

**Attachment 1: City of Toronto Comments on Future Regulations to Create a Balanced Framework Around Municipal Rental Replacement By-Laws
Ontario Regulatory Registry Proposal Number 23-MMAH005**

Proposed future regulation that would regulate matters such as:	Impact Assessment	Level of Support	Rationale	Recommendations
<p>Prescribing minimum requirements for landowners to give tenants the option to rent a 'replacement unit' at the same location as their demolished unit, and at a similar rent. This requirement would apply in instances where a 'replacement unit' is required to be built at the same location as the demolished unit.</p>	<p>Based on the level of detail provided in the proposed future regulatory framework summary, the impact is unclear and would depend on final implementation. However, the proposed future regulatory framework generally aligns with the City's current approach which requires replacement units to be:</p> <ul style="list-style-type: none"> provided and offered to eligible tenants (tenants at the time the application is made) where six or more existing rental units are proposed to be demolished. provided on site. Offsite replacement is permitted under limited circumstances at the discretion of the City. For example, the City permitted the offsite replacement of rental units located across four nearby development sites at Yonge and Eglinton (110-120, 117-127 and 174-180 Broadway Avenue and 227-233 Redpath Avenue), which allowed over 300 replacement rental units to be co-located in a single purpose-built rental building. offered at similar rent (defined as rent tenants were paying plus any permitted Ontario Guideline increases while they were displaced). Future rent increases for returning tenants are restricted to the Guideline for the length of their tenancy. When there is a change in how utilities are paid (e.g., a tenant needs to pay a utility they previously did not need to pay for) rent is adjusted accordingly. Additional costs for services tenants can decline, such as parking or storage lockers is not included. 	<p>Support in principle (More Information Needed)</p>	<p>As the City continues to encourage and approve new housing supply, there is a need to ensure this new supply does not result in a net loss of existing affordable rental housing. While nearly half of Toronto households rent, historically only about 11% of housing completions have been for new rental housing.</p> <p>Toronto's Right-Sizing Housing and Generational Turnover Bulletin estimated that under a 'business as usual' rate of production from 2016 to 2051, Toronto could have a shortfall of 98,000 to 114,000 rental units (or approximately 2,800 - 3,260 rental homes per year). Other studies, such as the Purpose-Built Rental Housing in the Greater Toronto Area, forecast that more than 300,000 rental homes are needed in the GTA in the next decade to respond to the backlog and meet future needs.</p> <p>Toronto's rental demolition by-law, which has been in force since 2007, recognizes that our existing stock of rental housing is an asset that must be preserved. Purpose-built-rental housing offers security of tenure not possible through the secondary housing market, such as condominium housing.</p> <p>Requirements for replacement rental units ensures that as new housing is built, there is no net loss of rental housing. Over the last 15 years the City's by-law has been in place, the City has seen a consistent</p>	<p>General Any regulation should maintain the ability of municipalities to continue to define key terms, such as similar rent, and allow for implementation practices that respond to local conditions.</p> <p>Location of units Any regulation should require replacement units to be provided on the same site but could maintain flexibility for municipalities to permit off-site replacement units at their discretion.</p> <p>Similar Rent Any regulation should define 'similar rent' as the rent a tenant was paying as of the date the notice of eviction was issued plus any annual Guideline increases during the period of displacement. Any additional rent increases should not be permitted.</p> <p>Any regulation should outline that future rent increases for returning tenants shall be restricted to the Guideline for the length of the tenancy. This is important, as such tenants were previously protected by Guideline increases, and without such a protection, tenants could otherwise see steep rent increases they are unable to afford.</p> <p>Any regulation should also include consideration of utilities in the determination of 'similar rent'. If there is a change in how utilities are paid for replacement units (e.g., a tenant needs to pay a utility they previously did not need to pay for), rent should be adjusted accordingly.</p>

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			<p>number of rental demolition applications submitted each year. Applications range in size, from existing rental buildings with 6 units to over 250 units. The continued number of applications and scale of buildings has demonstrated that the City's existing rental replacement requirements have not acted as a barrier to the renewal of the existing stock.</p> <p>The former Rental Housing Protection Act was applied to rental properties with five or more units. Maintaining a similar threshold (e.g., six or more units under the rental demolition provisions of the City of Toronto Act) is appropriate.</p>	<p>This approach helps ensure units remain affordable to tenants if they choose to return.</p> <p>When Replacement Should be Required In line with the City of Toronto's policies, any regulation should establish requirements to replace demolished rental housing where at least six rental units are proposed to be demolished, unless:</p> <ul style="list-style-type: none"> • All of the rental housing units have rents that exceed 1.5x average market rent (as determined by the Canada Mortgage and Housing Corporation (CMHC) in its latest Rental Market Report); or • In Council's opinion, the supply and availability of rental housing in the city has returned to a healthy state and is able to meet the housing requirements of current and future residents. <p>Clear definition of demolition The Minister's regulation should establish a clear definition of demolition consistent with the definition currently outlined in the City's rental housing demolition by-law:</p> <p>DEMOLITION - The demolition of all or part of a building and includes interior renovations or alterations that will result in a change to the number of:</p> <ul style="list-style-type: none"> A. Dwelling units; or B. Dwelling units by bedroom type

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<p>Set common rules about the types of compensation that would be required to be provided to displaced tenants.</p>	<p>Based on the level of detail provided in the proposed future regulatory framework summary, the impact is unclear and would depend on the amount of compensation any future regulation determines should be provided to displaced tenants. Any restrictions on compensation would be borne by tenants of rental buildings proposed for demolition and could result in increased rate of eviction, housing instability for renters and increased demand for homeless services.</p> <p>The City's priority is to secure compensation and other assistance to lessen hardship of displacement and to support tenants in continuing to access and afford housing within their neighbourhood.</p> <p>The City's current standard practice is to secure the following for tenants who are renting an existing rental unit at the time the development application is submitted:</p> <ul style="list-style-type: none"> • 6 months of notice, inclusive of Residential Tenancies Act (RTA) requirements, prior to moving out. The City's practice is to align the move-out date with issuance of NOAC, so the notice period does not delay construction of the new development. • 3 months of rent (as required by the RTA). • Rent gap payments for the length of displacement, based on a tenant's rent vs. CMHC average market rent for vacant units of the same type in the same zone. • 4 months of rent for tenants with special needs (e.g., seniors aged 65+ or people experiencing significant physical or mental conditions). Seniors and people with disabilities often require more 	<p>Support in Principle (More Information Needed)</p>	<p>Transparency in compensation can help provide certainty to both developers and tenants. However, without details around tenant assistance being contemplated by the Province it is difficult to assess.</p> <p>Appropriate compensation is important for building consensus for rental redevelopment, ensuring tenants can find alternative housing without delaying the start of construction, and supporting tenants that will be impacted.</p> <p>The provision of rent gap payments is intended to better align compensation with tenant hardship—compensation is higher for tenants with below market rents than those with market rents, reflecting the financial impact of displacement.</p> <p>Average rents paid by tenants are generally significantly lower than asking rents in purpose built rental buildings. According to CMHC's 2022 Rental Market Survey (conducted in October 2022) the average tenant in a one-bedroom units pays \$1,533 in rent, while the asking rent for vacant one-bedroom units in purpose-built rental buildings was \$1,805. A similar gap exists across all unit types.</p> <p>The median tenant household in the City of Toronto earned \$45,498 in 2015 according to the 2016 Census. If wages have grown with CPI this would equate to an income of</p>	<p>The City is supportive of a consistent and common approach to tenant compensation, as it provides transparency and certainty. However, any regulation should allow compensation to be reflective of local housing market conditions, as displaced tenants face different housing costs across Ontario municipalities (e.g., average rent of vacant apartment units in Toronto is \$1,971 compared to \$1,152 in Windsor). A household would need to earn at least \$78,840 (an income between the 60th and 70th percentile of renter households) to afford the \$1,971 average rent of vacant apartment units in Toronto without spending more than 30% of their income on housing costs. Any regulation should establish appropriate compensation to support displaced tenants to continue to access and afford housing in the city.</p> <p>Tenant compensation above what is outlined in the RTA should be provided for all tenants impacted by a development proposal, regardless of how many units are proposed to be demolished and regardless of if replacement is required. Compensation should lessen hardship and minimize the financial impacts of displacement on tenants and include:</p> <ul style="list-style-type: none"> • Moving allowances • The provision of suitable alternative accommodation at the same rent, or compensation that bridges what a tenant currently pays and what they would reasonably pay for similar accommodation (e.g., size, location/unit type) in the market. • Additional compensation for tenants with special needs, such as seniors and people with disabilities

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	<p>support to move (e.g., packing services may be required) and to find appropriate alternate housing that meets their needs.</p> <ul style="list-style-type: none"> • Moving allowances, which vary by unit type (e.g., three-bedroom units receive a higher moving allowance than studio units), based on regular surveys of actual moving costs in Toronto • Access to a leasing agent. <p>Tenants who move into a building after an application has been submitted and sign a lease addendum when they move in acknowledging that a rental housing demolition application has been made are provided with compensation in accordance with the RTA, along with 6 months of notice and 4 months of rent for tenants with special needs.</p>		<p>\$56,485 in 2023. Without spending more than 30% of their income on housing, such a median tenant household could afford \$1,412 per month in rent—less than the average asking rent for vacant studio apartment units (\$1,550). This means that many tenants are unlikely to find housing that is affordable to them when they are evicted for the purpose of demolition. Compensating tenants is important as this is hardship tenants would not have faced but for the demolition of their unit to facility new housing supply.</p>	<p>Other assistance should be provided to tenants to help with the move out process:</p> <ul style="list-style-type: none"> • At least 6 months’ notice, to provide tenants additional time to find housing that is suitable and affordable to their household. and need to find interim housing. The 4 months’ noticed provided for in the RTA does not provide sufficient time for tenants in Toronto to relocate, where the vacancy rate is 1.7% and alternate housing options are limited. • Access to a leasing agent responsible for finding listings and coordinating applications.
<p>Prescribe minimum requirements for landowners to build 'replacement units' with the same core features (e.g., bedrooms) as demolished units.</p>	<p>General alignment with the City’s requirements which require the same number of units to be replaced and replacement unit to be the same unit type (number of bedrooms) as the existing units.</p> <p>The proposed future regulatory framework summary does not provide critical details on the following how core features are being defined and requires more information.</p>	<p>Support in Principle (More Information Needed)</p>	<p>Minimum requirements for 'like-for-like' replacement ensures that the general supply and type of rental housing is maintained.</p> <p>City staff are supportive of minimum requirements being prescribed. However, the minimum requirements should allow flexibility to secure more family-sized rental units. For example, at 109 Erskine Avenue, the City permitted some studio units to be replaced as one-bedroom units and some two-bedroom units to be replaced as three-bedroom units at the applicant’s request. This outcome supported both the applicant’s objective to provide large unit types and the City’s objective to create housing that meets the needs of families.</p>	<p>Any regulation should require, at a minimum, that at least the same number of units and same unit mix, or unit mix with more family-sized units, be provided.</p>

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<p>Limit municipalities from imposing minimum square footage requirements for 'replacement units'.</p>	<p>This change would have a negative impact to the City's housing supply, as it would lead to a reduction in the rental replacement gross floor area (GFA) secured and potentially the amount of rental replacement housing the City secures compared to current practices.</p> <p>The City currently requires that 100% of the total GFA of the existing rental units is replaced by bedroom type. This approach is also used for the replacement of dwelling rooms, where the City permits existing dwelling rooms to be replaced by a fewer number of studio units, provided 100% of the total GFA is replaced.</p> <p>Any units currently occupied by tenants are expected to be replaced at a similar size. In practice, the City expects that the average size of the existing units match the average size of the replacement units, by bedroom type. This allows flexibility in sizes on a per unit basis, but ensures that overall, the redevelopment proposes 'like-for-like' replacement. Where very large units are demolished, the City has provided flexibility to allow for the replacement of smaller unit sizes, provided the ongoing livability of the unit is maintained. In some circumstances, remaining GFA has been allocated towards the creation of additional replacement rental units.</p>	<p>Do Not Support</p>	<p>Limiting municipalities from imposing minimum square footage requirements will lead to an erosion of rental supply and rental housing quality.</p> <p>According the 2016 census, 44.2% of renter households (nearly 100,000 households) lived in unsuitable housing (i.e., too small/too few bedrooms). As noted in the City's Right-Sizing Housing and Generational Turnover, bulletin (2021), Indigenous, immigrant, refugee and racialized populations in Canada often experience higher rates of underhousing than the general population. Where households cannot find affordable housing with the appropriate number of bedrooms, units with more floor area may provide greater flexibility, with GFA substituting for the ideal number of rooms. By eliminating replacement square footage requirements, tenants that already live in unsuitable housing will be further impacted, leading to further overcrowding.</p> <p>There are many families living in rental homes proposed to be redeveloped, whose homes would become unsuitable if their replacement rental unit is not reflective of their existing unit size. For example, if municipalities were limited from imposing minimum square foot requirements for replacement units, it would allow the home of a family of four living in a 2-bedroom 950 square foot unit to be demolished and</p>	<p>The City should not be restricted from regulating minimum size requirements for replacement rental units. Any regulation should enable municipalities to require 100% of the total GFA of the existing rental units to be replaced by bedroom type.</p> <p>Reductions in unit sizes should be provided at the City's discretion and reflect housing need. For instance, reduction in replacement unit sizes for vacant units only, provided that additional units are secured at affordable rents for 10 years to ensure 100% of the total GFA is replaced. This approach supports the Province's goal of increasing housing supply, creates needed new rental supply that addresses the immediate need for new affordable housing. This requirement would maintain (and/or grow) rental supply both with respect to unit counts and overall GFA.</p> <p>Any regulation should continue to enable the City to require 'like-for-like' replacement housing, particularly for occupied rental units with returning tenants. Any regulation should require that units with returning tenants be secured at the same average size as those proposed to be demolished.</p> <p>Any regulation should provide for the City to require that units without returning tenants be secured at least at the same average unit size, by unit type, as the market units in the development.</p>

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			replaced with a 650 square foot unit. This loss in square footage could result in the family having furniture that no longer fits in their replacement unit or not having a bedroom big enough for their two children.	
Questions to Consider				
Should rent for replacement units be regulated? If so, how?	<p>The City's practice is to secure rents for all replacement units for a period of at least ten years, including when there is no returning tenant and when the returning tenant moves out within the ten-year period.</p> <p>Rents for replacement units with new tenants are established based on rent classifications determined at the time of application.</p> <ul style="list-style-type: none"> Any units with rents meeting the City's affordable rent definition are secured at an affordable rent. Any units with rents meeting the City's mid-range rents definitions are secured accordingly as well. Any units with 'high-end' rents are not subject to rent restrictions imposed by the City. <p>For sitting tenants of replacement units, any annual rent increases are limited to the Guideline.</p>	N/A	<p>The majority of rental units proposed to be demolished are rented at below-market rents, in part because they often represent an older portion of the housing stock. Older units in the city are inherently more affordable. According to the 2022 CMHC Rental Market Survey, the older a building is, the more affordable its rents:</p> <p>Average rent by building age:</p> <ul style="list-style-type: none"> Pre 1960: \$1,426 1960-1974: \$1,575 1975-1989: \$1,602 1990-2004: \$1,743 2005+: \$2,155 <p>Existing units if not demolished would continue to offer a much more affordable rent than new units for longer than ten years. These units would continue to be affordable for sitting tenants, as the existing units are subject to Ontario's rent increase Guideline.</p> <p>The 2021 Census reported that 220,490 renter households in Toronto (or 40% of all renter households) experienced affordability issues. Without the ability to protect the</p>	<p>Any regulation should not prevent municipalities from regulating rent for replacement units. Existing tenants should have the right to return at similar rents.</p> <p>Any regulation should require rents for replacement units leased by new tenants to be subject to the following restrictions for a period of at least 10 years:</p> <ul style="list-style-type: none"> Maximum initial rents should be based on the rent classification (affordable, mid-range or high-end) at the time of application. Annual rent increases for sitting tenants should be restricted to the provincial rent increase Guideline for the length of the tenancy. <p>Such an approach allows for limited rent increases in replacement units when tenants do not return, or when tenants move out during the initial ten-year period. This approach is recommended as it will help maintain the supply of units available to lower-income households.</p>

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			<p>existing supply of affordable units, there will be a further erosion of units affordable to renters which will only worsen the city's housing affordability challenges.</p> <p>Toronto's existing stock of below-market housing is an asset that must be preserved.</p>	
<p>Are there any types of entities/institutions that own or operate residential rental properties of six or more units that should be exempt from rental replacement rules? If so, what are they, and why should they be exempt?</p>	<p>City policies apply to all rental housing providers and to all units considered rental units under the Residential Tenancies Act. For example, long-term care homes and post-secondary operated student residences that are not subject to the RTA are exempt from rental demolition control.</p> <p>The City's rental demolition and conversion control by-law does not apply to rental units located in a condominium registered under section 2 of the Condominium Act or rental units located in a life-lease project.</p> <p>The City does not require rental replacement when all the existing units are 'high-end' or luxury units (rents which exceed 1.5x average market rent).</p>	<p>N/A</p>	<p>The City's existing policy framework ensures alignment with the RTA when determining whether the rental replacement by-law applies and that units that form part of the City's existing supply of rental housing are replaced should they be redeveloped.</p>	<p>The rental replacement regulation should apply to all developments proposing to demolish 6 or more rental units. The following exemptions should apply:</p> <ul style="list-style-type: none"> • Any units exempt from the RTA (e.g., long term care homes); and • Rental units that are part of a condominium or life lease project.
<p>Are there any other elements the government should consider?</p>		<p>N/A</p>		<p>Municipal Authority Recommend that municipalities continue to maintain the authority to determine appropriate rental replacement proposals, including the principle that replacement units should be integrated with and indistinguishable from other units in the building (e.g., 'poor doors' are not acceptable).</p>

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				<p>Maintaining rental tenure Recommend that replacement units are secured as purpose-built rental units (i.e., not condominium registered) for a minimum twenty-year period. This requirement is important as condominium units are exempt from the City’s rental housing demolition by-law, and therefore lack the same protections replacement units secured as rental units would provide, meaning they could more easily be removed from the rental market in the future.</p> <p>Dwelling Room Replacement Replacement policies and tenant assistance requirements should be extended to dwelling rooms in addition to dwelling units. From a tenancy perspective, dwelling rooms are governed by the Residential Tenancies Act, but dwelling rooms are not covered by the Rental Demolition provisions in the City of Toronto Act which only protect “dwelling units”.</p> <p>Historically, dwelling rooms have provided a critical low-end of market rental housing option. In recent years, many existing dwelling rooms have been lost as properties undergo redevelopment. Individuals who live in rooming houses are often vulnerable and may include households with low incomes, seniors on fixed incomes, newcomers to the city and students. These tenants very often require housing support services and financial assistance to find and maintain alternative affordable housing as they are often unable to afford the rent for a self-contained unit. Without dwelling rooms and other low-end of market housing, many of these tenants do not have other private market housing options.</p>

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				<p>Transition There are currently 73 active Rental Housing Demolition applications involving the demolition of six of more existing rental units under review. Together, these applications proposed to demolish over 3,440 existing rental units. Transition provisions must be included in any regulation to ensure that any Rental Housing Demolition Applications submitted prior to any regulation coming into force will continue to be reviewed under the City's existing by-law and policies. For all active applications, communication has already been provided to tenants outlining the review process, right to return and compensation package.</p> <p>Conditions before passing a by-law Toronto's Official Plan rental replacement policy has been in effect since 2006 and implementing rental demolition by-law has been in force since 2007. Staff recommend the pre-condition requirement be deleted from proposed subsection 111(7)(d) of COTA, as Toronto has already had an existing by-law in place for the past 15 years.</p> <p>Tenant Engagement As Rental Housing Demolition applications directly impact people's existing homes, any regulation should enable municipalities to engage with tenants (e.g., tenant notices, tenant meetings) prior to approval of an application.</p> <p>Definitions Staff recommend that any regulation enable the City to establish their own definitions of affordable rental housing. Should a definition be included in any</p>

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				<p>regulations, the definition of affordable rental housing should be consistent with the City’s in-force income-based definition.</p> <p>Cash-in-lieu Any regulation passed that purports to permit development without appropriate replacement rental units would not address the serious and significant immediate challenges with the stock of rental housing.</p> <p>Fees/Charges Maintain municipal decision-making regarding fees and charges. The City’s does not currently apply development charges to replacement rental units where development charges have already been paid for existing rental units. Further, the City does not apply Community Benefits Charges or parkland dedication requirements to replacement rental units.</p>