

City Council

Notice of Motion

MM18.24	ACTION			Ward: All
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Requesting the Province to Protect Small Businesses and Support Vibrant, Affordable, and Successful Mainstreets - by Councillor Josh Matlow, seconded by Councillor Mike Colle

** Notice of this Motion has been given.*

** This Motion is subject to referral to the Economic and Community Development Committee. A two-thirds vote is required to waive referral.*

Recommendations

Councillor Josh Matlow, seconded by Councillor Mike Colle recommends that:

1. City Council request the Government of Ontario to:
 - a. implement commercial rent control for small, locally-owned businesses;
 - b. establish a dispute resolution tribunal for commercial tenants and landlords; and
 - c. develop and require standardized leases for commercial tenants and landlords.

Summary

The vibrancy of Toronto's main streets are dependent upon successful local businesses. Small restaurant, bookstore, clothing shop, and cafe owners give our neighbourhoods their unique character. Unfortunately, too many local businesses are under threat from unfair commercial rent hikes.

Unlike residential rentals built before 2018, there is no rent control for small business owners. This lack of protection has resulted in neighbourhoods losing far too many of their favourite stores and restaurants in favour of chains that can afford higher rent.

According to data from the Better Way Alliance, an Ontario-based network of employers, in Toronto, commercial retail rent increased by 20 percent between 2021-2023. This places significant pressure on many businesses, forcing many to shut down due to unsustainable increases as high as 20-100 percent. Based on a survey conducted by the Better Way Alliance, over half respondents indicated that rent represented more than 60 percent of their overall expenses.

Beyond inflation commercial rent hikes not only affect current business owners but discourage new entrepreneurs from starting a business in the first place. Bar and restaurant owners, in particular, routinely invest hundreds of thousands of dollars in commercial kitchens, exhausts, fridges, and furnishings before they even open. Upon closure, they are able to recoup only a

fraction of that initial cost. The prospect of severe rent hikes after the initial lease term threatens to put a chill on new businesses that contribute to our economy and quality of life.

Out of control rent hikes can also lead to vacant store fronts. These dead spots in our communities are a blight and can drag down entire sections of local mainstreets.

New York State is currently considering comprehensive commercial rent control legislation, and countries such as France operate already provide far greater power and protections to commercial tenants, including rent control tied to the consumer price index.

This motion requests the government of Ontario to protect and encourage small, locally-owned businesses by implementing rent control and providing further surety through a dispute resolution tribunal and standardized leases.

Background Information (City Council)

Member Motion MM18.24

(<https://www.toronto.ca/legdocs/mmis/2024/mm/bgrd/backgroundfile-245762.pdf>)