

## **Amendments to Toronto Municipal Code Chapter 667: Rental Demolition and Conversion By-law**

**Date:** November 16, 2023

**To:** Planning and Housing Committee

**From:** Chief Planner and Executive Director, City Planning

**Wards:** All

### **SUMMARY**

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This report recommends that City Council amend Chapter 667 of the Toronto Municipal Code, the Residential Rental Property Demolition and Conversion Control By-law (“**Chapter 667**”), in response to recommendations made by the Auditor General respecting tenant access to affordable rental replacement housing based on financial need, and to improve administrative coordination with Toronto Municipal Code, Chapter 363 (Building Construction and Demolition) (“**Chapter 363**”) and to improve the clarity of the process for the public.

Chapter 667 prohibits the demolition or conversion of residential rental units in buildings containing six or more residential units, of which at least one is rental, without obtaining a permit from the City. This report advances proposed amendments, developed in consultation with Legal Services, which include:

- The requirement for owners of affordable rental replacement units to develop and implement an Access Plan, which includes the use of the City’s Centralized Affordable Rental Housing Access System upon operation of the system, along with income eligibility requirements;
- Streamlining the coordination efforts between Toronto Building and the City Planning with respect to the administration of different chapters of the Municipal Code; and
- Stylistic, technical and process updates to improve accuracy and clarity for the public, including changes to permitted conditions of approval for applications delegated to the Chief Planner to include tenant relocation and other assistance for impacted tenants.

The recommendations in this report build on recent staff efforts to standardize affordable rental housing eligibility requirements and to harmonize City Planning’s administration of affordable rental housing with the Housing Secretariat’s practices.

Staff recommend that City Council adopt the recommendations in this report and amend Chapter 667 in accordance with Attachment 1 to this report.

## **RECOMMENDATIONS**

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The Chief Planner and Executive Director, City Planning recommends that:

1. City Council amend subsections 667-1 to 667-19 of the Toronto Municipal Code, Chapter 667 (Residential Rental Property Demolition and Conversion Control) in accordance with the amendments set out in Attachment 1 to this report, subject to such stylistic and technical changes as may be required;
2. City Council authorize the City Solicitor to prepare the necessary Bills for introduction to City Council to implement the above noted amendments to the Toronto Municipal Code, Chapter 667 (Residential Rental Property Demolition and Conversion Control), subject to such stylistic and technical changes as may be required; and
3. City Council reiterate previous requests to the Province of Ontario to:
  - a. not advance a regulation for municipal rental replacement by-laws until meaningful consultation with the City and stakeholders has taken place, including consultation on all draft regulations; and
  - b. amend Section 111 of the City of Toronto Act to enable the City to pass a by-law to prohibit and regulate the demolition and conversion of dwelling rooms.

## **FINANCIAL IMPACT**

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City Planning confirms that there are no financial implications resulting from the recommendations included within this report in the current budget year or future budget years. The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## **EQUITY IMPACT STATEMENT**

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The City of Toronto's quality of life, economic competitiveness, social cohesion, and diversity depend on current and future residents being able to access and maintain adequate, affordable, and appropriate housing along with equitable access to community services and facilities that support the needs of all residents.

The proposed changes to Chapter 667 will ensure affordable housing secured by City Planning is offered to tenant households in need of affordable housing, while advancing several of the City of Toronto's housing strategies and commitments, including the HousingTO 2020-2030 Action Plan and Toronto Poverty Reduction Strategy.

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. It is also centred on a human rights-based approach to housing which recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive sustainable and liveable communities.

Protecting the existing supply of homes, including permanent affordable and mid-range rental homes, across the city is critical to preventing homelessness and improving housing stability for residents.

In addition, while the City works to protect and increase the supply of affordable rental housing to better address the needs of residents, it is important that affordable homes are offered and filled in a way that is fair, equitable and transparent.

## **DECISION HISTORY**

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On July 16, 17, 18 and 19, 2007, City Council adopted PG7.1 - "Implementing By-law for Section 111 of City of Toronto Act-Rental Housing Protection" bringing into full force and effect Chapter 667 and implementing the City's authority under Section 111 of the *City of Toronto Act, 2006* to prohibit and regulate the demolition and conversion of residential rental properties. At this meeting, City Council also approved related amendments to Chapter 363 to coordinate the requirements of these two chapters of the Toronto Municipal Code.

<https://www.toronto.ca/legdocs/mmis/2007/pg/reports/2007-06-28-pg07-cr.pdf>

On December 17, 2019, City Council adopted Item PH11.5 – HousingTO 2020-2030 Action Plan. The HousingTO 2020-2030 Action Plan provides the strategic framework to guide the City's efforts on housing and homelessness needs over the next ten years. Action 22 of this Plan is for the City to modernize and simplify access to social and affordable housing by developing and implementing a transparent access system for new affordable housing opportunities. Action 36.b. is to undertake a review of the City's rental demolition and replacement Official Plan policy, including implementation approaches and practices including a review of affordability periods and eligibility criteria for new tenants.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

On December 16, 2020, City Council requested the Auditor General to consider adding to the Auditor General's 2021 Work Plan, an audit of previous replacement rental units to assess whether a CreateTO incident was an isolated issue and whether units have been allocated in accordance with City policy, in consultation with the Chief Planner and Executive Director, City Planning.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.AU7.5>

On July 14, 2021, City Council adopted AU9.16 – Response to City Council's Request for an Audit of Affordable Replacement Rental Units. This report included recommendations from the Auditor General for City Planning, the Housing Secretariat and Shelter, Support and Housing Administration to consider how access plans, tenant selection, eligibility verification, and compliance monitoring can be incorporated and

standardized in all agreements for affordable housing and requested the Auditor General to consider conducting an audit to determine the extent to which developers have complied with the City of Toronto's rental replacement policy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.AU9.16>

On April 6, 2022, City Council adopted Item AU11.3 – Revisiting Legacy Rental Replacement Policies to Align them when the City's Affordable Rental Housing Expectations, from the Auditor General. This report included recommendations for the City to enhance its City Planning agreements and processes to better align with the City's priorities for making affordable rental replacement housing accessible to all households based on financial need. This included: 1) Strengthening requirements for offering affordable rental replacement units through fair, open and transparent processes; 2) Standardizing affordable rental housing eligibility requirements including updating Section 111 Agreements; and 3) Harmonizing processes and requirements for administering affordable rental housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.AU11.3>

On July 19, 2022, City Council adopted Item PH35.50 – Local Priority Rules for Rent-Geared-to-Income Housing and Centralizing Access for Affordable Rental Housing. This report directed the Chief Planner and City Solicitor to bring forward necessary changes to Chapter 667 of the Municipal Code (Residential Rental Property Demolition and Conversion Control by-law) to include reference to the Centralized Affordable Rental Housing Access System for affordable replacement rental units and potential remedies for non-compliance.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.PH35.20>

On May 10, 2023, City Council adopted Item PH3.21 - Feedback on Potential Provincial Regulation(s) on Municipal Rental Replacement By-law. This report includes City of Toronto comments to the Province of Ontario regarding potential regulations around municipal rental replacement by-laws, and recommended the Province undertake meaningful consultation with the City, including consulting on a draft regulation that clearly outlines proposed restrictions, limits and conditions, prior to any regulations coming into force and effect.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH3.21>

On October 11, 2023, City Council adopted Item PH6.1 - HousingTO 2020-2030 Action Plan - 2022-2023 Annual Progress Update. This report included a progress update and identified next steps regarding the development of the Centralized Affordable Rental Housing Access System.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH6.1>

On October 11, 2023, City Council adopted item MM11.16 – Rental Demolition Permits and Market Rentals. This motion directs the Chief Planner to report back to Planning and Housing Committee by Q1 2024 with recommendations for increasing the number and length of tenure of rental units in new developments as a condition of approval for rental housing demolition applications approved by City Council.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MM11.16>

## COMMENTS

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### **Legislative and Policy Framework**

Section 111 of the City of Toronto Act, 2006 provides City Council with the authority to regulate the demolition and conversion of residential rental properties in the City, provided that City Council passes a by-law to implement this authority. In July 2007, City Council adopted PG 7.1 – Implementing By-law for Section 111 of City of Toronto Act – Rental Housing Protection”, which brought into full force and effect Chapter 667 and implemented the City’s authority under Section 111 of the City of Toronto Act, 2006.

Chapter 667 prohibits the demolition or conversion of residential rental units in buildings containing six or more residential units, of which at least one is rental, without obtaining a permit from the City. Section 111 and Chapter 667 apply to self-contained rental units and not dwelling rooms.

Chapter 667 was enacted following a long history in the City of Toronto of concern for the protection of rental housing and for a consistent framework of provincial and City policies to deal with proposals to demolish or convert rental housing. Most of the City’s housing with affordable rents (at or below average market rent) is in private rental housing. Protecting the City’s rental housing stock also protects a large supply of affordable housing. Providing housing options, by tenure and affordability, across all neighbourhoods throughout the City are important City objectives and are highlighted in the Official Plan. Protecting existing rental housing, with both affordable and mid-range rents, and ensuring those in need can access it is essential for the City’s growth and vitality. The rental housing needs of current and future residents depend on protecting existing rental housing and increasing the supply of rental housing to meet future growth.

Chapter 667 helps to implement Official Plan policies on the demolition and conversion of existing rental housing with affordable and mid-range rents. Official Plan policies 3.2.1.6, 3.2.1.7. and 3.2.1.8. were adopted by City Council in 2002 and following appeals to the Ontario Municipal Board, have been in effect since 2006.

On April 6, 2023, the Province introduced Bill 97, the Helping Homebuyers, Protecting Tenants Act, 2023. Bill 97 proposes amendments to the City of Toronto Act to provide the Minister of Municipal Affairs and Housing with enhanced regulatory powers to limit the City’s ability to require replacement rental housing and tenant relocation and assistance when existing rental homes are proposed to be demolished. At the time of writing this report, there is no update regarding when potential changes to municipal rental replacement by-laws will be brought forward.

### **Rental Housing Application Activity, 2007-2023**

This policy framework has successfully secured the replacement of approximately 5,000 existing rental units and ensured tenants are provided with compensation to allow them to find alternative housing during redevelopment. Of the 5,000 replacement units, from 2018 to 2022, the City approved nearly 2,500 replacement units at below-market rents (i.e., meeting the City’s definition of affordable or mid-range rents).

## **Chapter 667 Amendments**

The proposed amendments to Chapter 667 build upon existing rental replacement practices; provide additional clarity to the public, tenants, and applicants; and align with City Council's direction respecting access to affordable housing. City Planning staff have also undertaken recent stakeholder consultation with the Building Industry and Land Development Association (BILD) on rental replacement practices and the development and implementation of the Centralized Affordable Rental Housing Access System ("the system") to allocate the City's affordable rental units.

The proposed amendments, as set out in Attachment 1 to this report, are set out in detail below.

### **1. Improving Access to Affordable Replacement Units Secured under Chapter 667**

Currently, Chapter 667 does not specify how affordable rental replacement units without a returning tenant would be offered or allocated to the public. Ensuring that affordable rental housing units are provided based on financial need or income eligibility are standard requirements for access to other affordable housing administered by the City.

In February 2022, City Council directed the Chief Planner & Executive Director, City Planning to review Chapter 667 and report back with any necessary amendments to clarify the City's expectation for how future affordable rental replacement units are made available in a fair and transparent manner, and ensure future agreements include tenant eligibility criteria and requirements for tenant accessing of affordable rental replacement units.

Council also directed staff to review Chapter 667 to determine whether affordable housing principles and definitions consistent with the Official Plan and Municipal Housing Facility By-law (By-law No. 1756-2019) can be incorporated into Chapter 667 and all Section 111 agreements containing affordable rental replacement units going forward.

City Planning staff have worked with the Housing Secretariat and Legal Services to ensure requirements for the administration of rental replacement units are aligned wherever possible with the administration of other affordable rental housing units, as well as to ensure rental replacement units without a returning tenant are able to be offered as part of the future system once in operation. The system, currently under development, will allow for all affordable rental units administered by the City to be accessed through the process. The system will also allow eligible applicants to search and apply for affordable rental units, allow housing providers to advertise and fill affordable rental units, and the City to administer and monitor affordable rental units secured through various agreements.

The system is anticipated to launch in 2024/25. In the interim, City Planning staff have taken steps to harmonize practices with the Housing Secretariat and have incorporated the requirement for an approved Access Plan and tenant eligibility income limit requirements in standard Section 111 agreements. Agreements also require owners to provide the City with supporting documentation to demonstrate compliance with the Access Plan. At the time of writing this report, City Planning has secured the

requirements for an Access Plan and tenant eligibility and income restrictions in approximately 20 Section 111 agreements.

Affordable rental units secured by City Planning, including affordable rental replacement units without returning tenants, may be integrated into the upcoming system for tenant selection and regular monitoring. All affordable rental units in the system will be subject to tenant income limits at first occupancy, as defined in the Affordable Rental Housing Administration Manual and consistent with the Municipal Housing Facility By-law (1756-2019).

In order to implement the Auditor General recommendations and align rental replacement policies and processes with existing City priorities for affordable housing, the following change is recommended:

- Subsection 667-15(A) is amended to include a requirement for owners to develop and implement an approved Access Plan for affordable replacement rental housing units with no returning tenant, which may include the use of a City-managed system and will include eligibility and income requirements. Currently, this subsection sets out examples of conditions that City Council can impose on the approval of an application under Chapter 667. In respect to the supply of rental housing and impact on tenants, the requirement for an Access Plan would now be included as part of the conditions the City may apply, including: require owners to notify tenants affected by the application; replace rental units proposed for demolition with rental units at similar rents and provide tenant assistance including the right to return to replacement rental housing, and mitigate cost impacts on tenants in the case of condominium conversions.

This proposed amendment would strengthen the City's ability to implement requirements for tenant access plans, income requirements for affordable units, and harmonize practices with the Housing Secretariat by establishing a clear expectation for owners of affordable rental replacement units without returning tenants to use the centralized affordable rental housing access system for offering rental units and selecting tenants. This proposed amendment supports the priorities of the HousingTO 2020-2030 Action Plan by ensuring affordable housing secured by City Planning is offered to tenant households in need of affordable housing.

## **2. Coordination of the Residential Demolition Permit Process**

The Toronto Building and City Planning Divisions have established a coordinated process for the review, assessment, and issuance of permits necessary prior to the demolition of residential structures in the City under Chapter 363 and Chapter 667. While no amendments are proposed to the current internal system of notification and coordination between Toronto Building and City Planning, staff have identified opportunities to provide greater clarity and coordination of the residential demolition permit application process. The following changes are proposed:

- Reference to Subsection 363-6.2 is added to the definition of Rental Housing Demolition and Conversion Permit to reflect the City's ability to issue one demolition

permit under both Chapter 363 and Chapter 667 in accordance with Section 111(5) of the City of Toronto Act;

- Subsection 667-8, which references to the fees applicable under Section 363-6 is corrected to refer to the correct article under same; and
- Subsections 667-14, 667-16 and 667-18 are amended to correctly reflect the internal process for issuance of a Rental Housing Demolition and Conversion Permit. The Building Code Act (the “**BCA**”) defines the laws, in addition to the Ontario Building Code, that may apply to a project or proposed construction as “applicable law” before a permit can be issued under the BCA. Chapter 667 is not applicable law and non-compliance with Chapter 667 cannot cause the Chief Building Official to withhold the issuance of a residential demolition permit under the BCA. Despite this recommended amendment, the City still has separate enforcement mechanisms under the *City of Toronto Act, 2006* to ensure that required rental replacement is provided and that vulnerable tenants are protected. The strength of the City's enforcement mechanisms is not affected by the proposed amendment and the result improves clarity and ensures compliance with applicable law requirements.

### **3. Stylistic, Technical and Process Amendments to Improve Overall Clarity and Service Delivery**

Chapter 667 has not been amended since its’ adoption in 2007 by City Council. During this time, staff have developed an internal framework to process numerous applications made under this by-law for consideration by the Chief Planner under delegated authority or by City Council. Staff recommend several stylistic and technical amendments to Chapter 667 to improve consistency under delegated approval with City Council approval, streamline application review, and improve clarity for the public, tenants, and applicants. The following changes are proposed:

- The definitions of “demolition” and “Section 111 Permit” are amended to improve clarity.
- Subsection 667-12(C) is amended to allow the Chief Planner to consider an application earlier in certain instances, including when existing rental units are vacant. This subsection generally outlines the process for approving an application under Chapter 667 through delegated authority. An application is delegated to the Chief Planner in instances where there are less than six rental units, or the subject property has six or more rental units, but the combined number of rental units affected by the proposal is less than six and the proposed demolition or conversion will not reduce the number of rental units to less than six. The proposed change would enable quicker issuance of demolition permits where there are no impacted tenants.
- Subsection 667-12(D) is amended to specify that the Chief Planner may require tenant assistance as a condition of approval of the Rental Housing Demolition and Conversion Permit. Currently, this subsection does not specify that the Chief Planner may require owners to provide tenant relocation and other assistance as a condition of approval. However, tenant assistance is currently required as a standard City



Planning practice for applications delegated to the Chief Planner, consistent with the requirements of Official Plan policy 3.2.1.12 to ensure tenant relocation and assistance is provided when redevelopment would result in the demolition of one or more rental units.

- Subsection 667-13 is amended to remove the reference to condominium conversion to extend the authority set out in this subsection to demolition applications. Currently, this subsection provides the Chief Planner the authority to refer a delegated condominium conversion application to the appropriate community council or standing committee. This is an existing standard practice for demolition applications when there is a related planning application.
- Subsections 667-12(A) and 667-16 are amended to authorize a designate of the Chief Planner to issue approval for delegated applications under Chapter 667. This change is proposed to allow for more efficient processing and approvals of demolition permits.

## Other Matters and Next Steps

Changes to Section 111 are recommended to be made to enable the City of Toronto to preserve affordable housing and regulate the demolition of dwelling rooms through a rental replacement by-law. Dwelling rooms are often the most affordable option in the private rental market, house vulnerable tenants such as students and seniors on fixed incomes and are increasingly subject to redevelopment in the City. Toronto's Official Plan dwelling room policy, which has been in force since 2021, requires development applications proposing to demolish six or more existing dwelling rooms to provide replacement rental housing secured at similar rents for 15 years and an appropriate tenant relocation and assistance plan.

Staff will be bringing forward a report in Q1 2024 in response to [MM11.16](#) related to a review of rental replacement implementation practices, including the ability to secure additional purpose-built rental units and the feasibility of using secondary market rental data to inform Tenant Relocation and Assistance Plans.

## CONTACT

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Kerri Voumvakis, Director, Strategic Initiatives, Policy & Analysis, City Planning Division, 416-392-8148, [Kerri.Voumvakis@toronto.ca](mailto:Kerri.Voumvakis@toronto.ca)

Cate Flanagan, Planner, Strategic Initiatives, Policy & Analysis, City Planning Division, 416-392-4529, [Cate.Flanagan@toronto.ca](mailto:Cate.Flanagan@toronto.ca)

Amanda Hill, Solicitor, Planning and Administrative Tribunal Law, Legal Services Division, 416-338-5790, [Jason.Davidson@toronto.ca](mailto:Jason.Davidson@toronto.ca)

Jason Davidson, Solicitor, Planning and Administrative Tribunal Law, Legal Services Division, 416-392-4835, [Jason.Davidson@toronto.ca](mailto:Jason.Davidson@toronto.ca)

## **SIGNATURE**

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Gregg Lintern, MCIP, RPP  
Chief Planner and Executive Director  
City Planning Division

## **ATTACHMENTS**

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Attachment 1: Proposed Amendments to Chapter 667 of the Toronto Municipal Code  
Attachment 2: Chapter 667 of the Toronto Municipal Code with Differences Shown