

Implementation Guidelines for Rental Replacement

Date: March 27, 2025

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

This report responds to City Council's request for the Chief Planner and Executive Director, City Planning to evaluate the current approach to calculating rent gap assistance, report back on compliance with tenant assistance policies, and publish updated implementation guidelines for Rental Housing Demolition applications submitted under Chapter 667 of Toronto Municipal Code ("Chapter 667") that require replacement of existing rental housing.

Throughout November and December 2024, staff undertook consultations with tenants, development industry and tenant advocacy stakeholder groups. This report provides an overview of consultation feedback, highlights areas of implementation that stakeholders identified for improvement, and outlines recent and ongoing rental replacement process changes to address stakeholder feedback, including continuous engagement with tenants, data collection practices, and enforcement of the rental demolition policy framework.

Staff have drafted a Rental Replacement Handbook (the "Handbook"), which sets out updated rental replacement implementation practices and is included as Attachment 1. It will be posted on the City's website following review by key stakeholders. The Handbook is a new plain-language resource that will provide transparency and guidance to members of the public and the development industry. Staff will continue to consult on the Handbook with stakeholders for ongoing improvement.

Staff have evaluated and consulted on the current approach for calculating rent gap assistance. Based on the analysis and consultations, staff recommend maintaining the current approach of using use Canadian Mortgage and Housing Corporation data for average market rents for rental units built in or after 2015, with an adjustment to use zone specific data where available.

Legal Services, Housing Secretariat, and Toronto Building were consulted in the preparation of this report.

RECOMMENDATIONS

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

1. City Council adopt the Rental Replacement Handbook, in Attachment 1, as the guidelines for Rental Housing Demolition applications and direct the Chief Planner and Executive Director, City Planning, in consultation with the Executive Director, Development Review, to use the Guidelines in the evaluation of new and under review Rental Housing Demolition applications.

FINANCIAL IMPACT

City Planning confirms that there are no financial implications resulting from the recommendations included within this report in the current budget year.

With the increase in the number and size of rental housing demolition applications experienced in recent years, additional staff resources may be required to manage the program in the future. Any additional staffing resources needed to respond to higher applications volumes would be identified as part of future budget processes.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

DECISION HISTORY

On April 17 and 18, 2024, City Council adopted PH11.10 - Response to Including New Approval Conditions for Rental Demolition Applications. This report responded to City Councils' requests for staff to review components of the City's implementation practices and approval conditions for Rental Housing Demolition applications. The item was amended to direct staff to continue stakeholder consultation while developing updated implementation practices and report back on the feasibility of using secondary market rental data to inform financial compensation secured through the City's Tenant Assistance Plan and compliance with rental replacement policies.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH11.10>

COMMENTS

Rental Replacement 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 Toronto. Chapter 667 of the Toronto Municipal Code, the Residential Rental Property Demolition and Conversion Control By-law, implements the authority under Section 111 and 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.

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 policy 3.2.1.6.b) requires that at least the same number, size and type of rental housing units are replaced and maintained with rents similar to those in effect at the time the redevelopment application was submitted. Further, 3.2.1.6.c) requires the provision of an acceptable tenant relocation and assistance plan addressing the right to return to occupy one of the replacement units at similar rents, the provision of alternative accommodation at similar rents, and other assistance to lessen hardship.

Implementation of the rental replacement policy framework has evolved over time in response to housing market conditions and feedback received from tenants and stakeholders. Over the past number of years, the number of rental housing demolition applications has increased, as has the size of rental buildings proposed to be demolished. The changes outlined below are intended to improve the experience of tenants and owners going through the rental housing demolition application process, as well as ensure compliance and enforcement of the policy is consistent throughout the city. Staff anticipate that additional resources may be needed in the future to respond to the higher volume of applications. For the current year, staffing will be managed through the existing complement working on current applications. Any additional staffing resources to respond to higher applications volumes would be identified as part of future budget processes.

Consultation Summary

In November and December 2024, City Planning staff launched a stakeholder consultation process to obtain feedback on the City's rental replacement implementation practices and policy framework. Through a competitive bid process, the City retained Dillon Consulting to design and lead the consultation process. Consultations focussed on obtaining feedback from key stakeholders on how the City's rental replacement implementation practices and policy framework could be improved and made more transparent to help tenants and property owners better understand their rights, roles, and responsibilities.

The consultation approach provided opportunities for multiple key stakeholder groups to provide input, including:

- 8 stakeholder meetings with over 45 unique participants, including representatives from the development industry, tenant advocacy groups, tenant associations, the Tenant Advisory Committee and the Housing Rights Advisory Committee;
- An online survey to engage tenants with lived experience in rental replacement (both currently displaced tenants and tenants that have returned to replacement housing) which was sent to 371 tenants, across 24 previously approved rental housing demolition applications, and received 58 responses;
- A virtual townhall meeting with tenants that are currently displaced and have returned to replacement housing to discuss their experience; and
- Written submissions from tenant advocacy groups.

The stakeholder engagement meetings were structured to encourage open discussion and gather feedback on both general and technical components of rental replacement implementation. Participants were provided with workbooks containing all discussion questions and were given additional time after each meeting to complete them and add additional comments.

Full details of the consultation approach, participants, and results can be found in Attachment 2: Stakeholder Engagement Summary Report.

Feedback from Consultations and Corresponding Changes to City Practices

The City received a variety of comments and suggestions on existing rental replacement implementation practices. Generally, stakeholders were supportive that the City has a framework in place for applications that propose the demolition of rental housing. It was noted by many stakeholders that the City's rental replacement policies are important, and that implementation of the policy framework should be improved and made more transparent to create better outcomes for tenants and property owners.

Through the consultation process, stakeholders also provided recommendations for updating the Official Plan rental replacement policy. Feedback on policy changes were mixed and represented a core area of disagreement between tenant advocacy groups and the development industry. Recommendations for policy changes varied from extending the affordability period on rental replacement units to removing the affordability period requirements altogether and lowering the number of rental units proposed for demolition to require replacement, and in contrast, increasing the number of rental units proposed for demolition to require replacement. City staff are not proposing revisions to the Official Plan rental replacement policy at this time and will continue to consult on the rental demolition framework with key stakeholders and the public before advancing policy directions to City Council.

The following is a summary of the key feedback on the rental replacement implementation practices and steps staff have taken or will be taking to address identified concerns.

Need for clear, public, available information on rental replacement

What we heard: Stakeholders from the development industry, tenant advocacy groups, and tenants with lived experience agreed there is a lack of information available to the public on the City's rental replacement implementation practices and policy framework. All stakeholder groups suggested the City develop a plain-language document for tenants and developers to inform them about the application approval process and their respective rights and responsibilities. Recommendations included making the document available in multiple languages, publishing the document online and providing print copies at tenant meetings, and that the document should be made available to tenants early in the application review process.

Current practices: The City maintains a [Housing webpage](#) with general information about the rental replacement process and tenants receive information on the process through notices, at tenant meetings, and by contacting City staff.

Updated practice and future work: In response to tenant and development industry feedback, the City has developed a Rental Replacement Handbook (Attachment 1) and retained a plain-language writer who reviewed the content to ensure the Handbook is suitable for a range of audiences.

Following final input from stakeholders, the Handbook will be published on the City's Housing webpage and a "two-pager" summary will be attached to all tenant notices. The Handbook reflects the City's current approach to rental replacement, and staff intend to periodically update and review the document with stakeholders as implementation practices evolve. Looking forward, the Handbook will be made available on the City's website and will be translated into Tamil, Tagalog, Simplified Chinese, Traditional Chinese, and Arabic.

The Handbook provides an overview of the City's rental replacement policies and implementation practices and outlines step-by-step information on what tenants and property owners should expect throughout the application review, eviction, and occupancy processes. It was informed by feedback gathered through the consultations, internal workshops with City staff, and best practice examples from other municipalities. The Handbook complements the City's Eviction Prevention Handbook by providing information specific to the rental demolition and replacement process.

Staff engaged City Councillors and Councillor's staff on the Handbook in February 2025. Feedback included requests for additional language translations and that the Handbook should clearly explain why a property owner can submit a rental housing demolition application, how the minimum 10-year affordability period works, the role of the Province and City, how to calculate rent gap assistance and other compensation, and explain that a property owner is required to maintain property standards even when a building has been proposed or approved for demolition. The Handbook is not intended to provide planning or legal advice to tenants or property owners.

Staff also consulted on the Handbook and received comments from stakeholders in Legal Services, Housing Secretariat, Toronto Building, Development Review, and the Ombudsman Housing Office. Staff will continue to consult on the Handbook with key external stakeholders before it is finalized and published on the City's website.

Additionally, based on feedback received from tenant advocacy groups, the City has updated all standard tenant notices. Changes include improving language and terminology so it is easily understood by tenants of all ages and abilities, adding a link to the Handbook, and providing a form that requests tenants to disclose their preferred language of communication and if they have accessibility needs regarding future consultation meetings.

Continuous engagement with tenants

What we heard: Development industry and tenant advocacy stakeholders agreed that the City should improve the existing approach to consultation for rental demolition applications. Stakeholders expressed that consultation occurs too late in the process, is not frequent enough, and that improving consultation approaches would build trust, improve communications, and enhance mutual understanding of challenges associated with rental housing demolition. Tenants with lived experience also noted that while consultation is helpful during the application review process, there are no further tenant meetings or touch points for tenants between when the application is approved to when tenants receive notice to move out. Tenant advocacy groups suggested the creation of working groups and offering consultation meetings in accessible locations and through multiple forms of engagement.

Current practice: When reviewing rental housing demolition applications, in accordance with the City's Residential Rental Property Demolition and Conversion Control By-law, staff hold one tenant meeting before a report is considered by City Council. This meeting is typically held later in the application review process once staff are generally satisfied with materials submitted by the applicant and tenants can review close to final replacement unit floor plans. The meeting is held in-person in a location near the subject site and is typically attended by tenants, City staff, representatives from the applicant team, and staff from the City Councillor's office. When warranted, working groups are established and additional tenant meetings are held when requested by tenants, the applicant, or the City Councillor.

Updated practice and future work: City staff have updated the rental replacement process to include two additional tenant meetings: one meeting when tenants have been provided notice to vacate their rental units and one meeting when tenants are beginning the occupancy process. These new meetings will be led by City staff to provide information, clarify timelines and next steps, and answer questions. The City will also require that applicants provide tenants with biannual updates on a rental demolition application after City Council approval to keep tenants informed.

Staff will schedule and hold the tenant meeting shortly after all required application materials are submitted and are satisfactory. In the meantime, tenants can review the Handbook and contact the City staff member listed on the notice. Working groups may occur on complex applications but are not typically feasible given legislative timelines for making decisions on planning applications. Staff will encourage applicants to host rental replacement design workshops with their tenants as part of a pre-application process, which would allow tenants to provide more input into the design and layout of replacement units.

The above changes with respect to the number and timing of tenant meetings and biannual update will ensure there is more continuous engagement with tenants throughout the entire rental replacement process, including application review, eviction, and occupancy process, which will promote transparency and minimize uncertainty for all parties.

Comprehensive and transparent data collection practices

What we heard: Many stakeholders identified the need for improved data tracking for rental demolition applications to understand the impact on wards and the city as a whole. Tenant advocates requested the City increase transparency and accountability to the public and affected tenants on policy outcomes, including the impact on the city's existing supply of affordable and mid-range rental housing. Overall, feedback suggested there is not enough information being collected on how many tenants are being displaced, where they live during the displacement period, and how many tenants return to replacement housing.

Recommendations included the creation of a centralized location for rental housing demolition open data, enhanced data tracking of displaced and returning tenant rates and demographic information, as well as developing tenant surveys to monitor effectiveness and compliance of the Tenant Assistance Plan.

Current practice: Rental housing demolition application data is currently published on the [City of Toronto Housing Data Hub](#) and on the [City's Open Data Portal](#). The City tracks data on rental housing demolition and conversion applications with six or more existing rental units that were approved by City Council since January 1, 2017. Currently, the City publishes data on the number of rental units approved for demolition and replacement, including the number of affordable, mid-range and high-end units. This data is updated quarterly.

Updated practice and future work: In Q2 2025, the existing Demolition and Replacement of Rental Housing Units dataset on the Open Data portal will be updated to include the date rental housing demolition permits were issued. This data will provide an indicator on the number of tenants being displaced and rental units being demolished in a given year. This data will be updated quarterly.

Moving forward, staff will collect data on the date eviction notices are provided to tenants and the occupancy date of replacement rental units for applications approved by Council since January 1, 2017. This data will help the City understand how long tenants are being displaced and if the predicted timeline is consistent with actual construction timelines.

Enforcement of the rental demolition framework

What we heard: Some tenant advocacy stakeholders suggested the City improve how rental housing demolition applications are enforced and monitored for compliance. Stakeholders expressed there is limited support for tenants during eviction, displacement, and occupancy processes and felt that staff are not proactively monitoring requirements secured through Section 111 Agreements, including oversight of tenant selection and replacement unit allocation, and ensuring property owners maintain restricted rents throughout the entire affordability period.

Some tenants with lived experience expressed that there were cases of tenants not receiving the replacement rental unit they had selected and there was limited explanation on why that occurred—for example, a tenant that was told they were second on the seniority list did not receive one of their top 3 units. Overall, the feedback

suggested additional oversight would be helpful to confirm property owners are implementing rental housing requirements approved by City Council.

Current practice: Section 111 agreements are legal agreements between the City of Toronto and the property owner and registered on the title of the land. Property owners are required by law to implement all obligations secured through the agreement. If a property owner breaches obligations under the agreement, the City would be entitled to take all appropriate actions to ensure its enforcement. The City may also consider enforcement mechanisms under the Municipal Code and the City of Toronto Act, 2006.

Currently, staff oversee all notices issued to tenants during eviction and occupancy processes to ensure that the information being shared with tenants is accurate, and the property owner is required to annually report on tenant information, rent calculations, and parking and storage charges of the replacement housing after it is first occupied.

Updated practice and future work: City staff are committed to improving oversight of rental housing demolition applications, especially as larger rental buildings are being proposed for demolition and more tenants are impacted concurrently.

Based on feedback received, staff have improved the rental replacement process to introduce new tenant meetings at eviction and occupancy milestones to provide an overview of roles and responsibilities for tenants and property owners, and to clarify the City's expectations during both processes. Tenants will have access to the Handbook which outlines clear expectations and step-by-step information for both processes, including details on how utility adjustments are made and when tenants can view replacement rental units before signing a lease.

To ensure eligible tenants are being offered their choice of units based on seniority as required, City staff will require property owners to submit their proposed replacement unit allocation for review and sign off before replacement units are offered to tenants.

As an ongoing process improvement and in response to City Council direction for staff to report on compliance with tenant relocation and assistance policies, City staff will develop a survey that will be sent to tenants that have been recently displaced. The objective of this survey is to monitor compliance and effectiveness of the Tenant Assistance Plan, collect information on the number of tenants that were displaced and where they found interim housing, and gather feedback for ongoing improvement of the rental replacement process.

Rental unit replacement

What we heard: How replacement rental units should be replaced in new developments was a key area of disagreement between stakeholder groups. Overall, City staff received opposing feedback from the development industry and tenant advocacy group stakeholders. Tenant advocacy groups emphasized the importance of replacing existing rental units in a "like-for-like" manner in new buildings, with replacement units containing the same features as the existing units such as balconies, windows, parking, storage, layouts and exact gross floor area. These stakeholders

noted if the replacement unit is significantly reduced in size from the existing rental unit, returning tenants should receive appropriate rent reductions.

Development industry stakeholders raised the “like-for-like” replacement approach complicates new building and floorplate design and does not always conform with other City policy objectives, including the reduction of vehicle parking in new buildings and energy efficiency standards. They stated the upgraded features and amenities offered in replacement units (such as air conditioning, laundry, improved and brand-new finishes and appliances, and amenity spaces) should be recognized as significant improvements to tenants that warrant reductions in unit size. Stakeholders from this group suggested the City should allow for more flexibility to align replacement unit sizes with market units in the building or other City guidelines such as the Growing Up Guidelines.

Current practice: Currently, the City requires all rental units to be replaced with a replacement unit of the same bedroom type and of similar size. While 100% of rental gross floor area is required to be replaced in the new building, staff are supportive of reasonable unit size changes on a unit-by-unit basis.

In some cases, flexibility with respect to replacement unit sizes has been provided where there are units without returning tenants, as long as 100% of the existing rental gross floor area is replaced. Through this flexibility, these rental housing demolition applications can also address the need for more rental housing by providing more rental units within the existing rental gross floor area.

Updated practice and future work: The Official Plan policy aims to ensure existing rental housing is both maintained and renewed. Replacement units typically reflect current market designs and are provided with modern finishes and updates. When there are unique or large existing units, such as rental units within house-form buildings, staff are supportive of reducing the size of these units to align with the Growing Up Guidelines, as long as 100% of rental gross floor area is replaced. Allowances for further reductions in unit size are not currently contemplated, however may be reviewed on a site-specific basis.

Related to this topic, tenant advocacy groups and tenants with lived experience suggested that replacement units should be allocated based on large and small sizes of the same bedroom type and to consider accessibility needs of tenants. Historically, replacement units have been allocated based on seniority of the specific bedroom type. For example, if there are two three-bedroom units available and one is 750 square feet and one is 1,200 square feet, the tenant with the highest seniority could choose either of these available three-bedroom units even if they previously occupied a 750 square foot unit. Tenants that chose to live in larger units for accessibility reasons were not guaranteed to receive the same sized unit with similar accessibility accommodations upon return. The Handbook includes an updated approach to allocating replacement units based on seniority, unit size range, and accessibility considerations.

Need for improved rental replacement process for vulnerable tenants

What we heard: All stakeholder groups agreed the current approach to rental replacement does not address the complex needs of vulnerable tenants impacted by

demolition. There was consensus that vulnerable tenants should receive enhanced, tailored support during the application review and eviction process to ensure these tenants find suitable housing during displacement and are not at risk of becoming homeless or losing access to essential community services. Stakeholders suggested vulnerable tenants should receive priority access to interim housing, one-on-one engagement to ensure they are aware of supports available to them, and third-party relocation supports to help them find interim housing.

Current Practice: Under the existing practice, the City secures additional compensation for tenants with “special needs” amounting to four months rent. This compensation is meant to provide additional financial support to tenants that may have more difficulty moving or require additional services. Tenants with special needs are defined as tenants over the age of 65 and/or who experience a physical or mental health challenge. Tenants with special needs are identified at the time of eviction when tenants are asked to submit documentation to demonstrate eligibility for the additional compensation.

Updated practice and future work: City staff are committed to redesigning the rental replacement process for vulnerable tenants. As an immediate change, special needs compensation has been updated to equal four months of City of Toronto Average Market Rent (AMR) instead of the individual tenant’s rent. This interim solution addresses the lack of equity in calculating special needs compensation and the outcome that tenants that pay lower rents receive less additional compensation than tenants that pay higher rents. This change is reflected in the Handbook.

City staff will work closely with stakeholders to design and implement a new process for vulnerable tenants by early 2026. This includes clearly defining and reviewing the definition for who is a vulnerable tenant, determining an approach for identifying vulnerable tenants earlier in the application review process that complies with privacy requirements, offering tailored and enhanced supports for vulnerable tenants, and exploring the feasibility of relocation to an acceptable unit at similar rent as a mandatory requirement when vulnerable tenants are evicted due to demolition of their rental unit.

Tenant Assistance Plan: Moving allowances

What we heard: Tenant advocacy groups and tenants with lived experience provided feedback that moving allowances secured through the Tenant Assistance Plan and provided by the property owner are inadequate and do not reflect current rates for moving companies in Toronto. Stakeholders noted that tenants often have to use their own money to “top up” the moving allowance which puts additional financial strain on tenants, particularly seniors and tenants with physical health conditions.

Current Practice: Under the existing approach, the City secures two moving allowances to help tenants move out of their existing unit and move back into their replacement unit. For studio and one-bedroom units, the moving allowances amount to \$1,500. For two-bedroom and larger units, the amount is \$2,500. These values have been informed by surveys of moving company costs conducted by City staff.

Updated practice and future work: City staff will review the standard moving allowance on an annual basis. Any changes to the existing approach will be published in the Handbook.

Tenant Assistance Plan: Rent gap assistance

What we heard: Stakeholder feedback on the City's current approach to calculating rent gap assistance was generally positive, with some recommendations for further consideration. Tenant advocacy groups agreed the current approach has resulted in increased compensation for displaced tenants, and suggested rent gap assistance should be adjusted for utilities, parking, and storage charges (if included in the current rent for a tenant) and annual rent increases. Development industry stakeholders agreed that existing tenants were being appropriately compensated and the rent gap assistance reflects the current rental market. Feedback from tenants with lived experience was mixed as not all tenants received this form of financial assistance, as rent gap assistance only became a standard practice in 2021. There were concerns that the length of rent gap assistance provided and how it is calculated is unclear and not well communicated to tenants. Both tenants and developers noted that data used to calculate rent gap payments should be publicly available and be as localized as possible.

Current Practice: The City secures rent gap assistance to assist tenants with paying market rents for interim accommodation during the displacement period. Rent gap is calculated as the difference between the rent paid by a tenant on the date their tenancy is terminated and the most recent average apartment rent for rental units in buildings completed in or after 2015, by bedroom type, published by the Canadian Mortgage and Housing Corporation (CMHC). The CMHC rents are indexed upwardly to reflect estimated changes in market conditions since the most recent CMHC survey. Rent gap assistance is provided for each month a tenant is displaced until their replacement rental unit is available to move into. The compensation is provided in one lump-sum payment on the date a tenant moves out of their existing rental unit. City Council directed staff to implement this approach through [PH11.10](#) in April 2024.

Updated practice and future work: Based on stakeholder feedback and City Planning's evaluation of the rent gap assistance methodology and dataset (outlined in the next section of this report), staff will continue using CMHC rents for rental units in buildings completed in or after 2015, by bedroom type, to calculate rent gap assistance. This approach is used to calculate rent gap assistance for tenants of Rental Housing Demolition applications where replacement of rental units is required as well as applications with less than 6 rental units and where replacement is not required.

To ensure rent gap assistance better reflects the financial cost of displacement for tenants, staff have updated the methodology to account for utility charges. If an impacted tenant has utilities included in their rent, their last paid rent used to calculate rent gap assistance will be adjusted downward by the appropriate utility allowances posted annually on the City's website. This change is made to recognize that utilities are often not included in rent for most new leases. This practice will also apply for rents that are inclusive of parking and/or storage locker costs. Rent gap assistance is not proposed to include projected annual rent increases. This is because tenants are

provided with their rent gap assistance at the time they move out, providing them with more financial flexibility, including the option to invest the assistance received in high-interest savings accounts.

Staff will continue to monitor and evaluate this approach as rental market conditions continue to evolve, including an annual internal review of CMHC’s data compared to other market data.

Review of the Current Rent Gap Assistance Approach

Current Approach

Since April 2024, City Planning staff have been using average market rents for rental units built in or after 2015 as the basis for rent gap assistance for all new Rental Housing Demolition application approvals. Under this approach, assistance is calculated based either on data for CMHC Zones 1-4 or for Zones 5-17, depending on the location of the project. Zone boundaries can be found on CMHC's [Housing Market Information Portal](#). Where data is not available for the zone group, city-wide rents are used.

Table 1: 2024 Average Rents for Apartments Built on or After 2015

CMHC Zone	Studio	1BR	2BR	3BR
Zones 1-4	\$2,133	\$2,517	\$3,296	\$4,244
Zones 5-17	N/A	\$2,332	\$2,939	N/A
City Wide (Zones 1-17)	\$2,154	\$2,459	\$3,156	\$3,273

As of the date of this report, eviction notices have not been issued for any Rental Housing Demolition applications that were approved using the new rent gap assistance approach. This means staff have not been able to directly evaluate the success of the new approach in helping tenants find interim rental housing.

From a qualitative lens, support for the new approach was heard in the stakeholder consultation sessions. Tenant advocacy groups noted that the current approach is more reflective of asking rents than the previous approach. Staff have also received positive feedback about the updated rent gap assistance approach in tenant meetings conducted since the change was implemented.

Analysis

To quantitatively evaluate the current rent gap assistance approach, staff reviewed interim rental housing options and corresponding asking rents against the rent gap assistance that would be provided for current or recently approved Rental Housing Demolition application sites. Eight sample sites were chosen representing large rental housing demolition applications (i.e. buildings with at least 50 rental units) across the city. These included two sites in Scarborough, one in Etobicoke, three in the former City

of Toronto, and two in North York. Based on the CMHC zone groupings summarized in Table 1, three sites in Zones 1-4 and five sites in Zones 5-17 were examined.

For each site, a 15- to 30-minute walking radius (approximately 1.5 to 3 km) was established in which options for interim rental housing were examined, based on each of the following data sets:

- **Point in time (PIT) scan conducted in November 2024:** Staff carried out research on a variety of rental platforms including Realtor.ca, Rentals.ca, Viewit.ca, and Zillow.com and calculated average asking rents for studio, 1BR, 2BR and 3B units available.
- **Urbanation condo rents:** Staff calculated the average rent for new leases executed in Q3-2024 in condo buildings using Urbanation data. Urbanation is a private database accessed by subscription that provides in-depth market reporting for all condominium and purpose-built rental projects and land sales in the GTHA.
- **Urbanation pre-2000 apartment rents:** Staff calculated the average rent for units available for lease in Q3-2024 in rental buildings completed in the year 2000 or earlier, using Urbanation’s private database.
- **Urbanation post-2000 apartment rents:** Staff assessed the average rent for units available for lease in Q3-2024 in rental buildings completed after the year 2000, using Urbanation’s private database.
- **Urbanation Weighted Average:** Staff calculated the (weighted) average of asking rents across condos, pre-2000 rental buildings and post-2000 rental buildings in the Urbanation database for each test site. This analysis was meant to help better reflect the composition of the overall rental market that tenants would be subject to and better reflect the average rent across all available units.

For all data sets noted above, there was limited availability of rents for both studio and 3-bedroom units—in some cases no data was available. Additionally, the supply of rental units in condo buildings and purpose-built rental units built after 2000 was limited for the Scarborough and Etobicoke test sites. These limitations reflect existing rental market conditions for certain unit types or building types across different areas of Toronto and the challenges tenants may face when trying to find comparable accommodation.

Results

Staff’s analysis showed that for most areas of Toronto, basing rent gap assistance on the data published by CMHC for units built after 2015, when combined with the required RTA compensation, would allow tenants to afford a range of rental units within the 15- to 30-minute walking radius considered, including purpose-built rental units built after 2000 and rental units in condos.

For the test sites in the former City of Toronto, where Rental Housing Demolition applications have been concentrated, the current approach would allow tenants to

afford rental units built prior to 2000, i.e., a like for like comparison to tenants' current rental unit, except in the case of three-bedroom units where tenants could face a shortfall given the high rents and limited supply of three-bedroom units. Tenants in this area could face a shortfall if they chose to rent units in purpose-built rental buildings built after 2000 or a newer condominium.

- Staff also evaluated average rents by unit type for vacant purpose-built units from the 2024 CMHC rental market survey. In April 2024, staff recommended against the use of this dataset due to inconsistencies from year to year, trends that do not mirror the trends in the overall rental market, and issues resulting from the small sample size of vacant units.

Other Data Sources Reviewed

Other data sources were also evaluated to determine whether these could be used for calculating rent gap assistance and/or to help assess whether the current rent gap approach is appropriate. The following data sources were evaluated separately due to their limitations in gathering data for specific unit types and geographic location:

- **Rentals.ca:** aggregate data published in monthly rental reports was reviewed. However, these reports do not include average rents for all unit types (for example studio and three-bedroom units are not reported), and they have unclear geographic boundaries (for example Scarborough is not independently reported). The current rent gap approach would allow tenants to afford the average 1-bedroom and 2-bedroom rents reported by Rentals.ca.
- **Toronto Regional Real Estate Board (TREB):** data that represents average rents achieved for units in condo buildings based on transactions reported on the Multiple Listing Services (MLS) Platform. This condo rental data is readily available on a quarterly basis without the need for a subscription. The current rent gap approach would allow tenants to generally afford renting a studio, 1-bedroom or 2-bedroom rental condo unit reported by TREB. However, assistance may not be sufficient for tenants displaced in CMHC zones 5-17 to afford a 3-bedroom condo rental unit. This outcome is consistent with the PIT Scan and Urbanation analysis.

Next Steps

To ensure rent gap assistance best reflects local conditions, staff will continue to assess zone-based rents and CMHC's average market rents for purpose-built rental units built in or after 2015 against market data. Staff will also work with CMHC to consider if other aggregate zone groups should be considered. Staff will continue to evaluate this approach on an annual basis and consider if changes are needed to ensure that tenants are provided with appropriate assistance to secure interim rental housing.

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SIGNATURE

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ATTACHMENTS

Attachment 1: Rental Replacement Handbook
Attachment 2: Stakeholder Engagement Summary Report