of the landlord until the application has been decided. Tenants must justify why they do not want to pay the landlord directly. The LTB will decide whether to grant the tenant's request.

Staff also explored the possibility of the City preventing building owners from increasing rents if there have outstanding work orders. The RTA governs the relationship between landlord and tenants, including rent increases. The City does not have the jurisdiction to encroach on what is already governed by provincial legislation and the LTB. In December 2013, City Council requested the Government of Ontario to amend the *City of Toronto Act, 2006* to enable the City to improve the quality of rental housing in Toronto through measures such as rent freezes and vacancy control.

New Regulatory By-law for Rental Building Owners

The following chart proposes a set of regulatory requirements for building owners that would be codified in a stand-alone by-law, enacted pursuant to the City's authority under the *City of Toronto Act, 2006* and applicable to all rental apartment buildings, including private, non-profit and Toronto Community Housing.

The *City of Toronto Act, 2006* provides the authority to enact bylaws to, amongst other things, addresses the protection of persons and property, health, safety and wellbeing of persons, and the economic, social and environmental well-being of the City.

The regulations proposed below in Table 1 are designed to meet these objectives, and advance the City's interest in having properly operated and adequately maintained rental housing for Toronto residents. The proposed regulations will also contribute to promoting preventative maintenance in rental apartment buildings and improving tenant engagement.

Table 1: Proposed Regulatory Requirements for Property Owners

Category	Requirement	Outcomes
Registration	<p>Submit required building information listed in Attachment 4)</p> <p>Examples include:</p> <ul style="list-style-type: none"> • Building owner information • Number of floors and units • Accessibility features • Description of amenities • Description of mechanical systems 	<p>Building information will:</p> <ul style="list-style-type: none"> • Help tenants make informed decisions about future rentals • Assist City in evaluating the stock of rental apartment buildings in Toronto
Tenant service requests	<ul style="list-style-type: none"> - have a process for receiving and tracking tenant repair requests - retain records of repair requests for a minimum of 12 months - make records and process available to ML&S for inspection, upon request 	<p>Process will facilitate timely response to tenant request for repairs.</p> <p>Records will assist ML&S officers in confirming if building owners or property managers are responding to tenant issues and taking appropriate action to rectify them.</p>
Pest management	<ul style="list-style-type: none"> - demonstrate that provincially licensed pest control operator has been used for pest management 	<p>Promote quality pest management practices and living standards</p>
Waste management plan	<ul style="list-style-type: none"> - have a waste management plan that addresses waste removal, required waste diversion and adequate storage - make plan available to ML&S inspectors 	<p>Assist buildings in meeting waste diversion requirements and compliance with property standards, all applicable by-laws, regulations and policy statements related to waste.</p>

Category	Requirement	Outcomes
Cleaning plan	<ul style="list-style-type: none"> - have a plan with regular cleaning of all common areas (both interior and exterior) - make plan available to ML&S inspectors 	Promote cleanliness in common areas.
Preventative Maintenance	<ul style="list-style-type: none"> - demonstrate contractor with certification from the Ontario College of Trades has been used to maintain HVAC* and plumbing systems - make electrical work log book available to ML&S inspectors - make elevator log book available to ML&S inspectors 	<p>Encourage preventative maintenance in rental apartment buildings by qualified professionals to avert the deterioration of standards.</p> <p>Staff will review the electrical and elevator log books and refer to other enforcement agencies if there is non-compliance. This will support the building's compliance with other applicable regulations and increase collaboration between the different enforcement agencies.</p>
Tenant Notification	<ul style="list-style-type: none"> - install notification board in central location for posting work orders, property standards appeals, vital service disruptions and cleaning plan 	Provide tenants with notification of events that can affect them.
State of good repair capital plan	<ul style="list-style-type: none"> - have a state of good repair capital plan - make plan available to ML&S 	Encourage building owners to plan for future capital repairs and prevent the deterioration of living conditions.

*HVAC: heating, ventilation and air conditioning.

Renting vacant units when in breach of City by-laws

In addition to the above requirements, staff recommend that the new by-law include an offence for renting out vacant units if the property owner is in breach of City by-laws.

Tenant and Landlord Information Portal

Currently, the ML&S website displays some information regarding property standards violations in rental apartment buildings. Staff heard during the consultations that many stakeholders find the information hard to understand and that there are other details tenants and prospective tenants would like to access related to rental apartment buildings.

Staff propose to create a user-friendly online information portal to display details about rental apartment buildings, including some of the information staff is proposing to collect during registration (see Attachment 4). The portal will also include detailed descriptions of problems identified in buildings by ML&S and other enforcement agencies such as Toronto Fire Services. Any information made public will be in conformity with the City of Toronto's privacy policies and guidelines.

The web-based portal will also host the registration system for rental building owners and include tools and resources for building owners/property managers to help them comply with by-law requirements (i.e. cleaning plan template). Many of these resources have already been developed by the Tower Renewal Program and could be easily shared through the portal.

Proposed higher fines and penalties

During consultations, there was a significant interest from tenants, landlords, members of the public, and ML&S staff in pursuing higher fines and penalties for property owners who are not complying with the City's property standards, waste and graffiti by-laws. Stakeholders believe that the current fines are minimal and are considered the cost of doing business for some property owners.

Staff identified barriers to seeking higher fines and penalties for non-compliant property owners. First, while the City can determine whether a by-law has been violated, it cannot set the fine for violating the by-law. These fines are set by the Justices of the Peace in the provincial courts system. Second, the majority of violations in rental apartment buildings related to the property standards by-law in Chapter 629 of the Municipal Code, which has limits on the types of fines available (i.e. the maximum fine of \$50,000 for individuals and \$100,000 for businesses, for first convictions).

Notwithstanding the above barriers, the City recognizes the need to take stronger enforcement against negligent landlords. As a result, staff have proposed recommendations in Table 2 to increase the likelihood of having more significant consequences to bylaw violations. The recommendations reflect that the proposed regulatory by-law will establish new offences for which negligent landlords can be charged. Offences under the new by-law will have avenues for greater fine amounts, including authorizing fines to offset any economic gain made as a result of the commission of an offence. These changes would represent an increase in the potential charges and penalties available when ML&S is addressing a non-compliant landlord.

Table 2: Existing and proposed fines and penalties for bylaw violations in rental apartment buildings

Fines or penalty	Description	Existing usage of fine/penalty	Proposed change to fine or penalty
Part I ticket (also known as "set fine")	<p>Fixed fine that may be paid out of court.</p> <p>Maximum permissible fine amount is \$1,000. (Set fine amounts are approved by order of the Senior Regional Justice of the Peace)</p>	In 2016, the MRAB team has laid 16 part I tickets related to existing by-laws.	Enact the proposed regulatory by-law and enable the use of Part I tickets for offences of the new by-law (in addition to the proposed by-law).
Part III summons	<p>Requires recipient to attend court.</p> <p>If convicted, Justice of the Peace determines the fine on a case by case basis.</p> <p>Maximum permissible fine for property standards violations is \$50,000 for individuals and \$100,000 for businesses.</p>	In 2016, the MRAB team has laid 17 part III summons related to property standards violations.	Enact the proposed regulatory by-law. Any violations of the proposed by-law will be subject to a higher maximum fine (\$100,000). The maximum fine for property standards violations remains the same.
Remedial action	<p>City can undertake work required in an order if there is non-compliance from the property owner.</p> <p>The cost of the work is recovered as part of the owner's property tax bill.</p>	In 2015, the MRAB team conducted six remedial actions, totalling \$111,331.	Develop policies and operating procedures for completing remedial actions to improve the City's capacity to undertake such actions.

Fines or penalty	Description	Existing usage of fine/penalty	Proposed change to fine or penalty
Other fines	<p>The <i>City of Toronto Act, 2006</i> gives the City the authority to establish other fines for non-property standards violations.</p> <p>These fines can be imposed upon conviction at the discretion of the Justice of the Peace.</p> <p>Other fines include:</p> <ul style="list-style-type: none"> • <i>Continuing fines</i> for each day that the offence continues, maximum of \$10,000 per day. • <i>Escalating fines</i> for second and subsequent convictions for the same offence, maximum of \$100,000. • <i>Special fines</i> for an offence which are designed to eliminate or reduce any economic advantage or gain from contravening the by-law, no maximum fine. 	These fines are not available for property standards violations.	Enact the proposed regulatory by-law and make these fines available to Justices of the Peace.
Administrative penalties	Processed through an administrative review system rather than a court-based system.	Not currently available.	The creation of administrative penalties for by-law offences requires further review. It remains on the ML&S work plan and staff will report on it at a later date.

Cost Recovery: funding models and options

Council has passed two motions in July 2015 and June 2016 directing ML&S to examine moving MRAB from the tax base to a cost recovery model. The following section explores how to fund the existing MRAB program and the incremental costs related to the implementation of recommendations in this report.

The existing MRAB program is funded by the tax base with very minimal revenues from remedial action (administration fees) and re-inspection fees. ML&S charges property owners a fee of \$96.41 per hour for a re-inspection of a violation on the second and subsequent re-inspection. In 2015, ML&S collected \$98,868 in re-inspection fees. When ML&S undertakes remedial action, property owners are charged for the cost of the action plus a fee of between \$100 and \$2,000 depending on the cost of the contract. Fines issued by the Justice of the Peace are not revenues for ML&S.

Factors to consider in cost recovery

In September 20, 2011, City Council adopted a user fee policy that provides a framework for establishing user fees for City programs. Staff used this policy to guide the development of the cost recovery models presented in the report. According to the policy, user fees should be collected to recover the cost of a service "where it is determined that [the service] provide[s] direct benefits to identifiable individuals, groups of individuals or businesses, beyond those that accrue to the general public." Where a service benefits the general public as well as the specific individual, group or business using the service, the service should be paid for by property tax revenues and user fees according to the percentage of the benefits accrued to the public compared to those accrued by individuals or business, respectively.

The policy also states that tax revenues should be used to fund part or all of a service if full cost recovery would conflict with City policy objectives or if collecting the user fee is inefficient. It also identifies that waivers for user fees should be considered based on the ability of an individual or group of individual to pay the fees and when a waiver would "promote social benefits...including supporting non-profit organizations in the development of projects or activities with clear societal benefits".

Given the user fee policy, ML&S considered the following factors when evaluating how to recover the costs of the proposed program:

- Consider the ratio of benefits to the public compared to direct users of the program.
- Ensure minimum level of funding from reliable sources. Funding from solely from enforcement activities is not reliable as it is dependent on the non-compliance of property owners.
- Ensure fees are not prohibitive to property owners and tenants.
- Minimize costs for compliant property owners and recover costs from non-compliant property owners.
- Consider unique needs of non-profit housing providers, including Toronto Community Housing (TCH).

Proposed program costs

The current program for enforcing property standards in apartment buildings is projected to cost \$3,182,982 in 2016. This includes the current budgeted costs for 18 MRAB staff, the 6 full-time equivalent (FTE) district staff who respond to complaints, plus the overhead costs, such as equipment and facilities. (Previous MRAB annual reports only reported on the salaries of the 18 staff working in the MRAB program.)

Staff estimate that the changes proposed in this report will cost an additional \$1,259,922 and will cover six new staff, funding for stakeholder engagement and improvements to technology. The new program costs are described below and summarized in Table 3.

Table 3: Ongoing and one-time costs of existing and proposed program

Description	Costs (\$)
EXISTING PROGRAM	
MRAB staff: salaries, benefits, materials, supplies, equipment, services and rents, interdivisional charges and indirect/overhead costs	2,486,571
Equivalent of six MSOs for complaints	696,411
Total cost of enforcing property standards in apartment buildings in 2016	3,182,982
PROPOSED PROGRAM	
Six new staff: salaries, benefits, materials, supplies, equipment, services and rents, interdivisional charges and indirect/overhead costs	932,347
Stakeholder Engagement	100,000
Total ongoing	4,215,329
One-time implementation costs	227,575
TOTAL one-time and ongoing	4,442,904

Dedicated funding for stakeholder engagement

Staff are also proposing to add \$100,000 to the program budget for stakeholder engagement. This will cover the development and distribution of communication material to inform landlords and tenants of their rights and responsibilities. This was added to the program based on input received during public consultations and in response to Council directive.

Proposed new staff

The operation of the proposed program will require six full-time employees in addition to the 24 City staff that are currently enforcing municipal by-laws in rental apartment buildings. This is an important program and to ensure that it is operating effectively, it requires the appropriate levels of management oversight and analytical support. The cost of these new employees is \$932,347; this includes salaries, benefits, materials, supplies, equipment, services and rents, interdivisional charges and indirect and overhead costs.

One-time costs for technology and change management

There are one-time costs associated with the program for technology improvements and change management totalling \$227,575. This will cover the development of the online tenant and landlord information portal where anyone can look up a rental apartment building address and find information about the property collected in the registration process and its enforcement activity history.

One-time costs also include funding for technology improvements to internal systems and change management expertise to ensure that the proposed changes are implemented successfully.

Waiving user fees for non-profit housing

In the June report to City Council, staff recommended that program fees be waived for all Toronto Community Housing Corporations buildings as they are City-owned. Properties managed by TCH make up 10% of the buildings and 13% of the units in the proposed program. Based on further consultation with Shelter, Support and Housing Administration, staff propose that any social housing building in which a minimum of 25% of the units are occupied by recipients of a City-administered housing benefit also be exempted from the program user fee. There are 202 buildings representing 21,331 units in this category. These buildings represent 6% of the buildings and units in the proposed program. In total, the buildings excluded from program user fees represent 16% of the buildings and 19% of the units.

These rental buildings should be excluded from the fees because they have an express purpose to provide housing for residents with low incomes and have a limited ability to pay these fees. These non-profits do work that aligns with City of Toronto policy goals stated in the City of Toronto corporate actions 2013-2018 to develop policies that facilitate access to housing for people at all income levels.

The providers receive a range of subsidies from federal, provincial or the City of Toronto covering operating costs, rent subsidies to tenants and/or capital assistance. Funding is provided through various formulas and includes costs for administration and maintenance. There is little flexibility in these formulas and charging user fees may impact the ability of social housing providers to continue operating.

To waive fees in TCH and non-profit housing buildings, staff propose the costs of inspection and enforcement activities associated with serving these buildings be funded by tax revenues. Given that these buildings represent 16% of the buildings and 19% of

units in the program, 20% of the total budget, or \$888,581, should be funded by tax revenues to cover TCH and non-profit housing building program costs.

Blending funding from tax revenues and user fees

Staff propose that the proposed MRAB program be funded by a mix of user fees and tax revenues because the enforcement of bylaws in rental apartment buildings and the additional requirements proposed in this report benefit not only individual groups, but also the larger public. The main focus of the program is to seek compliance with municipal by-laws that uphold living standards for a significant population of Toronto residents.

Tax revenues can also help subsidize the program to ensure user fees are not overly onerous for property owners and minimize the likelihood that the fees will be passed on to tenants through rent increases.

As stated above, a minimum of 20% of the budget should be subsidized by tax revenues to cover the costs of the program associated with non-profit housing providers. However, given the benefits of the program to the public at large, staff propose subsidizing 40%, or \$1,777,162, of the program budget from tax revenues.

Approach to cost recovery: registration fee and enforcement activity fees

The proposed program provides a number of services to property owners and tenants that could be paid for with a user fee.

On the one hand, a registration fee for all buildings could be used to recover the costs of the registration process and all enforcement activity associated with rental apartment buildings. This would mean that all property owners in the program, regardless of compliance with property standards, would cover the costs of non-compliance.

Alternatively, charging user fees that are solely based on non-compliance, such as new fees for audits, and reliance on re-inspections and remedial actions would mean the costs of these services are covered by properties owners that are not compliant with property standards. It would also mean that the program budget is reliant on non-compliance, while the program itself is compliance focused.

Staff propose that the costs of the program be recovered through a registration fee and fees for enforcement activities, with a maximum of 15% of the total budget recovered from enforcement activities (i.e. audits). This mix would ensure that some of the costs of enforcement are recovered from property owners not in compliance with bylaws. It also ensures that the program budget is only partially reliant on non-compliance so that ML&S enforcement activity is not based on a quota system in order to cover the program budget.

Staff propose adding user fees to the audit. The audit user fee will include the cost of the pre-audit. Staff also propose increases to the current user fees for re-inspections. The proposed fees are described in Table 4, along with the rationale for the fees. The hourly rates are based on a review of fees and activities done by MLS in 2015. Based on 2015 levels of activity, these fees would result in \$637,200 in revenue.

Table 4: Current and proposed user fees associated with enforcement activities

Inspection and Enforcement Activities	Existing User Fees	Proposed User Fees	Rationale
Pre-audit	None.	If property requires an audit, the pre-audit fee will be charged to the owner as part of the audit.	Recover costs related to non-compliant properties
Audit	None.	Average: \$7,250	Recover costs related to non-compliant properties. Includes the costs of five re-inspection to monitor compliance.
Appeal	None.	None.	
Complaint inspection	None.	None.	The ability for tenants to make a complaint and receive an inspection is a benefit to the public at large, and therefore should not be funded by a user fee.
Re-inspection (existing user fee for this service)	Yes, after first re-inspection. \$56.41 per hour. Minimum fee: \$96.41	Yes, after five re-inspections (these are included in audit fee). \$250.25 per hour. Minimum fee: \$250.25	
Remedial action	Yes. \$100 to \$2,000, depending on contract size.	Yes. \$100 to \$2,000, depending on contract size.	

Funding options for proposed program

Based on the above, staff have developed four options to fund the enhanced MRAB program proposed in this report. The options are described below and summarized in Table 5. **Option D is the recommended option.**

Option A: This option subsidizes 20% of the program budget through tax revenues. The remaining 80% of the budget is recovered through a registration fee for all buildings in the program of \$13 per unit per year. The fee covers the costs of the registration process, program website and all enforcement activities related to rental apartment buildings in the private market. The tax revenues support the costs of the program associated with non-profit housing providers.

Option B: This option also subsidizes 20% of the program budget through tax revenues. The remaining 80% of the budget is recovered through a registration fee for all buildings in the program of \$11 per unit per year and user fees for pre-audits, audits, re-inspections and remedial action as described in Table 5. This option recovers 15% of program costs from non-compliant property owners. The tax revenues support the costs of the program associated with non-profit housing providers.

Option C: This option subsidizes 40% of the program budget through tax revenues. The remaining 60% of the budget is recovered through a registration fee for all buildings in the program of \$10 per unit per year. The registration fee covers the costs of the registration process, program website and some enforcement activities associated with private property owners. The tax revenues support the costs of the program associated with non-profit housing providers and subsidize some of the program costs associated with private property owners. This options reflects the idea that the enhanced MRAB program provides not only significant value to individual property owners and tenants, but also the public at large.

Option D: This option subsidizes 40% of the program budget through tax revenues. The remaining 60% of the budget is recovered through a registration fee for all buildings in the program of \$8 per unit per year and user fees for pre-audits, audits, re-inspections and remedial action as described in Table 5. This option recovers 15% of program costs from non-compliant property owners. Tax revenues support the costs of the program associated with non-profit housing providers and also subsidize some of the program costs associated with private property owners. Option D reflects the assessment above that the program provides significant value to the public at large in addition to individual property owners and tenants in particular buildings.

Staff recommend Option D because the tax revenue subsidy (40% of total budget) more accurately reflects the percentage of the program that benefits the public at large and a portion of the revenue (15% of total budget) is recovered from non-compliant landlords.

Table 5: Options for funding the proposed program

Options	A	B	C	D (recommended)
---------	---	---	---	-----------------

Options	A	B	C	D (recommended)
Description	20% subsidy, 80% registration fee	20% subsidy, 65% registration fee, 15% enforcement activity fees	40% subsidy, 60% registration fee	40% subsidy, 45% registration fee, 15% enforcement activity fees
Total budget	\$4,442,904	\$4,442,904	\$4,442,904	\$4,442,904
Recovered from tax revenues	\$888,580 (20%)	\$888,580 (20%)	\$1,777,161 (40%)	\$1,777,161 (40%)
Recovered from user fees	\$3,554,323 (80%)	\$3,554,323 (80%)	\$2,665,742 (60%)	\$2,665,742 (60%)
Recovered by registration fee	\$3,580,317 (80%)	\$2,917,123 (65%)	\$2,665,742 (60%)	\$2,028,542 (45%)
Recovered by enforcement actions	-	\$637,200 (15%)	-	\$637,200 (15%)
Registration fee per unit	\$13.00	\$11.00	\$10.00	\$8.00
Registration fee for building with 100 units (70% of buildings in the program have 100 units or less)	\$1,300.00	\$1,100.00	\$1,000.00	\$800.00

Modelling a fee increase to increase staff complement

On November 2, 2016, Tenant Issues Committee passed the following motion: "City Council direct the Executive Director, Municipal Licensing and Standards to model alternative fee structures that would increase registration fees and add by-law officers, but avoid reaching the threshold under the *Residential Tenancies Act, 2006* (RTA), for municipal charges and fees and include these models in her upcoming report."

Staff found that an increase in the registration fee of \$0.43 per unit per year would recover the costs of one new municipal standards officer for the program. Accordingly, an increase of \$2.17 would fund five new MSOs and an increase of \$4.34 would fund ten new MSOs.

Increasing the registration fee and adding more MSOs would increase the portion of the budget recovered through fees and decrease the portion of the budget recovered by tax revenues. For example, funding option D proposed recovering 40% of costs from tax

revenues, 15% from enforcement user fees and 45% from a registration fee or \$8.00. Increasing the registration fee to \$8.43 per unit per year to add one MSO would mean 47% of budget would be recovered from the registration. Increasing the registration fee to \$10.17 per unit per year to add five MSOs would mean 52% of budget would be recovered from the registration fee.

Impact of Fees on Rent

A key consideration in determining the extent of cost recovery through fees is the potential impact on rents given the dearth of affordable housing in Toronto. Staff heard during the consultations that various stakeholders do not want the costs of the program to be passed on to tenants.

The City does not regulate rent increases and cannot provide any assurances that the costs outlined in this report will not be passed on to tenants through a guideline or above guideline increase. All property owners can raise rent on vacant properties with no restriction. Around 2% of rental buildings in the proposed program face no restrictions on rent increases.

For property owners that do face restrictions, user fees could be passed to tenants through a guideline increase if the increase to rent is less than 1.5%. Staff analysis found that the registration fee represents on average less than 0.2% for most rents. In addition, the Landlord and Tenant Board may make orders setting out rent increases for a particular property owner. Ultimately, it is up to the property owner to decide how to pay for the user fees.

Given the above, staff worked to develop a program with as low a registration fee as possible to minimize the potential impact on tenants. The registration fees proposed in options A through D, if passed directly to tenants in the form of a rent increase, would result in an increase of between \$0.67 and \$1.08 per month. For further analysis, see Attachment 5.

Timelines for Implementation

Table 6: Proposed implementation schedule for key changes

Action	Schedule
Draft regulatory by-law with new building requirements presented to City Council for approval	March 2017
Launch of benchmarking initiative	Q1 2017
Launch of building registration and collection of fees	Q3 2017
Launch of Tenant and Landlord Information Portal	Q3 2017

Future projects

The proposals outlined in this report are a building block in the development of a more effective regulatory and enforcement approach to improving the living conditions of

tenants in rental housing. Staff have identified other projects that will be undertaken in 2018 because they require more research and/or time for implementation.

Develop service standards and outcome measures

As a result of the proposed changes, ML&S staff will need to review and update the current service standards for inspection and enforcement activities in rental apartment buildings (see Attachment 6 for current service standards). Service standards help ensure the program activities are efficient and meeting stakeholder needs.

Staff will also identify outcomes measures to evaluate the impact of the proposed efforts on the living conditions of tenants in Toronto's rental apartment buildings. These measures will be accompanied by the development and implementation of appropriate data collection mechanisms.

Consider expanding program scope

Some rental buildings in Toronto already have a level of oversight by other organizations or agencies to ensure that they are providing quality housing to tenants. The Certified Rental Building Program (CRB) is managed and operated by Federation of Rental-Housing Providers of Ontario (FRPO) and certifies approximately 200 buildings in Toronto that meet the scope of the MRAB program. Shelter Support and Housing Administration (SSHA) at the City of Toronto oversees 202 buildings in the proposed program that receive City-administered funding. ML&S will collaborate with both stakeholders to identify opportunities for integrating requirements and avoid duplication of efforts.

During the consultations, some participants expressed the need to include other types of rental housing in the program such as rentals in condominiums and secondary suites. The appropriateness and feasibility of extending the property owner requirements and inspection scheme to these types of rental housing will be examined in 2018.

Explore feasibility of a rating system

Many tenants and tenant associations underscored the importance of creating a rating system for rental apartment buildings, similar to Toronto Public Health's "DineSafe" program. The purpose of the rating system would be to publically identify substandard buildings and help prospective tenants decide where to rent. At the moment, the City of Toronto does not have complete information of all rental apartment buildings in order to realize such a system across the city. ML&S is proposing to collect building information through the registration process and different types of inspections. After these changes are introduced, staff will explore the merits and feasibility of facilitating a rating system for rental apartment buildings that could be either hosted online or prominently displayed in the lobby of apartment buildings.

Implementing Administrative Penalties

Administrative penalties are a mechanism for enforcing compliance with certain bylaws that uses an administrative review system rather than a court system. Under an administrative penalty system (APS), individuals would receive a notice of violation rather than a set fine or court summons and have the option of paying the notice, or

seeking an administrative review of the notice that can be done online or in person. An APS allows the City of Toronto more control over minor offences and improves the ease through which offences pass through the system. An APS would be used for violations of bylaws under the authority of the *City of Toronto Act, 2006*. A further review would be necessary to determine if the APS could be used for property standards violations because these provisions are enacted under the *Building Code Act, 1992*.

In July 2016, City Council adopted a motion to establish a system of administrative penalties for parking violations to be effective May 15, 2017. Once the system is established, additional time will be required to deal with unexpected challenges and make necessary changes. ML&S staff are not considering using the APS for bylaw violations until the parking APS is fully implemented.

CONTACT

Mark Sraga
Director, Investigation Services
Municipal Licensing and Standards
416-392-7633
msraga@toronto.ca

SIGNATURE

Tracey Cook, Executive Director
Municipal Licensing and Standards

ATTACHMENTS

Attachment 1	Jurisdictional scan
Attachment 2	Results from 2015 Ipsos Reid survey on apartments and condominiums
Attachment 3	Consultation findings from online survey, 2016
Attachment 4	Proposed building information requirements at registration
Attachment 5	Impact of proposed program fees on rent
Attachment 6	MRAB activities and service standards