

Implementing a Rental Renovation Licence Bylaw to Address Renovictions

Date: October 16, 2024

To: Planning and Housing Committee

From: Chief Building Official and Executive Director, Toronto Building

Wards: All

SUMMARY

This report responds to the June 26, 2024, City Council directive to staff to develop a “Hamilton-style” renovictions bylaw (Renovictions Bylaw) and implementation framework to protect tenants and prevent “renovictions”. A renoviction is when a landlord illegitimately evicts a tenant by alleging that vacant possession of a rental unit is needed to undertake renovations or repairs. Renovictions can include refusing to allow a tenant who has exercised their right of first refusal to return post-renovation, illegally raising the rent on a returning tenant, or not undertaking major renovations after evicting renters. This results in the displacement of tenants, the permanent loss of affordable market rental housing, and contributes to rising homelessness in Toronto.

As rent policies and landlord-tenant matters fall under provincial jurisdiction, the City of Toronto has urged the Province to take action against renovictions, including enforcing the Helping Homebuyers, Protecting Tenants Act, 2023 (Bill 97), improving Landlord and Tenant Board processes, introducing vacancy rent control, requiring temporary relocation assistance during renovations, and creating a centralized data system for rental properties and evictions. In the absence of these provincial changes, Toronto has developed local solutions. In 2022, City Council adopted a Renovictions Policy to guide the development of a bylaw to curb evictions done under the pretext of a renovation, protect tenants, and preserve affordable rental housing.

The City of Hamilton was the first Ontario municipality to pass a bylaw requiring landlords to obtain a licence before undertaking renovations that necessitate tenant eviction. In June 2024, the Planning and Housing Committee reviewed a staff report analyzing Hamilton’s bylaw and directed staff to undertake consultations with affected stakeholders and recommended a similar approach for Toronto. Over August and September, the City undertook a multi-channel consultation program consisting of focus groups with housing advocates, tenants rights experts, landlord and tenants associations, six city-wide in-person consultations and one virtual consultation, and a

public survey. The results of this feedback, and analysis by City staff, have informed the Renovictions Bylaw proposed in this report that will require landlords to:

- Apply for a Rental Renovation Licence within seven days of issuing an N13 notice to end tenancy
- Obtain a building permit before applying for the Rental Renovation Licence
- Obtain and submit a report from a qualified person identifying that the renovation or maintenance work is so extensive that the tenant must leave the unit, and pay a Rental Renovation Licence fee of \$700.00 per unit
- Post a Tenant Information Notice at the subject unit to inform the tenant of the licence application and to enable the tenant to seek information about their rights
- Complete a plan to provide tenant(s) who choose to return to their units with temporary, comparable housing at similar rents, or provide monthly rent-gap payments (based on post-2015 average market rents) to cover the rent difference, with tenants finding their own temporary housing
- Provide moving allowances to all tenants
- Provide tenants with severance compensation where the tenant is choosing not to return to the unit after the renovation or repair work is complete
- Post the issued Rental Renovation Licence on the door of the unit

This report recommends the Renovictions Bylaw take effect on July 31, 2025, allowing staff sufficient time to undertake appropriate education and communication efforts. The Toronto Building Division will implement and enforce the bylaw. Toronto Building staff are well positioned to inform landlords of their obligations under the bylaw early in the building permit process and will develop clear, understandable and multi-lingual public-facing guidelines to support compliance. Staff heard clearly during public engagement of the importance of proactively updating tenants on the status of renovation licence and building permit-related work. Toronto Building will be actively monitoring building permits on units where renovation licences have been issued to support the timely completion of work and facilitate the ability of tenants to return to their rental unit as quickly as possible.

The proposed framework is intended to balance the need to address the misuse of renovations as an excuse to evict tenants, with the need for renovations and repair work that are necessary in Toronto with its often aging, existing rental housing stock. Adopting Toronto's Renovictions Bylaw will significantly improve health, social, and economic outcomes for tenants and support the HousingTO Plan.

This staff report has been written in consultation with the Housing Secretariat, Municipal Licensing & Standards, Legal Services and Strategic Public & Employee Communications.

RECOMMENDATIONS

The Chief Building Official and Executive Director, Toronto Building recommends:

1. City Council establish a new chapter in the City of Toronto Municipal Code substantially in accordance with the draft bylaw attached as "Attachment A" to this report, to regulate the licensing of renovations for residential rental units in the City of Toronto and require that the provisions apply to all rental units in Toronto unless exempted in the bylaw.
2. City Council direct that the new Municipal Code chapter come into effect on July 31, 2025.
3. City Council amend City of Toronto Municipal Code Chapter 441, Fees and Charges in accordance with the draft by-law in "Attachment D" to this report, by creating and adding a new fee for a Rental Renovation Licence of \$700.00 (plus HST) per rental unit, effective July 31, 2025, and adjusted yearly for inflation.
4. City Council direct the Chief Building Official and Executive Director, Toronto Building to include the staffing and resources, and introduction of a new Rental Renovation Licence user fee required for the implementation of the bylaw to address renovations as described in the October 16, 2024 report from the Chief Building Official and Executive Director, Toronto Building "Implementing a Rental Renovation Licence Bylaw to Address Renovictions" through the 2025 Operating Budget process.
5. City Council direct the Chief Communications Officer, Strategic Public and Employee Communications, in consultation with the Chief Building Official and Executive Director, Toronto Building, and the Executive Director, Housing Secretariat to develop a communications strategy with appropriate funding established through the 2025 budget process. This strategy should include a multilingual public education campaign for Toronto tenants, landlords, and other interested parties, focusing on the following:
 - a. Informing tenants of the Bylaw.
 - b. Informing landlords of the new licensing standards and their obligations under the Bylaw.
 - c. In partnership with Toronto Building and the Housing Secretariat informing relevant advocacy and industry associations about the Bylaw to enable their support for both tenants and landlords; and
 - d. Implementing the strategy in two phases: 1) The initial rollout of the new bylaw, and 2) A continued program to educate landlords and tenants.
6. City Council request the Chief Building Official and Executive Director, Toronto Building, in consultation with the Executive Director, Housing Secretariat and Chief Communications Officer, Strategic Public and Employee Communications to develop publicly accessible communication materials to support the effective administration and enforcement of the bylaw, including multi-lingual guidelines for landlords and tenants to support the bylaw requirements for a Tenant Accommodation Plan or Tenant Compensation Plan.

7. City Council direct the Chief Technology Officer, Technology Services, in consultation with the Chief Building Official and Executive Director, Toronto Building to support the effective administration and enforcement of the Rental Renovation Licence Bylaw, by ensuring that any required technology enhancements identified by Toronto Building are implemented and a searchable online registry for Rental Renovation Licences is available prior to July 31, 2025,

8. City Council request the Chief Building Official and Executive Director, Toronto Building, in consultation with the Executive Director, Housing Secretariat and Chief Technology Officer, to monitor and provide a status update to City Council on the implementation of the Rental Renovation Licence Bylaw by July 31, 2027, including key indicators such as the number of licences issued, tenant inquiries received, enforcement actions taken, communications strategies implemented, and recommendations for any amendments to the Bylaw, technology resources and support, or staffing levels, in order to strengthen its effectiveness in addressing tenant evictions in the City of Toronto related to the illegitimate use of N13 notices to end tenancy.

9. City Council authorize the City Solicitor to introduce the necessary bills to give effect to City Council's decision and authorize the City Solicitor to make any necessary clarifications, refinements, minor modifications, technical amendments, or bylaw amendments as may be identified by the City Solicitor and the Chief Building Official and Executive Director, Toronto Building.

FINANCIAL IMPACT

During the consideration of PH13.7 entitled "Renovictions Policy Implementation: Review of Hamilton Renovation Licence and Tenant Relocation By-law and developing a Toronto Renovictions Bylaw", City staff indicated that the implementation of a bylaw to address renovictions could not be fully funded through cost recovery and would require new and dedicated funding to operate a renovation licensing program. This would mean that Toronto Building is no longer fully funded by building permit fees under the Building Code Act with the remainder to be funded by the property tax base.

Implementation of the recommendations contained in this report to establish and operate the proposed Renovictions Bylaw will require additional permanent staff resources for handling inquiries, operating a licensing program, conducting investigations, and undertaking enforcement actions.

Eight additional Toronto Building staff will respond to general inquiries, receive and review applications, and issue licences. Six additional inspectors will enable Toronto Building to enforce the Renovictions Bylaw and carry out inspections and investigations.

It is estimated that the 2025 cost (half-year) of these 14 positions would be \$0.938 million gross, and the full year impact will be \$1.782 million gross in 2026. The report also recommends a comprehensive public education and communication strategy which will cost approximately \$0.5 million gross, prior to the Renovictions Bylaw's effective date on July 31, 2025 and up to \$0.3 million gross in 2026 and subsequent years to fund continued communication actions.

The City's User Fee Policy requires that new fees be determined on a cost recovery basis. However, it is difficult at this moment to accurately predict licence volumes based on available data, making it problematic to determine an application fee that would enable full cost recovery. Consistent with other municipalities pursuing a renovation licensing program, staff recommend that the permit fee be established with low-cost recovery. Further, through the engagement process, staff heard that if a fee was too high, it may incentivize N13 notices during the implementation period, prior to the bylaw's effective date, or incentivize non-compliance.

The recommended licence fee is \$700.00 per rental unit which results in annual revenue of \$0.112 million based on an estimated 160 renovation licences. A strategic low cost-recovery fee (of approximately 6 percent) is recommended in order to mitigate against the loss of rental stock due to high costs of compliance, avoid discouraging landlords from investing in property maintenance and routine repair of existing rental units, and encourage compliance where a tenant is appropriately required to vacate the unit. The recommended fee is consistent with the licence fee adopted by the City of Hamilton (\$715.00).

Multi-tenant Housing (MTH) operators and yet-to-be licensed MTH operators who are undertaking renovations to comply with requirements of the MTH framework would be exempt from the proposed renovation licence application fee, as discussed in this staff report. While the exact cost of providing a fee waiver for MTH operators is difficult to determine while the new MTH framework is being implemented, staff anticipate that it would not have a significant financial impact due to the small scope of this housing type compared to other residential rental housing types.

Under the User Fee Policy, the recommended licence fee will be reviewed annually as part of the budget process in order to adjust for inflationary changes and reflect the level or standard of service delivery.

Taking into account the user fee revenue, the balance of \$1.970 million required to operate the program is proposed to be funded 60 percent through building permit fees under the Building Code Act. In 2025, the half-year impact to establish the program would be \$1.382 million gross and \$0.38 million net after considering the licence fee and the annualized impact would be \$1.970 million gross and \$0.788 million net in 2026.

As previously directed by City Council on June 24, 2024 during the consideration of PH13.7, the Chief Building Official and Executive Director, Toronto Building, will report through the 2025 and 2026 Budget processes on the full budget and resource impacts of the Renovictions Bylaw implementation as described in this report.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this program to be considered along with other priorities in the 2025 and future budget processes.

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city where all residents have equal opportunities to reach their full potential. It is centered on a human rights-based approach to housing, recognizing that housing is essential to a person's dignity and well-being and to building healthy, inclusive, sustainable, and livable communities.

Protecting the existing stock of affordable and mid-range rental housing and addressing renovations is critical to preventing homelessness and improving housing stability. These actions support vulnerable and marginalized individuals, including Indigenous Peoples, Black and other racialized people, seniors, women, and 2SLGBTQ+ persons, in accessing and maintaining safe, healthy, and adequate homes. Evictions in Toronto disproportionately affect equity-deserving populations due to greater economic vulnerabilities and systemic discrimination, leading to inequality in rental housing and perpetuating poverty and negative health outcomes.

Safe, secure, and affordable housing is a key determinant of health and improves social and economic outcomes for individuals, families, and communities. Good quality, affordable housing is the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region, and country.

DECISION HISTORY

At its meeting of June 26 to 28, 2024, City Council adopted item "PH13.7- Renovictions Policy Implementation: Review of Hamilton Renovation Licence and Tenant Relocation By-law and developing a Toronto Renovictions Bylaw" directing staff to engage interested parties on the implementation of a "Hamilton-style" Renovictions Bylaw and report to the October 30, 2024 Planning and Housing Committee with a proposed bylaw and include the results of the engagement process in that report.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.7>

At its meeting of February 28, 2024, the Planning and Housing Committee adopted "PH10.10 - Renovictions Bylaw" which directed staff to include in this report to the Planning and Housing Committee consideration and analysis of the Hamilton Renovation Licence and Tenant Relocation By-law and how that approach could be adopted by Toronto.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH10.10>

At its meeting of July 19, 2022, City Council approved the proposed Renoviction Policy in Attachment 1 to the report "PH35.18 - Renoviction Policy - Creating a Framework to Protect Affordable and Mid-range Rental Homes and Deter Renovictions" and directed staff to report back to the Planning and Housing Committee by the second quarter of 2023 with a new regulatory bylaw to protect affordable and mid-range rental housing stock, along with a detailed implementation plan to phase in the bylaw, including required resources, and a coordinated approach to compliance and enforcement

<https://secure.toronto.ca/council/agenda-item.do?item=2022.PH35.18#>

COMMENTS

1. Background

The Province of Ontario has jurisdiction over rent control policy and landlord-tenant matters through the Residential Tenancies Act, 2006. City Council has requested amendments to provincial measures, including the enforcement of Bill 97, improvements to the Landlord and Tenant Board processes, vacancy rent control to prevent rent hikes upon tenant turnover, temporary relocation assistance during renovations, and a centralized data system and registry for rental properties and eviction activities in Toronto.

In the absence of these provincial changes, Toronto is exploring local solutions to address renovictions. In 2022, City Council adopted a Renovictions Policy to guide the development of a bylaw aimed at curbing illegitimate evictions, protecting tenants, and preserving affordable rental housing. Recently, Hamilton enacted a Renovation Licence and Tenant Relocation By-law (which will come into effect on January 1, 2025) requiring landlords to obtain a licence before renovations that necessitate tenant evictions (the "Hamilton By-law"). Other Ontario municipalities are now considering similar bylaws. In early 2024, the Planning and Housing Committee directed staff to analyze the Hamilton By-law and explore a similar approach for Toronto.

In June 2024, City Council directed the Chief Building Official and Executive Director, Toronto Building to create a "Hamilton-style" renovictions bylaw (the "Renovictions Bylaw") to tackle this issue. The Renovictions Bylaw aims to curb the practice of renovictions and strengthen tenant protections across Toronto.

The report considered by City Council in June 2024 also detailed the City's human-rights based approach to housing challenges, grounded in the City's policy to further the progressive realization of the right to adequate housing as recognized in international law. The HousingTO 2020-2030 Action Plan and the Toronto Housing Charter support residents' access to safe and affordable housing, with strategies focused on protecting renters, preserving affordable housing, and addressing housing supply challenges in Toronto.

For clarity, the use of the term "landlord" in this report refers to property owners and property managers responsible for properties containing residential rental units, and/or anyone who may apply for a licence under the Renovictions Bylaw.

2. Legislative Context

Residential Tenancies Act, 2006

The Residential Tenancies Act, 2006 (the "RTA") outlines the rights and responsibilities of landlords and tenants in Ontario. Section 50(1) of the RTA allows a landlord to serve a Notice of Termination ("N13") if they intend to demolish a rental unit, convert it for

non-residential use, or perform extensive repairs or renovations requiring vacant possession. The RTA also requires that the landlord obtain a building permit (where required) for the repair or renovation work. The termination date on the N13 notice must be at least 120 days after issuance. Compensation requirements differ for properties with more than five units versus those with five or fewer units. Compensation to tenants is never required if the landlord is ordered to do the repairs (under any Act) or if the tenant resides in social housing.

Recent amendments to the RTA through Bill 97 require that an N13 notice for repairs or renovations be accompanied by a report from a qualified person confirming the need for vacant possession. However, the province has not enacted this provision through regulation nor defined “qualified person.” This gap in the legislation is addressed in part by the proposed Renovictions Bylaw. However, similar to the Hamilton By-law, Toronto's proposed bylaw would not prevent a landlord from issuing an N13 eviction notice nor permit City staff to intervene in areas which fall under the scope of the RTA or the Landlord and Tenant Board.

Building Code Act, 1992 and City of Toronto Act, 2006

Ontario's Building Code (the "Code"), a regulation under the Building Code Act, sets out technical and administrative requirements for construction, renovation, change of use, and demolition of buildings. The Code does not specify how permit-related work should be phased to minimize tenant impact. Illegitimate use of N13 notices exploits this process to renovict tenants when the work may not actually require vacant possession of a rental unit. The proposed Renovictions Bylaw will not interfere with the enforcement of the Building Code Act and the Code.

Toronto Building, responsible for Building Code enforcement in the city, is well-positioned to implement the Renovictions Bylaw, supporting tenants and engaging landlords who are permit applicants and licence holders. The Renovictions Bylaw will be enacted under the authority of the City of Toronto Act and will not impact Toronto Building's responsibilities for regulatory oversight of building permit approvals under the Building Code Act or prevent a building permit from being issued where it meets the Building Code Act, the Code and other applicable law.

3. Expectations and Objectives

Previous staff reports to City Council have identified that the most effective tools to deter renovictions and protect tenants exist at the provincial level. City staff are not able to resolve landlord-tenant disputes or prevent the eviction of tenants outside the scope of a municipal Renovictions Bylaw. There is a risk that expectations of tenants, landlords, and the public will not match the bylaw's capabilities. For example, the Renovictions Bylaw is not able to delay, prevent or otherwise affect the outcome of an eviction proceeding under the RTA. Misunderstandings may lead tenants to mistakenly rely on the City or the Renovictions Bylaw to prevent Landlord and Tenant Board (LTB) eviction proceedings, where the City lacks the jurisdiction or legal authority to do so.

Despite these risks, staff have heard clearly that a “Hamilton-style” bylaw to address renovictions would increase protections for tenants against the erosion of affordable and mid-range rental housing. The proposed Bylaw, along with educational tools and public-facing guidelines, will provide tenants with information and actively discourage renovictions. Legitimate renovations also need to occur to maintain buildings. Staff have heard from landlords that the approvals process for permits to undertake necessary routine maintenance or renovations should not be adversely affected by the Renovictions Bylaw.

The recommended implementation framework aims to balance the need to prevent renovictions against the landlords' need to renovate and repair their properties to improve conditions for tenants in various rental building types.

4. The Licensing Process

Pre-Licence: Building Permit Approvals

The Bylaw will require that licence applicants obtain building permits (where required) before they apply for a rental renovation licence. This addresses a significant gap in provincial legislation where a landlord may issue an N13 notice without approved building permits.

Toronto Building recognizes that tenants and others are directly impacted by the permit process. Although legal limitations prevent the City from proactively informing tenants that a building permit application has been made affecting their rental unit, the City will inform permit applicants to advise them of their obligations under the Renovictions Bylaw. This work will build upon the RIGHTS tool that is already embedded in the ['Preventing Evictions in Toronto Handbook: A Handbook for Renters'](#) (the "Tenant Handbook"). to assist tenants in determining the potential disruption of various renovation activities on their unit. Following permit issuance, a rental renovation licence would only be required if the landlord issues an N13 notice.

Step 1: Licence Application Submission within Seven Days of Issuing N13 Notice

Under the proposed Renovictions Bylaw, landlords would be prohibited from commencing any renovation work on a rental unit where vacant possession is required until a rental renovation licence has been obtained.

The Bylaw would mandate that landlords apply for a renovation licence within seven days of issuing an N13 notice to a tenant and that the following be submitted to the City:

- Confirmation of approved building permits (and any other required approvals, if applicable)
- A copy of the N13 notice to end tenancy
- \$700.00 application fee
- Confirmation that the landlord has posted a Tenant Information Notice advising tenants of a licence application and how to obtain information on eviction prevention,

tenants' rights, and the Renovictions Bylaw. (This requirement compels landlords to act promptly on the renovation licence process and that communications begin with tenants at the earliest opportunity.)

- A report prepared by a qualified person noting that the renovation requires vacant possession
- A Tenant Accommodation Plan that is signed and agreed to by the tenant, or alternatively a Tenant Compensation Plan
- Additional Information: The application form will collect information to assist in Renovictions Bylaw administration, education, and compliance

Section 3 of this staff report provides more detailed discussion of the following elements of the application and licensing process:

- Scope of the Proposed Bylaw and Consideration of Multi-Tenant Housing
- Tenant Accommodation and Compensation Plans
- Qualified Persons Report
- Rent Gap Formula
- Severance and Moving Expenses
- Notification Requirements for Tenants and Landlords
- Public Registry

Step 2: Tenant Notification Period

Upon applying for a licence, the landlord must follow a series of steps so that tenants are properly notified and informed:

- Within two days of receiving a complete licence application, the City will provide the landlord with a Tenant Information Notice ("TIN")
- The landlord is then required to post the TIN on the door of each Tenant's rental unit within five days of receipt
- Within 14 days the landlord will be required to provide a dated photograph of the TIN and the unit number to the City and declare the date that the photo was posted; this date on this photo will mark the start of the notification period
- The TIN must remain posted until the licence is issued
- The City will provide a hard copy of materials on tenant rights and eviction prevention directly to the affected rental units at the time the TIN is posted

Step 3: Landlord and Tenant Complete Accommodation Plan or Landlord Submits Compensation Plan

Once the TIN is posted on the tenant's door and before the issuance of the rental renovation licence, the landlord must submit a declaration form, stating whether the tenant wishes to return to their rental unit after the renovation is complete or vacate the affected unit and sever their relationship with the landlord.

Along with this declaration form, landlords will be required to submit a Tenant Accommodation Plan or a Tenant Compensation Plan, ensuring tenants are adequately accommodated or compensated during renovations, or to assist them if they choose to find new accommodations.

To allow affected tenants time to review the Tenant Handbook, the landlord will be required to wait a minimum of 14 days from the date the TIN has been posted before submitting the declaration form.

Step 4: Licence Issuance

Once the 14-day notification period has lapsed and the Tenant Accommodation Plan, or Tenant Compensation Plan has been received and deemed complete by the City, the licence is issued, and renovations can begin. The landlord will then be required to implement the Tenant Accommodation Plan, or Tenant Compensation Plan for each affected tenant and pay the moving allowances to which the tenants are entitled.

Where a licence has been issued, the applicant will be required to post a copy of the licence during the renovation on the door of the rental unit where the renovation or repair is taking place, or another location on the property containing the rental unit subject to the approval of the City.

The issued licence will be valid for a 12-month term, after which a new licence application will be required. Should control of the affected rental units change during the renovation process, the issued licence may be transferred to the new landlord, however the new landlord will be required to notify the City of this transfer within 14 days of the change taking effect.

Prior to licence issuance, submitted documentation would be reviewed for completion and to verify that the renovation licence applied for is consistent with the building permit(s) submitted.

The Chief Building Official may revoke a licence where the licence is: issued in error; based on mistaken, false or misleading information; or if the related Building Permit or Change of Use Permit for the tenant's rental unit has been revoked. The applicant for the licence may also request (in writing) that the licence be revoked.

Step 5: Work Under Building Permit and Rental Renovation Licence

The enforcement of the Renovictions Bylaw will be carried out by Toronto Building Inspectors.

If non-compliance is identified, the Building Inspector will take appropriate enforcement actions under the Bylaw, which may include issuance of orders to comply, fines, or other penalties. Section 6 of this report provides more detail on the recommended enforcement approach to the Bylaw.

5. Discussion: Rental Renovation Licence Bylaw

The discussion that follows is intended to identify staff recommendations on key elements of the proposed Renovictions Bylaw.

Scope of the Proposed Bylaw

The proposed Renovictions Bylaw will apply to all rental units in the city, with exceptions for residential premises licensed by the federal or provincial governments, City-operated shelters, college or university student residences, non-profit co-operative student residences, and hotels or motels.

In instances where a landlord needs to conduct repairs or renovations on a tenant's rental unit, a licence is not required if the repairs or renovations are necessary to address an emergency health and safety issue, or are pursuant to an order issued under the Building Code Act (Sections 15.7, 15.9, or 15.10) to repair an unsafe or emergency condition.

Consistent with Hamilton's approach, staff also recommend exempting social housing projects under the Housing Services Act, and other social, affordable and supportive housing projects which are not subject to the Housing Services Act, but which are subject to an agreement with the City. Social and affordable housing providers, including Toronto Community Housing Corporation ("TCHC") and Toronto Seniors Housing Corporation ("TSHC") often provide assistance which would meet or exceed the requirements of the Renovictions Bylaw, and are subject to further oversight from Housing Secretariat staff. Exempting these organizations will reduce administrative burden for these housing providers while ensuring oversight and protections for tenants are in place.

Multi-Tenant Housing

Staff recommend that multi-tenant house (MTH) operators not be exempt from the proposed Renovictions Bylaw, nor that they be phased into the Bylaw at a later date through a time-limited exemption. Staff had committed to reporting back on the feasibility of a potential exemption or phasing in for MTH operators as some stakeholders previously raised concerns that having to comply with the proposed Renovictions Bylaw, in addition to the requirements of the new MTH framework (in-effect as of March 31, 2024) may be seen as overly burdensome for MTH operators and may result in these operators ceasing to operate an MTH.

Staff considered the potential impacts of both the proposed Renovictions Bylaw and the Multi-Tenant Housing Framework on MTH operators and MTH housing affordability and availability, as well as impacts of a potential exemption on MTH tenants, including the risk that tenants would be left unprotected from renovictions at a time where MTH operators may be undertaking increased renovations to bring their properties into compliance with the MTH Framework. Staff believe that the risk of creating a regulatory gap where tenants could face renovictions without protection outweighs the potential burden of complying with the Renovictions Bylaw and the MTH framework on MTH operators. Many participants in the recent public consultations opposed exempting or delaying the Renovictions Bylaw for MTH operators for these same reasons.

To ease some of the financial burden of the proposed Renovictions Bylaw and encourage MTH operators to comply with the MTH framework and maintain safe, affordable homes, staff recommend that licensed MTH operators and yet-to-be licensed MTH operators who are undertaking renovations to comply with requirements of the MTH framework be exempt from the proposed renovation licence application fee. The recommended fee waiver for MTH operators aligns with City Council's priority to support affordable housing and is consistent with other financial supports provided by the City to support MTH operators in complying with the MTH framework, including the MTH Renovation and Repair Program.

While the exact cost of providing a fee waiver for MTH operators is difficult to determine while the new MTH framework is being implemented, staff anticipate that it would not have a significant financial impact due to the small scope of this housing type compared to other residential rental housing types. Staff will monitor the financial impacts of the proposed fee waiver for MTH operators as staff continue to implement the new MTH framework and will report back if needed as part of the status update report on any required updates.

Tenant Accommodation or Compensation Plan

The Renovictions Bylaw will require licence applicants to submit a form indicating whether or not the tenant is exercising their right of first refusal. Where a tenant is returning, a Tenant Accommodation or Compensation Plan ("TAP") in a form determined by city staff will be required.

Through the TAP, landlords will make arrangements with the tenant to provide either temporary accommodation or compensation as follows.

If a tenant exercises their right of first refusal, the landlord will make arrangements to provide either:

- a temporary, comparable housing unit acceptable to the tenant at the same legally permitted rent they currently pay for the duration of the renovations; or,
- financial rent-gap compensation on a monthly basis for the duration of renovations.

If a tenant decides to forfeit their right of first refusal and chooses to leave the unit permanently, the landlord will make arrangements to provide severance compensation that is equivalent to the rent gap payments for three months.

In all cases, landlords will be required to provide a tenant with a moving allowance.

More details on the temporary unit, rent gap compensation, severance compensation, and moving allowance are included below.

Temporary Unit

If the tenant accepts a temporary unit provided by the landlord, landlords may find these rental units either within their own rental portfolio, through partnerships with other rental providers, or other means at their disposal. Whether to accept any units offered by the landlord would be at the discretion of the affected tenant.

Rent Gap Formula

If the tenant chooses to find their own temporary unit or there is no agreement for temporary accommodation, rent-gap compensation is to be provided by the landlord. The tenant would receive a monthly 'rent-gap' payment to cover the difference between the rent the tenant is currently paying, and prevailing market rents for units with the bedroom type (number of bedrooms).

Staff recommend that the formula used to calculate the monthly 'rent gap' be based on the recently revised bylaw regulating rental housing demolition and conversion. The 'rent-gap' equivalent to the difference between the current rent for the affected rental unit, and the Average Market Rent of comparably sized rental units completed since 2015 in the same CMHC Survey Zone Group as the affected rental unit, or the City-wide average of rents for a similar rental unit completed since 2015, whichever is greater. The data for these rent levels is provided by CMHC through their Rental Market Survey reports). This formula is intended to provide tenant assistance during the renovation process is fair and reflective of current market conditions. This recommendation reflects feedback received from tenants during the engagement process and aligns with the City's by-law regulating rental housing demolition and conversion.

In these instances, tenants would be responsible for finding their own temporary housing but would receive financial support to help with any increased costs. The City of Toronto will publish these rent levels and assist landlords and tenants to calculate compensation levels through online compensation assistance tools. This option would be available to landlords that do not have alternative accommodation to offer the tenant, or where the tenant does not agree to the alternative accommodation being offered by the landlord.

The proposed Renovictions Bylaw will require that 'rent-gap' payments be made monthly to the tenant. Although some landlords preferred to be able to choose between monthly or lump-sum payments, there was support for monthly payments by tenant and landlord groups through the consultation process.

Expenses

Staff recommend that where a tenant decides to not return to the affected rental unit and to sever their relationship with the landlord, the landlord will provide the previously mentioned declaration signed by both parties as part of the licence application process, and the tenant will be paid compensation in a lump-sum equal to three months of 'rent gap' payments (as calculated above). This payment will assist the affected tenant with any required deposits for new accommodation. This recommendation also reflects feedback received from tenants during the engagement process and aligns with the City's residential rental replacement bylaw.

Moving Allowances

Regardless of the option the tenant chooses for the Tenant Accommodation or Compensation Plan, the Bylaw will require the landlord to provide a one-time allowance to cover the tenant's moving expenses. The proposed 2025 moving allowances would be as follows:

- \$1,500 moving allowance for a tenant in a studio or one-bedroom rental unit
- \$2,500 moving allowance for a tenant in a two-or-more-bedroom replacement rental unit

These moving allowances reflect a staff review of 2024 rates charged by moving companies in the City of Toronto for moves within the City of Toronto and would be adjusted annually based on the annual Consumer Price Index change for Toronto.

Notification Requirements for Tenants and Landlords

As part of the licensing process, the landlord will be required to post a notice of the application. The City will supply landlords with a Tenant Information Notice ("TIN") within two days of receiving a complete licence application. The TIN will include details on the Renovictions Bylaw, and links to other tenant resources.

Landlords must post the TIN on the front door of each affected rental unit within five days of receipt and keep it posted until the licence is either issued or refused. Landlords must provide the City with a photo depicting the posted TIN on the affected unit.

The TIN will be an effective tool to guide tenants to the City's Tenant Handbook. The Tenant Handbook and associated information materials and tools will be updated prior to the implementation of the Renovictions Bylaw to describe the licensing process, landlord obligations under the Renovictions Bylaw and include contact information of organizations that may provide legal advice and support to tenants.

Currently, the City's TO Tenant Supports Program provides funding to the Canadian Centre for Housing Rights (CCHR), the Federation of Metro Tenants' Associations (FMTA), and Centre for Immigrant and Community Services (CICS). These organizations provide legal advice and support to tenants, including those facing renovictions. CCHR offers legal support to tenants who have received N13 notices of evictions, while FMTA deploys outreach staff to educate tenants on their rights in relation to renovictions.

In addition to having links to resources available on the posted TIN, the City will send a hard copy of the Tenant Handbook directly to the affected rental units so that tenants receive clear, accessible information on tenants' rights, tenant support organizations, and legal resources and contact information. The City will be authorized to send the Tenant Handbook and other relevant materials to the affected units once the TIN has been posted by the landlord.

Feedback from tenants during drop-in sessions and the online survey highlighted the importance of timely and clear communication about the need to vacate during repairs. In response, the TIN will be designed to reflect this feedback, ensuring it is provided in plain language, in multiple languages, and in advance of the issuance of a renovation licence.

Qualified Persons Reports

The proposed Bylaw contains provisions for a report from a qualified person confirming that the renovation or repairs are so extensive that they require vacant possession of the rental unit. For the purposes of the Bylaw qualified persons are generally defined as a person licensed by the Professional Engineers of Ontario (PEO) or the Ontario Architects Association (OAA). The Province changed the RTA through Bill 97 to require this kind of report, but the amendment has not been brought into force. Architects and engineers have been identified as the appropriate qualified persons as they are highly trained professionals bound by regulations under provincial legislation.

In the rare cases where repairs or renovations are required for public health reasons or involve work outside the typical scope of architecture and engineering or outside of scope of the building permit, such as asbestos or mold removal, or extensive electrical work, the Chief Building Official may consider reports from other qualified professionals. This flexibility allows for all necessary health and safety concerns to be considered by appropriate experts, further supporting the legitimacy of the need for vacant possession.

City staff have engaged the PEO and the OAA to discuss the implementation of a proposed Renovictions Bylaw. Staff heard of the need for clear guidance materials for both engineers and architects. Toronto Building will continue to engage these, and other professional organizations throughout the implementation process.

Public Registry

To enhance transparency and allow tenants to better track renovation processes that may directly affect them, the City will establish a public registry for Rental Renovation Licences. This registry will build upon the existing [Building Permit Status webpage](#) providing a single source for building permit status and renovation licence status information. By making this information publicly available, the City also aims to address tenant concerns about being adequately informed about the status of construction as it progresses.

The public registry will include key attributes that tenants may find useful, such as the point at which a landlord applies for a licence, the status of the renovation licence, the expected timeline for the renovation work, and updates related to licence issuance or inspections. Additionally, it can provide contact details for inspectors as well as links to other resources that tenants may access throughout the process. This registry will help provide tenants with access to all necessary information, helping them stay informed throughout the renovation period.

6. Enforcement

An Education-First Approach

The intended outcome of the new bylaw is voluntary compliance by landlords, and staff will use an education-first approach. Toronto Building will develop approaches to enable inspectors to leverage existing processes as part of the overall enforcement approach, to the extent possible.

Where the City finds evidence of non-compliance that is not resolved through education, progressive and appropriate enforcement action may be taken. As the City does not have direct oversight of landlords, investigations into any bylaw violations will be done on a reactive, complaint basis.

Fines and Offences

The proposed fines for the Rental Renovation Bylaw are designed to serve as a strong deterrent against renovictions and other related offences. By implementing these fines, the City of Toronto aims to protect tenants and support compliance.

The Provincial Offences Act, 1990 and its regulations are the legislation under which bylaw offences are prosecuted. Part I (tickets) are available for generally less serious offences. When a ticket is issued, the recipient may choose to pay the fine (which is no more than \$1000) or dispute it by means of a trial. Part III (summons) are available for generally more serious offences and require the recipient to appear before a Justice of the Peace, as the summons cannot be resolved through the payment of a set fine.

The enforcement strategy includes both Part 1 tickets, and Part 3 Summonses. Orders to Comply will also be used and may serve as initial corrective measures. This progressive enforcement approach encourages voluntary compliance through education and allows for more significant non-compliance to be addressed with appropriate regulatory tools.

The proposed fines associated with the Renovictions Bylaw, per thresholds established in the City of Toronto Act, can reach up to \$100,000 for contravening any provision of the bylaw or failing to comply with a licence or order. Special fines, equal to the economic advantage gained from bylaw contravention, have no maximum limit, and would be determined by provincial courts. Continuing offences can incur fines of up to \$10,000 per day, potentially exceeding \$100,000 in total. The consultation process revealed strong support for higher fines to deter landlords from committing offences and protect tenants from bad faith renovictions.

Examples of Potential Offences, Fine Amounts, and Enforcement Mechanisms:

- Failure to submit licence application within 7 days of N13 issuance: Part 1 Ticket, up to \$1,000 (subject to provincial approval)
- Failure to post required Tenant Information Notice: Part 1 Ticket, up to \$1,000
- Contravening provisions of the bylaw (e.g. undertaking renovations without a Licence): Part 3 Summons, up to \$100,000
- Failing to meet the requirements of a Tenant Accommodation or Tenant Compensation Plan: Part 3 Summons, up to \$100,000

- Gaining an economic advantage through bylaw violations (e.g. renovating and renting at a higher rate without honouring the previous tenant's right to return): Part 3 Summons, Special fine equal to the economic value gained, no maximum limit

7. Engagement Process

Deputations heard at the June 13, 2024 Planning and Housing Committee identified the urgent need for the City to adopt a Renovictions Bylaw and recommended that City staff engage tenants, landlords, and other affected stakeholders on the development of a renovictions bylaw. With the assistance of a third-party consultant, staff undertook consultations to gain feedback how to implement the Renovictions Bylaw, using the City of Hamilton's Renovation Licence and Relocation By-law as a model.

Beginning in mid-August to late September, staff undertook a multi-channel consultation strategy which included:

- Focus groups and stakeholder meetings
- A public online survey
- Six community-based in-person open houses (in Parkdale, East York, North York, Etobicoke, Scarborough, and Downtown Toronto) and one virtual public consultation
- A consultation co-organized with ACORN, with a group of tenants with lived experience of renovictions
- Consultation with the City's Tenant Advisory Committee and Housing Rights Advisory Committee

Opportunities for the public to provide their input were promoted through traditional and social media, emails to interested parties, outreach and promotion by tenant organizations, and communications distributed by City Councillors' offices.

Through this consultation process, 24 tenant and landlord organizations were consulted through focus groups, almost 200 tenants and landlords attended the in-person and virtual consultations, and 1416 surveys were completed. A comprehensive consultation summary report has been included as **Attachment B** to this report, and a summary of online survey results are available in **Attachment C**.

Feedback Received Through Engagement

Using the Hamilton By-law as a reference point, both tenant and landlord groups provided valuable feedback on the implementation of a Renovictions Bylaw, identifying both areas of concern and suggesting improvements. Both groups emphasized the need for clear communication and comprehensive guidelines so that tenants have clear, understandable information on their rights and landlords on their obligations and responsibilities. Additionally, there was a shared interest in trying to avoid the Bylaw creating un-necessary financial burdens or loopholes.

Tenants and tenant advocates broadly support the proposed Renovictions Bylaw but had significant concerns about exempting multi-tenant houses, as these tenants may be particularly vulnerable. They requested that the Bylaw align with the new Rental Replacement q (Toronto Municipal Code Chapter 667) to support equity and consistency. Tenants also requested that the Renovictions Bylaw cover both moving out and moving back costs through the Tenant Accommodation or Tenant Compensation Plans. A preference for monthly compensation over lump-sum payments was identified to support ongoing tenant-landlord communication during the renovation process. Tenants and tenant groups suggested that compensation plans should also consider equity and accessibility needs for all tenants. Additionally, tenant groups recommended that there should be public monitoring and reporting back on the Bylaw to for transparency and accountability. Enforcement of the Bylaw and financial penalties for non-compliance were cited as important tools to support compliance.

Some landlords suggested that large-scale, professionally managed buildings should be exempt from the Bylaw. Small-scale landlords expressed concerns about the potential financial burden the Bylaw could impose on them. Staff also heard that landlords were concerned about the additional administrative and financial burden of the Bylaw and how it could lead to a decline in the quality of rentals and might disincentivize small-scale landlords from renting out their units.

Landlords were interested in flexibility in the tenant accommodation and tenant compensation plans, such as options for monthly or lump-sum payments. There was also a need identified for comprehensive guidelines, resources, and clear communication, particularly for small-scale landlords. Large-scale landlords expressed few concerns about the requirement for qualified persons (e.g., architects or engineers) to verify the need for vacant possession during renovations.

8. Implementation Plan

Phase 1: November 2024 to July 31, 2025

The proposed effective date of the bylaw is July 31, 2025 which is earlier than the November 2025 date proposed in the report PH13.7. Given the aggressive timeframe the implementation plan prior to the effective date will focus on two areas of work: Communications and Outreach, and Technology and Resources.

1. Communication and Outreach

City staff recommend launching a public awareness campaign in Q1 2025 to raise awareness of the Bylaw prior to the July 31, 2025 effective date. For tenants, a public awareness plan will support and guide in understanding their protections under the bylaw when an N13 notice is issued. The engagement process identified the importance of plain language materials available in different languages, and that where appropriate they be tested with stakeholders to verify effectiveness. This will occur during ongoing engagement with the Housing Rights Advisory Committee, tenants, landlords and others. Developing and sharing guidance materials with landlords will help build their awareness of their responsibilities under the Bylaw which in turn will help facilitate

compliance. Staff are also committed to working with legal clinics in the City so that that the clinics' clients are provided with accurate information on navigating the Bylaw.

2. Technology and Administration

Toronto Building will need support from the Technology Services Division to develop the capabilities to manage the necessary business processes to operationalize the Bylaw and manage high-quality data. Changes will be required within a short time frame to the current business management system that is currently used to manage and issue building permits. Other actions include the hiring and training of specialized staff, and the development of the forms and guidelines to provide clarity, certainty and transparency for landlords, tenants and others.

Effective implementation and administration of the Bylaw will also require inter-divisional collaboration and effective use of existing programs. Outlined below is a high-level overview of the roles and responsibilities of Toronto Building, Housing Secretariat and Municipal Licensing and Standards:

Toronto Building

- Develop, administer and enforce the bylaw
- Establish Service Level Agreements (SLAs) with divisional partners (Toronto Building, Municipal Licensing and Standards, 311 Toronto and Housing Secretariat) to support and direct tenant inquiries
- Lead development and delivery of public education and landlord/tenant resources specifically related to new Renovictions Bylaw

Housing Secretariat

- Update Eviction Prevention Handbook in partnership with Strategic Public and Employee Communications as well as other tenant rights and support resources to reflect new renovictions bylaw
- Lead broader efforts tenant rights education and information, and resources for renters in partnership with Strategic Public and Employee Communications
- Support through engagement with tenant advocates and tenant-focused organizations, as well as service providers (e.g., TO Tenant Supports Program)
- Development of Housing at Risk Table and intersection with renovictions bylaw implementation

Municipal Licensing and Standards

- Update and share landlord and tenant resources related to property standards (e.g. repairs and maintenance) and link to RentSafeTO work, if applicable
- Leverage existing relationships with Multi Tenant Housing and RentSafeTO landlords for education

Phase 2: Post-July 31, 2025

Through the proposed Renovictions Bylaw will enable staff to collect data to better understand tenant displacement due to the use of N13 notices and the renovation of rental properties in Toronto. Over the first year, data from licence applications, tenant feedback forms, and inspection reports will be analyzed to establish benchmarks for key indicators such as the number of N13 notices issued, the duration of tenant displacement, and landlord compliance rates. This analysis will help determine the bylaw's effectiveness and guide necessary adjustments.

Additionally, regular reviews of the data collected, as well as stakeholder feedback will help to inform City officials about the bylaw's impact. This ongoing monitoring and feedback process will allow for continuous improvement of the bylaw, ensuring it remains effective in protecting tenants facing renoviction, as well as responding to the needs of landlords who need to carry out ongoing repairs or renovations to rental properties.

Information and Updates

The report recommends that staff report back to City Council within two years of the effective date on fees collected, the number of licences issued, enforcement actions taken, and any recommendations for changes to staffing resources or to the bylaw to strengthen its effectiveness. This report-back will provide a comprehensive overview of the Renovictions Bylaw's impact and effectiveness, allowing for adjustments and improvements based on real-world data and stakeholder feedback.

Toronto-Led Municipal Working Group

Toronto Building has established and is leading a staff-level working group with several Ontario municipalities that are implementing, developing, or considering similar bylaws to address renovictions. This collaborative effort allows participating municipalities to learn from one another and anticipate issues that are occurring elsewhere, which can be incorporated into their own renovictions bylaws. By sharing best practices, discussing challenges, and identifying successes and failures, the working group aims to develop consistent and effective strategies for managing renovictions across municipalities.

The group is working to develop best-practices on implementation matters which can be shared across municipalities. A more consistent approach across municipalities will provide landlords with clear guidelines and expectations, reducing confusion and increasing compliance with regulations. Tenants will also benefit from increased transparency and protection, as the bylaws will be designed to safeguard their rights and provide clear information and requirements for a more diverse number of housing scenarios during the renovation process. This work will continue through the implementation process.

9. Conclusion

The implementation of the proposed Renovictions Bylaw is a crucial step towards protecting tenants from illegitimate evictions, promoting fair practices in rental

renovations across Toronto, and preserving the supply of affordable rental housing. The proposed Renovictions Bylaw, supported by a comprehensive communication, education, and enforcement strategy, aims to foster a culture of compliance among landlords while safeguarding tenant rights.

The proactive measures outlined in the pre-implementation and post-implementation strategies, along with the establishment of a public registry and ongoing stakeholder engagement, will support transparency and accountability. Integration of the renovation licence process with the building permit process will allow for continuous monitoring and ongoing evaluation and will provide valuable insights into the effectiveness of the Renovictions Bylaw, allowing for amendments and improvements as needed. This holistic approach not only addresses the immediate concerns of tenant displacement but also lays the foundation for sustainable and equitable rental housing practices in Toronto.

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ATTACHMENTS

Attachment A: Draft Renovictions Bylaw
Attachment B: Public Engagement Summary
Attachment C: Public Survey Results Summary
Attachment D: Draft Amendments to Chapter 441, Fees and Charges