

Follow Up on 2026.EC27.1: Refining the Definition of an Entertainment Establishment/Nightclub in Toronto Municipal Code Chapter 545, Licensing

Date: June 29, 2026

To: Economic and Community Development Committee

From: Executive Director, Municipal Licensing and Standards

Wards: All

SUMMARY

In April 2026, as part of an update on the City's Business Licence and Permit Applications Action Plan ([2026.EC27.1](#)), City Council directed Municipal Licensing and Standards (MLS) to report back to the June meeting of the Economic and Community Development Committee with any recommended changes to the definition of an Entertainment Establishment/Nightclub in [Toronto Municipal Code, Chapter 545, Licensing](#) (the Licensing Bylaw).

Nightclub regulations were last updated in 2023 during the City's Night Economy Review ([2023.EC8.13](#)), with modernized licensing and zoning regulations for bars, restaurants, and entertainment venues coming into effect on January 1, 2025. Over the first year of implementation, staff identified opportunities to further refine and review regulations, including for nightclubs.

Staff have initiated a broader implementation review of licensing and zoning regulations for nightclubs to address implementation challenges and respond to stakeholder feedback. This work includes reviewing the specified criteria of a nightclub in the licensing definition, how nightclubs are differentiated from other licence categories, and zoning requirements. Staff plan to report back on outcomes of this work in 2027 as part of the next update on the City's Business Licence and Permit Applications Action Plan ([2025.EC22.7](#)). The objectives of this implementation review are to support business growth and focus enforcement resources on operators that present with high nuisance and safety risks. The longer-term next step of the implementation review will be to consult with industry stakeholders on potential updated regulations.

While the implementation review progresses, staff are recommending an immediate amendment to the licensing definition of an Entertainment Establishment/Nightclub to reduce regulatory burden on small capacity entertainment venues that are currently captured under the nightclub licensing category. Enforcement data shows that these venues have demonstrated lower nuisance and safety impacts compared to larger capacity nightclubs.

This report recommends amending the definition of an Entertainment Establishment/Nightclub in Toronto Municipal Code Chapter 545, Licensing to only apply to venues with an occupancy load of more than 150 people. Entertainment businesses with an occupant load of 150 or fewer will instead be licensed under a different existing entertainment category (likely Expanded Eating or Drinking Establishment or Entertainment Place of Assembly licence, depending on business operations). This change aligns with MLS' activity-based licensing framework, introduced through the Night Economy Review. Under this framework, select establishments with higher potential safety or nuisance impacts determined by their activities (e.g. liquor service and late operating hours) must meet additional licensing requirements.

This report was prepared in collaboration with Economic Development and Culture, Toronto Fire Services, City Planning, and Toronto Building.

RECOMMENDATIONS

The Executive Director, Municipal Licensing and Standards recommends that:

1. City Council amend the definition of an Entertainment Establishment/Nightclub in Toronto Municipal Code, Chapter 545, Licensing to add that, "Despite Subsections A and B, a premises with an occupant load of under 151 people shall not be deemed an Entertainment Establishment/Nightclub and will instead be licensed, based on its operations, as an Entertainment Place of Assembly, Eating or Drinking Establishment, or Expanded Activity Eating or Drinking Establishment for the purposes of this Chapter".
2. City Council request the Chief Planner and Executive Director, City Planning work with the Executive Director, Municipal Licensing and Standards to strengthen alignment of business licensing and zoning regulations for Entertainment Establishment/Nightclubs and assess and consult on potential zoning changes to address implementation challenges.
3. City Council direct that Recommendation 1 come into effect on September 30, 2026.

FINANCIAL IMPACT

There are no current year or future year financial impacts resulting from the recommendations contained in this report.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact Section.

EQUITY IMPACT

The City is home to many equity-deserving groups including Indigenous Peoples, Black Communities, women, newcomers, racialized communities, persons with disabilities, 2SLGBTQ+ communities, youth, persons with low income and undocumented Torontonians. Such groups may face distinct barriers that prevent them from participating in the social, cultural, and economic life of the City. Several small capacity entertainment venues have been providing curated space for members of 2SLGBTQ+ and other equity-deserving communities to feel welcome and safe. Some of these premises may currently fall under the definition of an Entertainment Establishment/Nightclub, which is disproportionate to their level of safety and nuisance impact and creates financial and administrative burden. Reducing burden on these low-impact operators through the proposed recommendation may help in safeguarding these spaces for nightlife and cultural gatherings.

DECISION HISTORY

On April 22 & 23, 2026, City Council adopted [EC27.1 - Update on the Business Licence and Permit Applications Action Plan and Other Outstanding Directives](#), which directed MLS to report back with any recommended changes to the definition of an Entertainment Establishment/Nightclub after consulting with Economic Development and Culture Division and industry stakeholders.

On July 23 & 24, 2025, City Council adopted [EC22.7 - Business Licence and Permit Applications Action Plan: Chapter 545, Licensing \(2025 to 2029\)](#), which is MLS' roadmap for modernizing regulations and improving the business licensing and permitting experience for applicants and licence holders by 2029.

On December 13, 14 & 15, 2023, City Council adopted [EC8.13 – Recommended Amendments to Chapter 545, Licensing for Bars, Restaurants, and Entertainment Venues as part of the Night Economy Review](#), which updated the regulatory framework for bars, restaurants and entertainment venues, introduced activity-based licensing and established new, broader licensing categories to capture emerging business models.

On December 13, 14 & 15, 2023, City Council adopted [PH8.2 – Recommended Amendments to Zoning By-laws for Bars, Restaurants and Entertainment Venues as part of the Night Economy Review – Final Report](#), which included zoning by-law amendments to modernize and clarify the rules for bars, restaurants and other entertainment venues licensed by the City.

On November 7, 8 & 9, 2017, City Council adopted [AU10.4 - A Review of Municipal Licensing and Standards Division's Management of Business Licences - Part Three: Eating Establishments and Nightclubs](#), which identified difficulties in enforcing nightclub regulations and recommended a broader review of the City's licensing and zoning bylaws to address issues with classifications and requirements for eating establishments and nightclubs.

COMMENTS

Background

Updated Licensing Regulations for Nightclubs

In 2023, City Council adopted an updated framework for bars, restaurants and entertainment venues as part of the Night Economy Review to modernize regulations, following extensive industry and public consultation ([2023.EC8.13](#)). Changes came into effect on January 1, 2025.

Prior to 2025, under [Toronto Municipal Code, Chapter 545, Licensing](#) (the Licensing Bylaw) a nightclub was defined as a business used to provide dance facilities where seating was not provided for patrons. Enforcement challenges arose from counting the number of seats and patrons (as noted by the City's Auditor General in [2017.AU10.4](#)). In response, the updated definition focused on the purpose of the establishment (instead of seating), aligned as closely as possible with zoning bylaws, and reflected consultation feedback that patron entertainment and dancing are the activities that best characterize a nightclub.

The current licensing definition of an Entertainment Establishment/Nightclub is as follows:

- A. A premises where amplified music is provided for patron entertainment or dancing.
- B. Despite Subsection A, a premises shall be deemed an Entertainment Establishment/Nightclub where it meets three or more of the following criteria:
 - (1) The establishment offers or advertises bottle service, meaning the sale or service of liquor by the bottle;
 - (2) The operator refers to or advertises the establishment as a club, nightclub, disco, dance hall, dance club, or similar venue;
 - (3) The premises are equipped with a lighting system, sound system, or disc jockey booth greater in scope than one expected in an eating or drinking establishment;
 - (4) The premises has a stage, dance floor, or other area used for patron entertainment or dancing.
- C. Despite Subsections A and B, an Entertainment Establishment/Nightclub shall not include an Adult Entertainment Club.

Updated Licensing Regulations for Other Entertainment Businesses and Additional Regulatory Tools

During the 2023 Night Economy Review, several regulatory changes were made to better capture the various types of entertainment businesses. An Entertainment Place of Assembly licence type was introduced to capture live music venues and businesses that

host or provide entertainment space. This new category consolidated live music businesses that had previously operated under a variety of licensing types.

Through the Night Economy Review, MLS introduced an activity-based licensing framework. Under this framework, establishments with higher potential safety or nuisance impacts determined by their activities (e.g. liquor service and late operating hours) are determined to be “Expanded Activity” licence categories and must meet additional licensing requirements, which may include submitting and complying with a Noise Control Plan and/or Patron Management Plan. This approach applies to the Entertainment Place of Assembly and Eating or Drinking Establishment categories.

To provide additional flexibility, particularly in instances of repeated non-compliance, the Executive Director of MLS also has the authority to require a Noise Control or Patron Management Plan from food or beverage and entertainment businesses if needed (and not required already). This condition can be imposed upon licence application, renewal, or any time during the duration of the licence. The details of these plans are as follows:

- **Level 1 Noise Control Plan:** requires establishments to outline how and when noise levels are monitored, the actions an operator will take to alleviate excessive noise, and how the operator will engage with the surrounding communities on noise related issues.
- **Level 2 Noise Control Plan:** requires the information in the Level 1 plan as well as the support of a certified engineer to review the maximum volume levels of the establishment, the wattage of equipment used and its location, and a summary of sound insulation methods used within the establishment.
- **Patron Management Plans:** requires an outline of processes for patron entry and re-entry into the establishment as well as procedures for monitoring line-ups and preventing loitering.

These tools address feedback that noise from venues as well as crowding at closing time are significant issues in this industry.

Updated Zoning Regulations

Prior to 2025, zoning regulations only permitted nightclubs downtown. This led to cases where venue operators outside of this area did not have a licence category available that met business operations, and were instead often licensed as Eating or Drinking Establishments for their nightclub business.

City Council adopted changes to the City’s zoning bylaws in 2023 as part of the Night Economy Review ([2023.PH8.2](#)), in effect as of January 1, 2025, to permit nightclubs in the commercial component of mixed use zones citywide, subject to pre-existing conditions. New nightclubs must now be located in non-residential buildings (lawfully existing nightclubs in mixed-use buildings can operate as is), limit their size to 400 square meters when adjacent to residential zones; limit to one nightclub per building; and be located on or below the first storey. Permissions for ancillary entertainment space in Eating and Drinking Establishment venues was also increased from 6% to 25%.

Ongoing Work to Refine the Entertainment Establishment/Nightclub Definition

Concerns with the Current Definition and Work to Date

In 2025, during the first year of implementation, staff received feedback from industry stakeholders on several aspects of the definition of an Entertainment Establishment/Nightclub.

Issues identified included that the nightclub category should be more clearly distinguished from the Expanded Activity Entertainment Place of Assembly or Expanded Eating or Drinking Establishment categories, particularly in cases where restaurants play background music, have DJ booths, and/or extensive lighting systems. Challenges were also noted with zoning regulations that require new nightclubs to operate in non-residential buildings and be located at or below the first storey. Stakeholders also suggested small capacity entertainment venues should be licensed separately from large nightclubs because smaller venues were likely to have lower potential nuisance and public safety impacts due to lower patron numbers. Feedback was shared that small capacity entertainment venues can also act as community spaces to the 2SLGBTQ+ and other equity-deserving communities. Several of these concerns were shared again in April 2026, when MLS staff attended the third annual meeting of the Night Economy Industry, hosted by Economic Development and Culture Division, to gather feedback from key stakeholders.

In response, staff initiated a review of the licensing Entertainment Establishment/Nightclub definition. While the broader review advanced, in April 2026, MLS proposed minor, clarifying amendments to the definition as an interim measure. The Economic and Community Development Committee did not adopt the changes and directed MLS to work with the industry and the Economic Development and Culture Division on the definition of an Entertainment Establishment/Nightclub and report back ([2026.EC27.1](#)).

Staff have consolidated feedback about licensing and zoning-related implementation challenges faced by stakeholders and are recommending as a first step an immediate amendment to the licensing definition to reduce regulatory burden on small capacity entertainment venues that are currently captured under the nightclub licensing category.

Recommended Bylaw Amendment and Rationale

Staff recommend amending the licensing definition of an Entertainment Establishment/Nightclub to only apply to locations with an occupant load of more than 150 people. This means that small capacity entertainment venues that report an occupant load of 150 or fewer people would not be classified as an Entertainment Establishment/Nightclub and would instead be licensed under a different entertainment category (likely an Expanded Eating or Drinking Establishment or Entertainment Place of Assembly licence, depending on business operations). Currently, all nightclubs, including small capacity entertainment venues, need to provide security, metal detectors, a Level 2 Noise Control Plan, and liability insurance of at least \$2,000,000. Requiring these licensing measures of lower-risk, small capacity entertainment venues can create disproportionate financial and regulatory burden.

The 150-person threshold is an established indicator for safety risks. Under the Ontario Fire Code and the Ontario Building Code, requirements such as fire alarm systems and related life safety measures are tied to occupant load, with the key thresholds beginning above 150 occupants. This approach also aligns with the thresholds used within MLS' activity-based licensing framework, reflects public feedback from the 2023 Night Economy Review that capacity should differentiate licence types in this sector, and aligns with regulatory approaches in Vancouver and Austin.

Currently, three businesses are licensed as an Entertainment Establishment/Nightclub while having an occupant load of 150 or below. Complaint and enforcement activity is minimal for these three locations, with less than 10 service requests received in total for licensing and noise issues since 2022.

If the recommendations are adopted, these three existing businesses will no longer meet the definition of an Entertainment Establishment/Nightclub, and they (along with eligible new applicants), would obtain a different licence, depending on business operations. Licensing and permitting staff will provide step-by-step support to clients on converting or obtaining the appropriate licence ([2026.EC27.1](#)). Twenty-six (26) other Entertainment Establishments/Nightclubs will continue to remain licensed as such, as they are above the 150-occupant threshold. MLS, Toronto Building, City Planning, and Economic Development and Culture Divisions will continue to collaborate as needed on supporting clients with obtaining the appropriate licence type and maintaining compliance.

Regulatory Tools to Respond to Non-Compliance

MLS has a suite of regulatory tools available to mitigate potential nuisance and safety impacts and address non-compliance with licensing requirements. As noted above, expanded activity category licensees must develop noise control and patron management plans. The Executive Director of MLS also has the authority to impose these plans on non-expanded activity licence holders as needed.

Should nuisance and safety complaints arise, bylaw enforcement staff have a comprehensive set of bylaws to support inspections and enforcement. Through the Licensing Bylaw, all bars, restaurants and entertainment venue licensees must maintain clean, well-lit establishment interiors during operating hours and keep public sidewalks and the surrounding areas clear of waste. There are additional City regulations related to community nuisance and safety – for example, [Chapter 591, Noise](#) regulates noise and sets out measurable limits for late night and daytime indoor and outdoor noise levels. [Chapter 743, Streets and Sidewalks](#), requires property owners to maintain surrounding areas free of litter and makes it an offence for any person to foul the street.

To gain compliance, MLS staff prioritize education and engagement with operators, but may issue warnings or lay charges and/or escalate efforts further through coordinated enforcement initiatives with enforcement partners where necessary. MLS collaborates with the Alcohol and Gaming Commission of Ontario (AGCO), Toronto Police Services (TPS), Toronto Fire Services (TFS), and/or Toronto Public Health (TPH) to inspect problematic establishments in the City where necessary (i.e. those with high complaint volumes in various settings).

Finally, when there are repeated concerns with complying with licensing or bylaw requirements, MLS has the authority to refer an establishment to the Toronto Licensing Tribunal (TLT). The Toronto Licensing Tribunal is an independent quasi-judicial body that has authority to approve or refuse a licence application or renewal, place conditions on a licence, and/or suspend or revoke a licence. Altogether, these regulatory tools equip MLS to address persistent non-compliance and safety and nuisance impacts.

Implementation and Next Steps

Pending Council approval of the recommendations, the proposed changes to the licensing definition for Entertainment Establishments/Nightclubs will come into effect on September 30, 2026. For the existing three licensed Entertainment Establishments/Nightclubs with occupant loads at or under the 150 threshold, licensing and permitting staff will provide step-by-step support to clients in obtaining the appropriate licence.

As part of the broader implementation review, staff will review the specified criteria of a nightclub in the licensing definition, how nightclubs are differentiated from other licence categories, and zoning requirements. City staff will begin planning and initiate engagement with industry stakeholders on potential updated regulations in 2026. Any recommendations resulting from the implementation review will be reported in 2027 as part of the progress update on MLS' Business Licence and Permit Applications Action Plan.

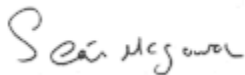
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SIGNATURE



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