

# STAFF REPORT



TO Planning & Building, Engineering and Environment Committee

SERVICE AREA Planning, Building, Engineering and Environment

DATE May 5, 2014

**SUBJECT Rental Housing Licensing Recommended Approach**

REPORT NUMBER 14-29

## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

In July 2013, Council received PBEE Report 13-32 Rental Housing Licensing Cost-Benefit Analysis and authorized staff to proceed with public consultation on the proposed licensing directions and cost-benefit analysis to guide the development of a potential rental housing licensing program. Between October 2013 and March 2014, staff consulted community stakeholders on rental housing licensing options and further evaluated licensing options and alternatives to licensing. This report provides a summary of the stakeholder engagement results and further staff analysis, and presents a recommended approach regarding the licensing of rental housing for Council approval.

### KEY FINDINGS

Staff has analyzed rental housing licensing options and alternatives taking into consideration the results of the community engagement completed since July 2013. The analysis indicates that a rental housing licensing program may not be the most effective and efficient tool to address the majority of issues associated with rental housing at this time. In fact, the majority of outcomes sought by the City are available through full enforcement of already existing by-laws, enhanced communication and community partnerships. Many stakeholders also expressed similar opinions during the consultation.

Another factor considered by staff is the Ontario Human Rights Commission (OHRC) suggestion that increases in rents resulting from a licensing program could be found to be discriminatory and contrary to the Human Rights Code if such rent increases impact the affordability of rental housing on a code protected group. All licensing options presented to the public would have an impact on rents if licensing costs were to be passed on to tenants. Therefore those options could result in legal challenges under the Human Rights Code.

On the basis of this analysis and stakeholder input (including OHRC), staff is recommending an alternative approach to respond to ongoing concerns with rental housing (Attachment 1). The recommended approach involves a refocusing and enhancement of current initiatives, including enforcement, as

# STAFF REPORT

well as increased collaboration with stakeholders and community partners, to improve the issues associated with rental housing.

The recommended approach includes the following:

- 1. Continue the enhanced enforcement program and improve the Building Services proactive enforcement program.**
- 2. Research, develop and begin implementing a comprehensive education/communications plan.**
- 3. Continue to support community partnerships, explore strategies and support development of further community based responses to rental housing issues.**

Many elements of the recommended approach represent a continuation of the current enhanced enforcement program implemented by the City since 2006.

## **FINANCIAL IMPLICATIONS**

There are no new 2014 financial implications to supporting the recommended approach. An existing budget of \$25,000 is available to fund the development of a Communications Plan and the implementation of some components in 2014 to address education materials for tenants and neighbours of rental accommodations. Existing resources can also be used for additional elements recommended to start in 2014. These new elements include some improvements to the Building Services proactive enforcement program, research and development of a comprehensive education/communications plan, and continued support of community partnerships.

There are specific elements in the recommended approach that will be subject to future budget approvals. The largest additional investment would be \$135,000 (initially and then annualized) for an additional full time inspector in Building Services. There may also be additional future costs associated with the Communications Plan depending on the scope of the Plan developed in 2014. Should Council approve in principle, the recommended alternative approach outlined in this report, a budget package would be prepared for consideration during the 2015 budget process.

## **ACTION REQUIRED**

To receive the Rental Housing Licensing Recommended Approach report and approve in principle, the recommended alternative approach as set out in Attachment 1, subject to future budget considerations.

## **RECOMMENDATION**

1. That Report 14-29 from Planning, Building, Engineering and Environment regarding the Rental Housing Licensing Recommended Approach report dated May 5, 2014 be received.

# STAFF REPORT

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2. That Council approve, in principle, the recommended alternative approach to a rental housing licensing program described in Report 14-29 from Planning, Building, Engineering and Environment dated May 5, 2014, specifically:
  - a. Continue the enhanced enforcement program and improve the Building Services proactive enforcement program;
  - b. Research, develop and begin implementing a comprehensive and multi-stakeholder education/communications plan; and
  - c. Continue to support community partnerships, explore strategies and develop community based responses to rental housing issues.
  
3. That staff proceed with the implementation of the 2014 aspects of the recommended alternative approach to a rental housing licensing program which are already funded.

## **BACKGROUND**

On February 25, 2013 PBEE Report 13-04 Rental Housing Licensing Directions was presented to PBEE Committee in response to a number of Council resolutions directing staff to proceed with the development of a rental housing licensing program for Council's consideration. The key issues identified with rental housing in PBEE Report 13-04 included:

- health, safety and well-being of tenants;
- neighbourhood destabilization and deterioration;
- disruptive behavior;
- lack of information about rental housing stock and inequality among rental housing providers since compliant business owners are currently competing with noncompliant business owners;
- enforcement challenges; and
- funding implications (to various stakeholders, including the City tax base, landlords of rental properties and tenants).

The directions presented were looked at comprehensively so that the appropriate tool(s) could be assessed, determined and used in an integrated manner. It was identified that the licensing of rental housing is an approach permitted under the Municipal Act to regulate the business of rental housing. The proposed licensing directions were city wide, inclusive and dealt with key items tied to the purpose of licensing, to support the health, safety and well-being of persons and protection of persons and property. The report recommended licensing all businesses that rent living accommodations except for apartment buildings, group homes, emergency shelters, student residences operated by universities or colleges, and social housing with an administrative and/or funding relationship with the County of Wellington, which have been approved for exemption. In total it was estimated that 8,700 rental dwellings units could have been subject to licensing.

Following receipt of the licensing directions report, Council requested staff to complete a cost-benefit analysis on the proposed direction prior to proceeding with public consultation on the proposed licensing program. On July 15, 2013, staff

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# STAFF REPORT



presented PBEE Report 13-32 Rental Housing Licensing Cost-Benefit Analysis. The report provided a cost-benefit analysis of the proposed directions and included an analysis of three options which varied in program timing, cost and risk.

The PBEE report concluded that the benefits of a licensing program outweighed costs given that a licensing program could, among other things:

- increase the safety and well-being for tenants of low rise residential units with minimal financial impact;
- assist in managing neighbourhood destabilization and deterioration;
- assist in creating equality amongst rental housing providers; and
- be based on a cost recovery model avoiding any financial burden on the general tax base.

In response Council authorized staff to proceed with public consultation on the proposed licensing directions and cost-benefit analysis to guide the development of a rental housing licensing program. Council also requested that additional options be considered during the public consultation process using a risk-based approach and that staff consider the establishment of a citizen's advisory committee.

## REPORT

### Staff Analysis and Recommended Approach

Since July of last year, staff has continued to assess whether, at this time, licensing would add significant value to the other ongoing strategies the City is implementing to address issues that have been associated with rental housing. Staff considered:

- Current initiatives and how the success of these initiatives could be built upon;
- Ontario Human Rights Commission input;
- The potential impact and delay that could result from legal challenges to a rental licensing bylaw;
- The rental housing supply;
- The potential for improvements in resolving the identified issues through further education, engagement and partnership with stakeholders; and
- The feedback received during community engagement.

A description of key considerations is included in Attachment 2 – Reasons for Recommending an Alternative Approach to Licensing.

Given the reasons outlined in Attachment 2, staff is recommending an alternative approach to respond to ongoing concerns with rental housing, the key elements of which are summarized in Attachment 1. Staff is proposing to refocus and enhance current initiatives, as well as increase collaboration with stakeholders and community partners to further respond to issues associated with rental housing. This recommended approach includes the following:

- 1. Continue the enhanced enforcement program and improve the Building Services proactive enforcement program.**

# STAFF REPORT

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2. **Research, develop and begin implementing a comprehensive education/communications plan.**
3. **Continue to support community partnerships, explore strategies and support the development of further community based responses to rental housing issues.**

It is intended that this approach will continue to build upon the success of current initiatives to improve tenant safety and the key issues associated with rental housing. Attachment 3 - Rental Housing Issues and Tools outlines these issues and compares the limitations of existing tools to the potential advantages and disadvantages of this recommended approach.

These three components of the recommended approach are further detailed as follows:

1. **Enhanced Enforcement**

**Objective:** to improve the Building Services enforcement program and streamline existing enforcement methods. The existing proactive enforcement program has produced positive results. Over the past two years, proactive enforcement relating to zoning and property standards has resulted in over fifteen hundred (1,500) investigations and the resolution of over nine hundred (900) violations. To continue and build upon the success of this program, staff is proposing the following:

- a) **Search Warrants** – As identified in the July 15, 2013 Rental Housing Licensing Cost Benefit Analysis report (13-32) staff have encountered challenges in gaining access to buildings suspected of non-compliance. It has recently been learned that the City of Hamilton has had success with search warrants as part of their proactive enforcement program. With the assistance of our Legal Department, staff will actively pursue search warrants as a tool to overcome access issues and to improve tenant safety.
- b) **Streamline Enforcement Methods** – Efficiencies in enforcement methods can be realized by cross-training Zoning and Property Standards Inspectors by having them qualified to enforce the Ontario Building Code. This efficiency will prevent the need to send multiple inspectors to a single property to deal with issues most commonly found in rental accommodations.
- c) **New Staff Resource** – Improvements to tenant safety and the enhanced proactive enforcement program can be furthered by the addition of a full time inspector, cross-trained in zoning, property standards and the Ontario Building Code. The addition of a cross-trained inspector will increase the number of investigations that can be completed/resolved and will assist in effectively addressing the issues identified with rental housing.
- d) **Continued Enhanced Enforcement of the Noise and Nuisance Party By-laws** – The Bylaw Compliance and Security Division's Enhanced

- Enforcement program has been successful in addressing neighbourhood issues. This program, along with the Nuisance Party By-law, updating of the Noise By-law, an increase in set fines for noise violations, and continued collaboration with other stakeholders to support their initiatives (such as the University of Guelph's Restorative Alternatives Pilot Program), have likely contributed to the reduction of noise calls attended by Bylaw staff.
- e) **Increased Fines for Zoning, Two Unit Registration, Property Standards, Yard Maintenance and Ontario Building Code Violations**  
- With the pursuit of search warrants, efficiencies in enforcement methods and the addition of a staff resource, staff will be in a better position to pursue legal action against those unwilling to voluntarily comply and provide safe legal rental accommodations. Increasing fines would provide a further deterrent to circumventing applicable legislation. Staff recommend making an application to the Regional Senior Justice to increase "Set Fines" for various offences.
  - f) **Monitoring** – Staff are committed to the ongoing monitoring of the Building Services enhanced enforcement program to gauge effectiveness and continuously make improvements and continue to report annually to PBEE.

The addition of a full time inspector cross-trained in zoning, property standards and the Ontario Building Code would cost approximately \$135,000 initially. If the recommended approach is approved, staff would bring an expansion package forward during the 2015 budget process for consideration at that time. All other improvements to the enhanced proactive enforcement program and the streamlining of existing enforcement methods can be accomplished using existing resources and approved budget.

## 2. **Communications and Education**

**Objective:** to research, develop and begin implementing a comprehensive education/communications plan to improve the health, safety and well-being of tenants, and reduce the number of complaints about disruptive behaviour, excessive noise, parties, litter and vandalism in neighbourhoods with high concentrations of rental housing.

With an existing budget of \$25,000, the City could involve key stakeholders in developing communications and education materials for different audiences (tenants, neighbours and landlords etc.) and begin implementing the campaign this fall.

To achieve long-term, sustained behaviour change, continued collaboration, communications and education efforts would continue in future years, and any associated costs would be proposed as part of future departmental operating budgets.

### 3. Community Partnerships

**Objective:** to continue to support existing community partnerships and explore opportunities to work with partners to develop additional community based responses to rental housing issues as follows:

- a) **Continued Commitment to the Town and Gown Committee** – Staff have been involved with the Town and Gown Committee which provides a forum for stakeholders to address issues of common concern including those related to rental housing. Staff is committed to continue working with the Town and Gown Committee and to explore new ways to improve neighbourhood relations and increase the safety and well-being of tenants.
- b) **University of Guelph** – The University of Guelph has a number of programs that mitigate issues related to the behaviour of tenants. Staff has been involved with the University's Off-Campus Living Office regarding programs such as Right Foot Forward, Move-In-Out Madness, and the Restorative Alternatives Pilot Program (RAP). Staff is committed to continue to work with the University of Guelph and is interested in exploring additional partnership opportunities that would improve the issues and challenges associated with rental housing.
- c) **Neighbourhood Groups** – Staff will explore additional opportunities to work with neighbourhood groups to address rental housing issues brought forward by neighbourhood residents.
- d) **Explore Increasing Community Partnerships** – Staff will explore additional partnerships with stakeholders such as landlords and realtors that could further develop community based responses to issues related to rental housing.

#### **Community Engagement Feedback**

Part of the staff assessment of a rental housing licensing program included the development of a Community Engagement Plan which included holding two engagement sessions open to all stakeholders, an online feedback form, and the creation of a Community Working Group to assist with the review of the community engagement results. Also, as directed by Council, two additional rental housing licensing options were developed and presented to the public for feedback.

Public meetings were held on November 19 and 21, 2013 and an online feedback form was posted on the City's website during the month of November. The public meetings included an overview of the housing directions report, cost-benefit analysis and five rental housing licensing options (three options presented to Council in February 2013, plus two additional options). At the first session on November 19, facilitated breakout groups were used to guide participants through general questions regarding rental housing costs and benefits. The second session on November 21 looked at potential elements of a licensing program (e.g. length of program, level of risk, potential penalties, etc.). The online feedback form included the same questions from the

facilitated sessions to provide an opportunity for stakeholders, unable to attend the in-person facilitated sessions, to provide feedback.

Both the sessions and online feedback form had an excellent level of participation with over 300 responses received. Of those 300 responses, over 50% were landlords (39% identified themselves as landlords, and another 11% identified themselves as landlords and also from another stakeholder group), and 34% identified themselves as residents. Tenants represented 10% of respondents. The sessions and online survey were advertised through newspaper, internet, direct mailings to our stakeholder contact list, and through other groups, e.g. University of Guelph.

Attachment 4 - Summary of Community Engagement Results provides a compilation of the results collected that have been used by staff and the Rental Housing Licensing Community Working Group in analyzing the issues and assisting in the development of a rental housing licensing recommended approach. The majority of respondents (58%) did not feel that a rental housing licensing program would assist in addressing the identified issues with rental housing. When asked about the five rental housing licensing options presented, over 68% choose "Other" as an option. In looking at the "Other" option comments, 55% of respondents stated that they preferred no licensing of rental housing.

The following summary captures the main concerns and points raised through the process from those supportive of licensing and those who are not supportive.

### **Supportive of Licensing**

- Concerns with the safety of some rental units
- Help address concerns with inequality amongst housing providers
- Initial costs of a licensing program could result in long term benefits (e.g. access, penalties, coordinated enforcement)
- Recognise rental properties as the business that they are
- Help address problem areas (e.g. ongoing property standards and parking issues)

### **Not Supportive of Licensing**

- Costs would be passed onto tenants and potentially create an affordability issue
- Licensing would require "good landlords" to have to pay for the shortcomings of "bad landlords"
- Landlords would be faced with an onerous process with no real benefit
- There would be an increase in non-compliance due to more rentals going underground
- Licensing would not directly address behaviour issues
- City could achieve desired results by continued/better enforcement of existing by-laws

# STAFF REPORT

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Some respondents suggested that if a licensing option was to proceed, it would have to function with minimal resources in order to keep costs low and palatable to stakeholders.

## **Rental Housing Licensing Community Working Group**

A Rental Housing Licensing Community Working Group was established in December 2013 to review the results from the November 2013 community engagement meetings and online feedback form, provide information and advice to City staff to address identified issues and to inform staff's assessment of a preferred approach. The Community Working Group included representatives from landlords, tenants, community residents, University of Guelph and from the Wellington and Guelph Housing Committee. Two working group meetings were held in January with the first meeting dealing with administrative issues and the presentation of the community feedback received. The second meeting involved receiving feedback on the elements of a rental housing licensing program. A third and final meeting was held on February 25 and was used to explore and discuss a potential alternative approach to licensing premised on improvements to the enhanced proactive enforcement program to respond to ongoing concerns with rental housing. This alternative approach appeared to have the general support of the Working Group members in attendance.

## **Next Steps**

Based on staff analysis of rental housing licensing options and alternatives and taking into consideration the results of the extensive community engagement work, the recommended approach outlined in Attachment 1 is the most appropriate in continuing to improve conditions in neighbourhoods with high concentrations of rental housing and addressing the key issues at this time. This recommended approach involves refocusing and enhancing current initiatives with known costs, while promoting the further engagement and empowerment of stakeholders to improve the safety, well-being and overall enjoyment of our neighborhoods.

Should Council endorse, in principle, the recommended approach outlined in Attachment 1, staff would continue with a number of existing program areas such as enhanced fire prevention, enforcement of the noise and nuisance party by-laws and participation on the Town and Gown Committee. In addition, a number of elements of the recommended approach shown in 2014 would be commenced including the creation of a search warrant team, requesting increased fines, and initial improvements to educational material for stakeholders. Current funding is also available to research and develop a comprehensive education/communications plan for stakeholders. A budget package would be prepared for aspects of the recommended approach that require additional resources to be initiated in 2015, including increased staff resources for Building Services proactive enforcement and to implement additional communications materials for stakeholders.

# STAFF REPORT

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## **CORPORATE STRATEGIC PLAN**

**1.2 Organizational Excellence** - Develop collaborative work teams and apply whole systems thinking to deliver creative solutions.

**2.1 Innovation in Local Government** - Build an adaptive environment for government innovation to ensure fiscal and service sustainability.

**2.2 Innovation in Local Government** - Deliver public services better.

**2.3 Innovation in Local Government** - Ensure accountability, transparency and engagement.

**3.1 City Building** - Ensure a well-designed, safe, inclusive, appealing and sustainable City.

**3.2 City Building** - Be economically viable, resilient, diverse and attractive for business.

## **FINANCIAL IMPLICATIONS:**

There are no new 2014 financial implications to supporting the recommended approach. An existing budget of \$25,000 is available to fund the development of a Communications Plan and the implementation of some components in 2014 to address education materials for tenants and neighbours of rental accommodations. Existing resources could also be used for additional elements recommended to start in 2014. These new elements include some improvements to the Building Services enforcement program, streamlining of existing enforcement methods, research and development of a comprehensive education/communications plan, and continued support of community partnerships.

While many of the elements of this recommended approach can be completed through creating efficiencies and utilizing current resources, there are financial implications for the following components:

1. The addition of a full time inspector in Building Services cross-trained in zoning, property standards and the Ontario Building Code would cost approximately \$135,000 initially and approximately \$100,000 for subsequent years.
2. There is currently an approved budget of \$25,000 to research, develop and begin implementing a comprehensive education/communications campaign this fall. Should the comprehensive program that is developed require further funding in future years, this would be included in future proposed budget packages.

If Council endorses, in principle, the recommended approach which includes these components, staff will bring forward a corresponding budget package for consideration during the 2015 budget process.

# STAFF REPORT



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## DEPARTMENTAL CONSULTATION:

Planning, Building, Zoning, Bylaw Compliance Security and Licensing Department, Fire, Corporate Communications, Community Engagement, Legal Services staff have been part of the staff working group that have contributed to the contents of this report.

## COMMUNICATIONS:

A Community Engagement Plan was developed and maintained in coordination with Community Engagement and Corporate Communications. Public notice of the November 2013 community engagement sessions was advertised through the newspaper, internet, direct mailings to our stakeholder contact list, and through other groups, e.g. University of Guelph, Town and Gown Committee and Wellington and Guelph Housing Committee. Community Engagement results were posted on the City's website in March 2014. Notice of this report was provided to our stakeholder contact list.

The City's website includes relevant information regarding current City requirements and activities regarding rental housing.

## ATTACHMENTS

- Attachment 1 – Recommended Approach
- Attachment 2 – Reasons for Recommending an Alternative Approach to Licensing
- Attachment 3 – Rental Housing Issues and Tools
- Attachment 4 – Summary of Community Engagement Results

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**Attachment 1  
Recommended Approach**

| <b>Task</b>  | <b>Existing</b> | <b>2014</b> | <b>2015</b> |
|--|-----------------|-------------|-------------|
| <b>Enhanced Enforcement</b>  |                 |             |             |
| Continue Enhanced Fire Prevention  |                 |             |             |
| Continue Enhanced Noise and Nuisance Party By-laws   |                 |             |             |
| Continue Existing Proactive Enforcement  |                 |             |             |
| Continue Enhanced Enforcement Reporting  |                 |             |             |
| Create Search Warrant Team   |                 |             |             |
| Establish Increased Fines  |                 |             |             |
| Cross Train Inspectors   |                 |             |             |
| *Increase Staff Resources for Proactive Zoning Enforcement   |                 |             |             |
| <b>Communications and Education</b>  |                 |             |             |
| Research, Develop and Begin Implementing Communications/Education Plan (could include tools for different audiences including tenants, neighbours, landlords etc.) |                 |             |             |
| *Continue Implementation and Refinement of Communications and Education Materials  |                 |             |             |
| <b>Community Partnerships</b>  |                 |             |             |
| Continue to Participate on Town and Gown Committee   |                 |             |             |
| Continue to Support U of G Programs  |                 |             |             |
| Explore Additional Opportunities with Neighbourhood Groups   |                 |             |             |
| Explore Community Partnerships   |                 |             |             |

\*Task subject to budget approval.

## Attachment 2

### Reasons for Recommending an Alternative Approach to Licensing:

|   |   |
|---|---|
| <b>1. Increased Costs to Tenants</b>                                      | Staff was advised that landlords would pass the costs of a license onto tenants. Tenants indicated that licensing would lead to increased rents and potential affordability issues.   |
| <b>2. Licensing Does Not Address Behavioural Issues</b>                   | A licensing program would not directly address behavioural issues which are still the main concern of many stakeholders.  |
| <b>3. Potential Challenges</b>  | The cost, resulting delay and impact of potential appeals and challenges to a licensing by-law are unknown. It is suspected that a licensing by-law may be challenged. A decrease in affordability may be an aspect to be challenged.   |
| <b>4. Enforcement of Existing By-Laws</b>                                 | The problems of tenant safety that a licensing program could have addressed may be improved through additional enhanced enforcement and education.  |
| <b>5. Community Engagement</b>  | Most community engagement participants did not think that a rental licensing program would resolve the identified issues and did not support an operationally effective licensing program.  |
| <b>6. Only Support was for a Minimal Licensing Program</b>                | Given the feedback through public consultation, if a licensing option was to proceed, it would have to function with minimal resources in order to keep costs low and palatable to stakeholders. It is believed that a program with such low resources would have difficulty in effectively addressing the identified issues associated with rental housing.                          |
| <b>7. Further Education, Engagement and Partnership with Stakeholders</b> | Education, engagement and partnership opportunities with Stakeholders have not been exhausted and may further assist in addressing many of the key issues identified with rental housing.   |
| <b>8. Housing Supply</b>  | There are approximately 900 units within multi-unit residential projects that have been recently constructed or are coming on stream that appear to target the rental market. The addition of these units may lessen the pressure on existing low density neighborhoods and increase competition among rental housing providers (potentially resulting in better overall conditions). |
| <b>9. Licensing is a New Tool</b>   | Licensing rental housing is a new tool and its effectiveness in other municipalities where it is being implemented should continue to be monitored. The recommended approach builds on known tools.   |

### Attachment 3

### Rental Housing Issues and Tools

| Rental Housing Issue  | Limitations of Existing Tools  | Advantages of Recommended Approach  | Disadvantages of Recommended Approach   |
|---|--|---|---|
| <p><b>1. Tenant Health, Safety and Well-being</b></p> <ul style="list-style-type: none"> <li>Rental units may pose a health and safety hazard to the occupants</li> <li>Safety issues commonly found include, but are not limited to, construction without permit; basements containing bedrooms that have either no windows or windows not large enough to provide a means of escape; smoke alarms not provided or not working; required fire separations missing, etc.</li> </ul> | <ul style="list-style-type: none"> <li>Access challenges to properties suspected of non-compliance with current requirements</li> <li>Evidentiary issues (see Rental Housing Issue 5 – Enforcement Challenges)</li> <li>Regular inspections not available</li> <li>Tenants of properties are generally not responsible for and/or may not be able to make repairs to their plumbing, heating &amp; electrical systems, fire separations, closures, smoke alarms, egress doors &amp; windows and required maintenance to the building structure they are living in, as these are the responsibilities of the owner of the building. All of these systems and components of a building may affect the health, safety &amp; well-being of a tenant in the event of a breakdown in equipment or systems, a fire or substandard living conditions.</li> </ul> | <ul style="list-style-type: none"> <li>Tenants will be better informed of basic safety hazards and may initiate an inspection or reconsider an inspection request</li> <li>Search warrants may assist in overcoming current access challenges for properties suspected of non-compliance</li> <li>An additional staff resource will be able to accommodate additional tenant requests and further identify and resolve safety issues</li> <li>Streamlined enforcement methods and increased fines may further deter the circumvention of safety regulations</li> <li>Communication improvements will make it easier for stakeholders to advise city staff of potential safety issues</li> </ul> | <ul style="list-style-type: none"> <li>There may still be some access challenges for properties suspected of non-compliance</li> <li>Regular inspections of building safety systems, fire safety systems, and mechanical systems would not occur</li> <li>Floor plans would not be required to assist in identifying safety concerns (e.g. identification of bedrooms located in basements or attics without proper exits)</li> <li>Electrical Safety Authority inspections cannot be required for all rental units to ensure safety of electrical systems</li> <li>Confirmation of appropriate property and liability insurance for the rental business could not be required</li> </ul> |

| Rental Housing Issue  | Limitations of Existing Tools  | Advantages of Recommended Approach   | Disadvantages of Recommended Approach  |
|---|--|--|--|
| <p><b>2. Neighbourhood Destabilization and Deterioration</b></p> <ul style="list-style-type: none"> <li>• Concentration and intensity of non-owner occupied rental housing</li> <li>• Residential neighbourhoods losing diversity and in some instances becoming exclusive investment areas, which may create affordability issues for people trying to purchase a home as a principal residence</li> <li>• Short-term tenants or absentee landlords without vested interest in the neighbourhood or community</li> <li>• Lack of property maintenance</li> <li>• Parking issues</li> </ul> | <ul style="list-style-type: none"> <li>• Often difficult to contact or locate absentee rental business owners</li> <li>• Current tools do not differentiate between tenant-occupancy and owner-occupancy of property</li> <li>• Requirements cannot be grandfathered to apply to existing uses if requirements are modified</li> <li>• Resource intensive - staff typically address issues after violation has occurred</li> </ul> | <ul style="list-style-type: none"> <li>• An additional staff resource will be able to further improve the identification and resolution of zoning, parking and property standards issues</li> <li>• Improved education initiatives may assist in the identification and prevention of zoning, parking and property standards issues</li> <li>• Tenants will be better informed of basic safety, property maintenance and parking standards, which may influence decisions and/or result in the initiation or reconsideration of an inspection</li> <li>• Streamlined enforcement methods and increased fines may further deter the circumvention of zoning, property standards and parking issues</li> <li>• Opportunity to build rapport amongst stakeholders through increased contact, collaboration and partnership</li> </ul> | <ul style="list-style-type: none"> <li>• There may still be difficulty contacting or locating absentee rental business owners</li> <li>• Will not have the ability to be in direct contact with property manager or rental business owner to proactively and/or reactively inform him/her of issues and request assistance</li> <li>• Zoning of every rental property could not be reviewed and confirmed</li> <li>• A parking plan would not be required to prevent potential parking issues</li> <li>• A property maintenance plan would not be required to proactively encourage proper care of the property</li> </ul> |

| Rental Housing Issue   | Limitations of Existing Tools  | Advantages of Recommended Approach   | Disadvantages of Recommended Approach   |
|--|--|--|---|
| <p><b>3. Disruptive Behaviour</b></p> <ul style="list-style-type: none"> <li>Repeat or ongoing behavioural issues such as furniture on roofs, noise, parties, litter, etc.</li> </ul>  | <ul style="list-style-type: none"> <li>Often difficult to contact business owners or property managers to assist with addressing issue(s) when tenants are not responsive (could also include proactive contact to prevent further occurrence or at time of incident or complaint)</li> <li>Typically address issues after behaviour has occurred</li> </ul> | <ul style="list-style-type: none"> <li>Communication improvements will make it easier for stakeholders to advise city staff of disruptive behavior</li> <li>Increased community partnerships may assist in deterring disruptive behaviour</li> <li>Improved communication and social media campaigns may assist in reducing disruptive behaviour</li> </ul>  | <ul style="list-style-type: none"> <li>Not able to require contact information of property manager or owner to proactively and/or reactively inform him/her of issues and request assistance</li> </ul>   |
| <p><b>4. Lack of Information about Rental Housing Stock/Inequality among Rental Housing Providers</b></p> <ul style="list-style-type: none"> <li>Renters may not be able to verify that a unit meets codes, by-laws and other legislation designed to ensure the unit is safe</li> <li>Compliant business owners competing with non-compliant business owners</li> </ul> | <ul style="list-style-type: none"> <li>No cost effective way to verify safety/compliance of specific rental properties</li> <li>Business owners who invest in and provide safe and suitable rental accommodations may be competing with non-compliant business owners who may be offering units at lower rates</li> </ul>                                    | <ul style="list-style-type: none"> <li>Tenants will be better informed of basic safety hazards and may choose not to live in unsafe units or may initiate inspections or reconsider inspection requests to verify their units are safe and legal</li> <li>Streamlined enforcement methods, search warrants and increased fines may further reduce the inequality amongst rental housing providers</li> </ul> | <ul style="list-style-type: none"> <li>Not able to create a registry of licensed rental properties that could allow tenants to easily find and verify legal and safe living accommodations</li> <li>The lack of a registry could also cause compliant owners to continue to compete with non-compliant property owners</li> </ul> |

| Rental Housing Issue   | Limitations of Existing Tools   | Advantages of Recommended Approach   | Disadvantages of Recommended Approach   |
|--|---|--|---|
| <p><b>5. Enforcement Challenges</b></p> <ul style="list-style-type: none"> <li>Staff have experienced difficulty locating landlords to serve them a summons to attend court – if the owner is not served, a trial cannot proceed</li> <li>Many tenants are unwilling to commit to attending a trial in the future</li> <li>Current methods are resource intensive, with results that often appear to be viewed by some landlords as merely the cost of doing business</li> </ul> | <ul style="list-style-type: none"> <li>Current methods do not require updated detailed ownership information to be provided by landlords (at present the city has to use tax records or a third party database to obtain contact information – this information is not always accurate or complete)</li> <li>Current enforcement tools often require that a business owner be served with an offence document in person or that the document be left at the owner's last known address with a person who appears to be over the age of 16</li> <li>To obtain a conviction, some violations require testimony from tenants, many of whom are unwilling to commit to attending a trial in the future</li> </ul> | <ul style="list-style-type: none"> <li>Tenants will be better informed and may be more cooperative</li> <li>Search warrants may assist in overcoming current access challenges of properties suspected of non-compliance</li> <li>Additional staff resource will be able to further assist with the identification and enforcement of non-compliant properties</li> <li>Streamlined enforcement methods, search warrants and increased fines may further deter the circumvention of regulations</li> </ul> | <ul style="list-style-type: none"> <li>There still may be difficulty contacting or locating absentee rental business owners</li> <li>In many cases, testimony from tenants would still be required</li> </ul> |
| <p><b>6. Funding Implications</b></p> <ul style="list-style-type: none"> <li>Sustainable financing for programs to address rental housing issues</li> </ul>  | <ul style="list-style-type: none"> <li>Rental housing enforcement costs related to the business of rental housing are currently entirely paid for by all taxpayers</li> <li>If successful in prosecutions, the courts have been imposing minimal fines</li> </ul>   | <ul style="list-style-type: none"> <li>No potential for incurring costs to defend challenges to the new by-law</li> <li>Costs will be known – both existing and those requested through the 2015 budget process</li> </ul>   | <ul style="list-style-type: none"> <li>The cost of working to resolve the key issues associated with rental housing will continue to be paid for by the general tax base</li> </ul>                           |

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



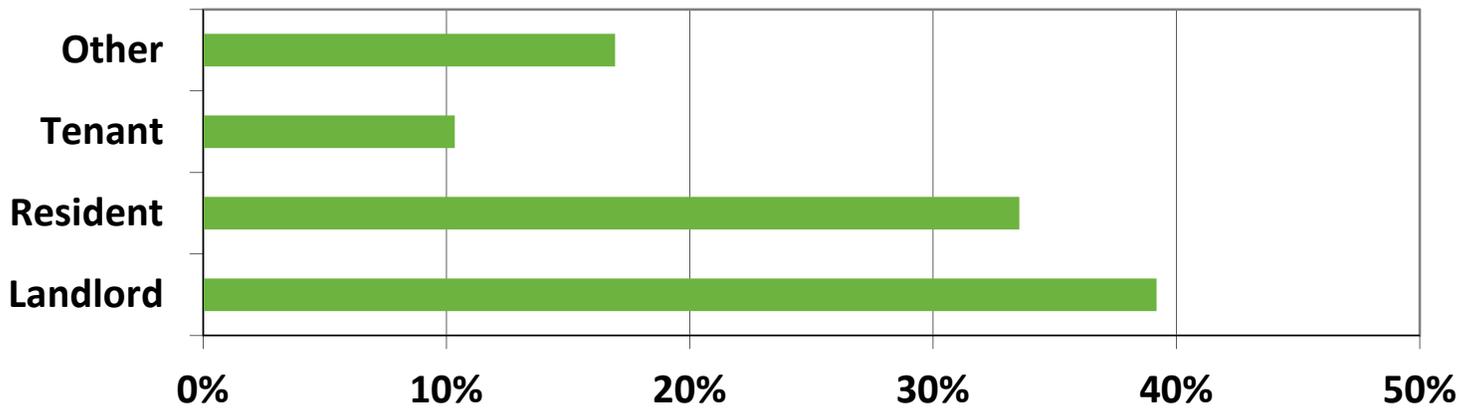
Community Engagement Results are based on the following sources:

Community Engagement Session November 19, 2013; Questions 1 – 6 (87 Respondents)

Community Engagement Session November 21, 2013; Questions 1, 7-19 (43 Respondents)

Online Questionnaire November 20 – 30, 2013; Questions 1 – 19 (199 Respondents)

1. I am a:



|                   | Landlord | Resident | Tenant | Other | Total |
|-------------------|----------|----------|--------|-------|-------|
| <b>Count</b>      | 125      | 107      | 33     | 54    | 319   |
| <b>Percentage</b> | 39%      | 34%      | 10%    | 17%   | 100%  |

Other responses include:

- Multiple selection, e.g. Landlord/Community
- University of Guelph
- Neighbourhood Group
- Realtor
- Potential Landlord

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results

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2. Please identify any other issues with rental housing that are not listed below.

- Tenant health, safety and well-being
- Neighborhood destabilization and deterioration
- Disruptive behavior
- Lack of information about housing stock
- Inequality among rental housing providers
- Enforcement challenges
- Funding implications

Other Issues:

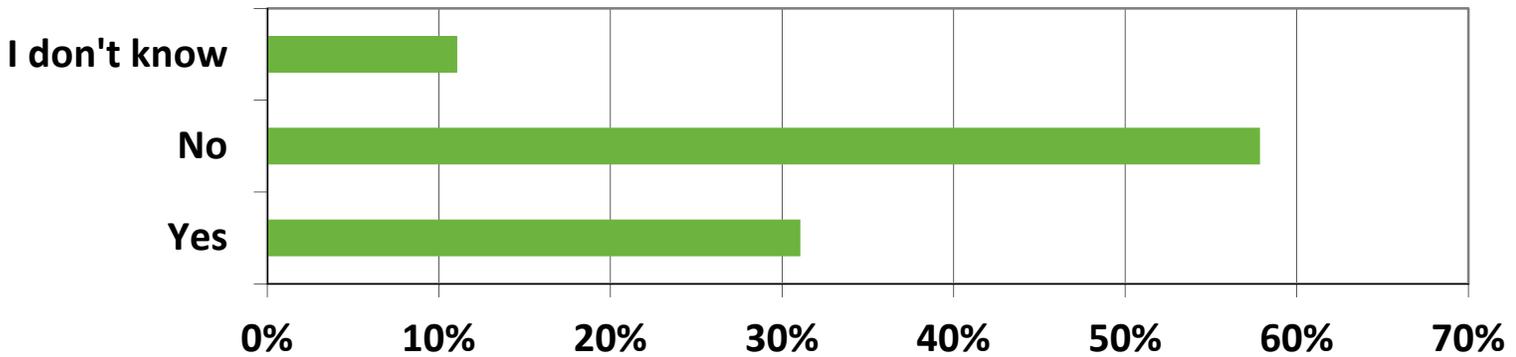
- Tenant Registration
- Underground housing
- Realtors selling illegal rental properties and stating they are legal
- Affordability
- Parking issues
- Privacy
- Cash grab for the City
- Rent increase

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



3. In your opinion, could rental housing licensing assist in addressing the identified issues with rental housing?



|            | Yes | No  | I don't know | Total |
|------------|-----|-----|--------------|-------|
| Count      | 87  | 162 | 31           | 280   |
| Percentage | 31% | 58% | 11%          | 100%  |

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results

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4. Please identify any other benefits/advantages of licensing that are not listed below.

- Apply specifically to rental housing
- Apply equally to new and existing rental housing
- Require regular inspections to ensure safety is maintained
- Require proof of appropriate insurance
- Paid for by the housing provider
- Enhance safety of tenants
- Reduced competition from non-compliant properties

Other advantages/benefits:

- No advantages/benefits

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results

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5. Please identify any other costs/disadvantages of licensing that are not listed below.

- Financial costs associated with license
- Financial costs associated with insurance
- Financial costs associated with bringing property into compliance
- Potential loss of rental income due to enforcement
- Potential loss of affordable housing stock

Other costs/disadvantages:

- Doesn't address behavior issues
- Condos and apartments aren't being addressed
- Large admin unit required
- Rich get Richer – small renters get left behind and large renters increase due to properties for sale
- Punishment
- Increase in rent on tenants
- Inequality
- Fixed income
- Prejudice to tenants
- Tax increase
- No enforcement on the "slum landlords"
- Discrimination
- Time consuming
- Increase in rental properties - properties will reduce to 4 bedrooms rented and then more properties purchased to fill the gaps
- Privacy
- Stress – tenant and landlord

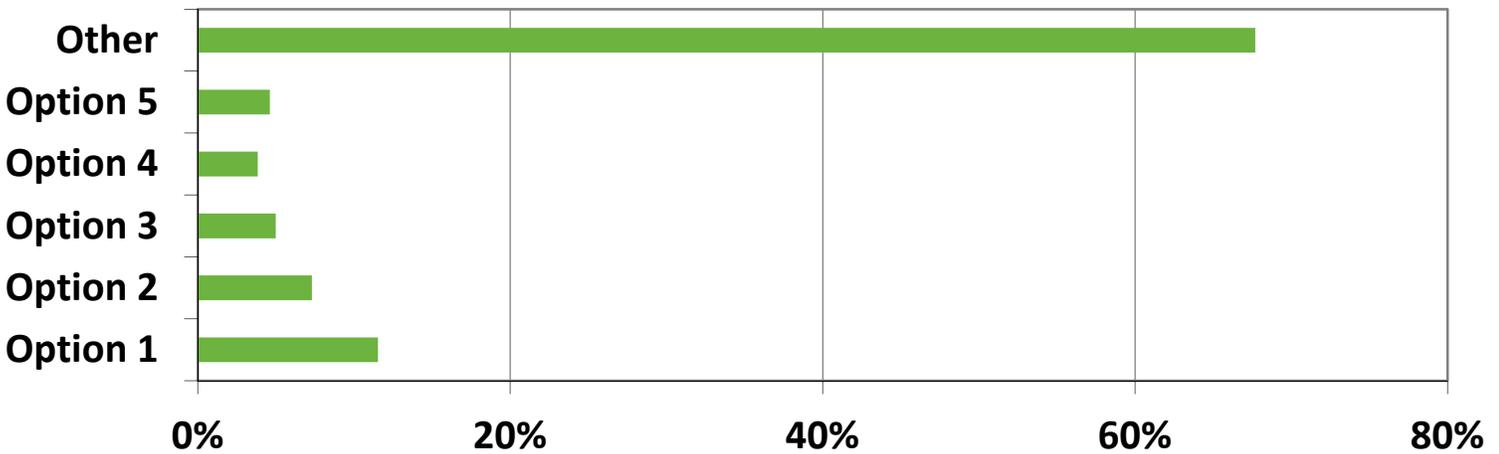
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



6. Please identify your preferred rental housing licensing option.

- Option 1: Annual renewal, Annual inspection (\$132/bedroom/year est.)
- Option 2: Two year renewal, Inspect every two years (\$90/bedroom/year est.)
- Option 3: Annual renewal, Self certification, Risk-based inspection (e.g. properties with complaints and/or history of non-compliance) (\$62/bedroom/year est.)
- Option 4: Two year renewal, Self certification, Risk-based inspection (\$53/bedroom/year est.)
- Option 5: Two year renewal, Self certification, Risk-based approach (fewer inspections than option 4) (\$45/bedroom/year est.)
- Other: Self Regulate, Varying Time, No Licence, Misc.



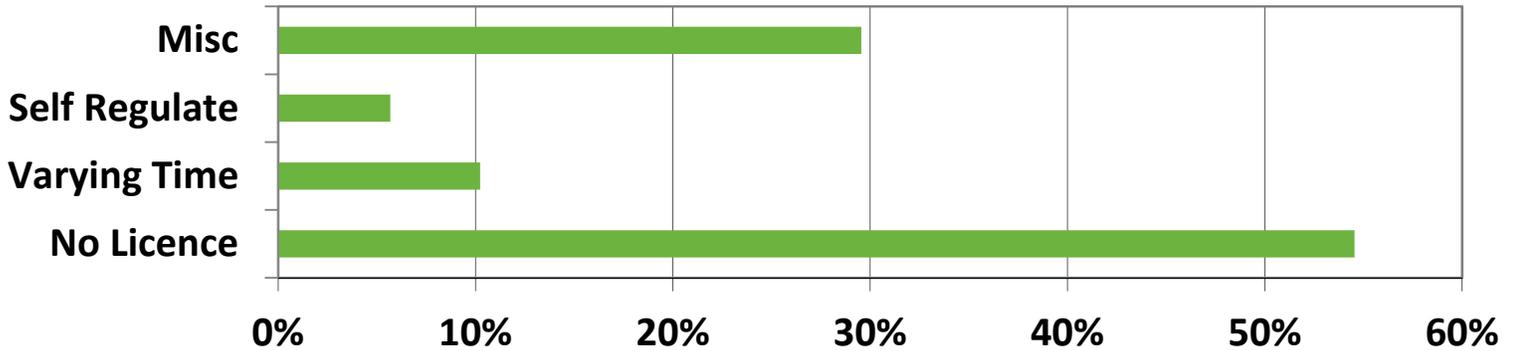
|                   | Option 1 | Option 2 | Option 3 | Option 4 | Option 5 | Other | Total |
|-------------------|----------|----------|----------|----------|----------|-------|-------|
| <b>Count</b>      | 30       | 19       | 13       | 10       | 12       | 176   | 260   |
| <b>Percentage</b> | 12%      | 7%       | 5%       | 4%       | 5%       | 68%   | 100%  |

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



### Question 6 - Breakdown of Other Response



|            | No Licence | Varying Time | Self Regulate | Misc. | Total |
|------------|------------|--------------|---------------|-------|-------|
| Count      | 96         | 18           | 10            | 52    | 176   |
| Percentage | 55%        | 10%          | 6%            | 30%   | 100%  |

Misc. responses include:

- One time licence, no renewal
- No cost if no complaints
- Comments made on licensing program elements, e.g. exclude owner occupied properties, revoke licence if requirements not met, large fines

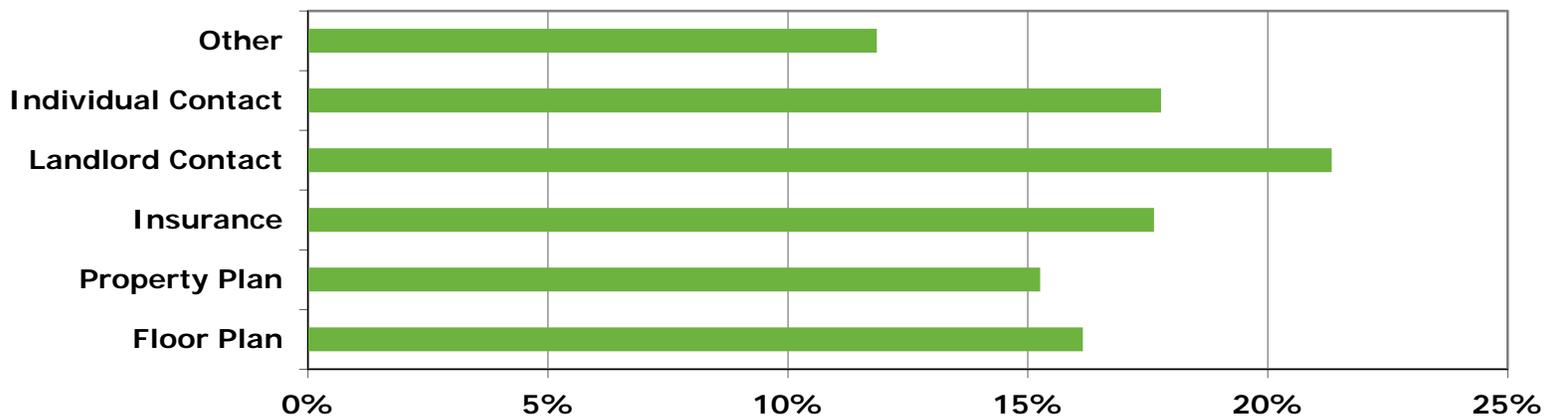
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



7. Please select all items that should be required as part of a rental housing licence.

- Floor plan (number and location of all bedrooms to be rented, other rooms identified and location of fire exits)
- Property plan (parking spaces, solid waste containers)
- Insurance (Proof of insurance)
- Landlord Contact (Name and contact information of a landlord)
- Individual Contact (Name and contact information of an individual residing within the City authorized to respond to management issues regarding the rental living accommodation (if different from above))
- Other



|            | Floor Plan | Property Plan | Insurance | Landlord Contact | Individual Contact | Other | Total |
|------------|------------|---------------|-----------|------------------|--------------------|-------|-------|
| Count      | 109        | 103           | 119       | 144              | 120                | 80    | 675   |
| Percentage | 16%        | 15%           | 18%       | 21%              | 18%                | 12%   | 100%  |

Other Items that should be required as part of a rental housing licence:

- A required manual for each house – providing various bylaws and contact info for departments in the City and will contain owner info
- Owner contact info up to date each year
- Code of behaviour for tenants
- Annual meetings with residents and stakeholders
- Should not be required for owner occupied dwellings
- No subletting
- Garbage storage/removal plan
- Damage deposit
- No licensing

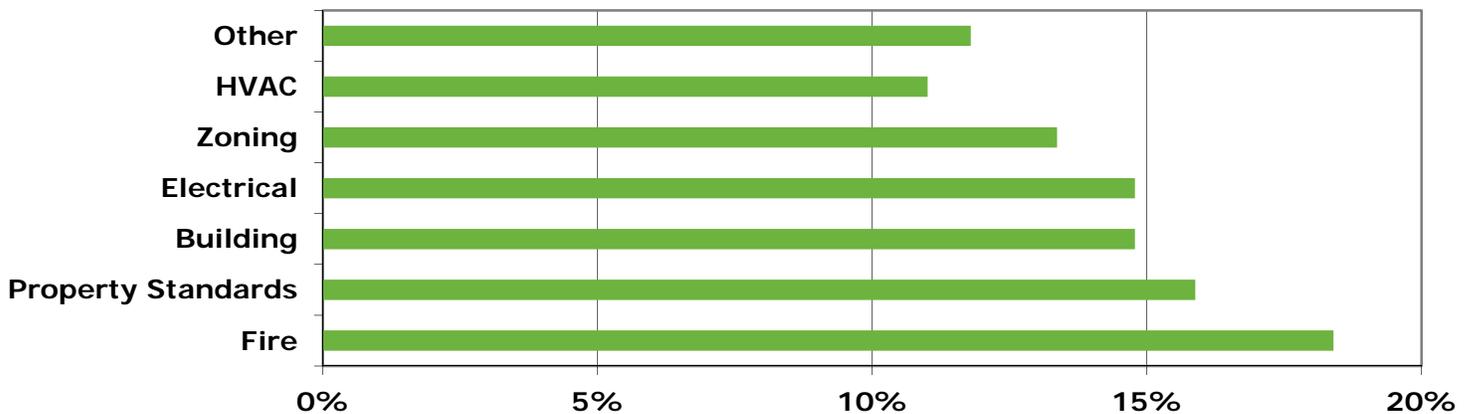
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



8. Please select all inspections that should be required as part of a rental housing licensing program.

- Electrical - Electrical Safety Authority or Qualified Electrician
- Zoning
- Property Standards
- Building
- Fire
- HVAC (Heating and Ventilation - Qualified Contractor)
- Other



|            | Fire | Property Standards | Building | Electrical | Zoning | HVAC | Other | Total |
|------------|------|--------------------|----------|------------|--------|------|-------|-------|
| Count      | 117  | 101                | 94       | 94         | 85     | 70   | 75    | 636   |
| Percentage | 18%  | 16%                | 15%      | 15%        | 13%    | 11%  | 12%   | 100%  |

Other Inspections that should be required as part of a rental housing licence program:

- Parking Inspection
- Health Inspection (mold)
- No licensing

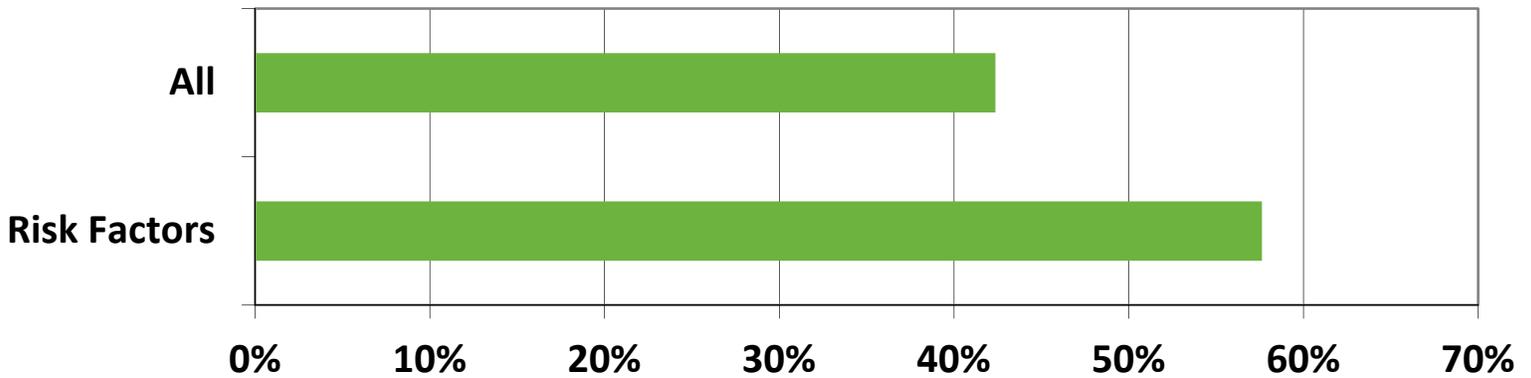
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



9. Please identify which applications should be inspected.

- Risk Factors - Applications with risk factors (e.g. properties with complaints and/or history of non-compliance)
- All



|                   | Risk Factors | All | Total |
|-------------------|--------------|-----|-------|
| <b>Count</b>      | 102          | 75  | 177   |
| <b>Percentage</b> | 58%          | 42% | 100%  |

Comments on which applications should be inspected:

- Only initial inspections
- No licensing

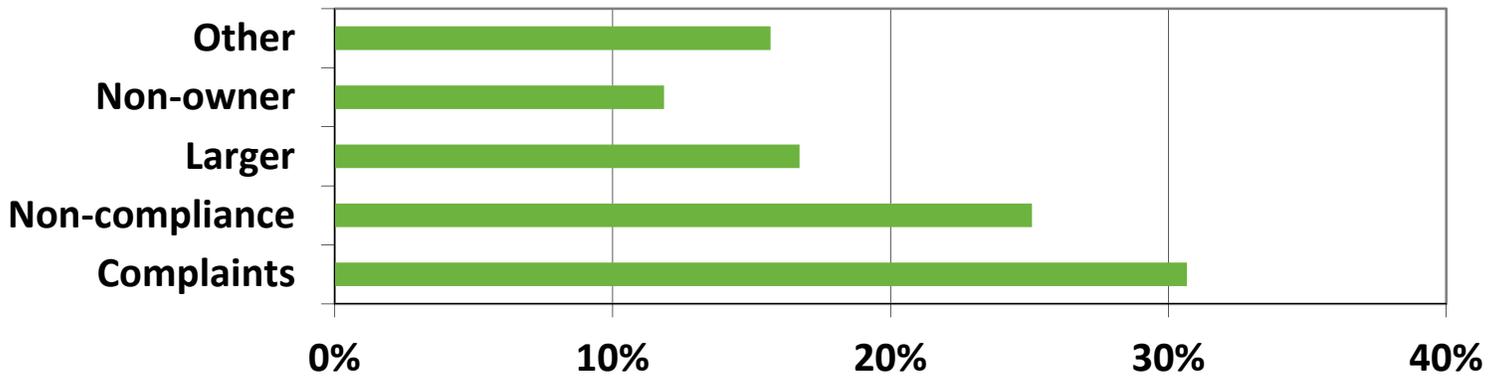
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



10. Please select all risk factors that should apply to determine which units should be inspected.

- Complaints – Applications with a history of complaints
- Non-compliance – Applications with a history of non-compliance
- Larger – Applications with a larger number of bedrooms rented and/or with larger occupant loads
- Non-owner – Non-owner occupied dwellings
- Other Option



|            | Complaints | Non-compliance | Larger | Non-owner | Other | Total |
|------------|------------|----------------|--------|-----------|-------|-------|
| Count      | 88         | 72             | 48     | 34        | 45    | 287   |
| Percentage | 31%        | 25%            | 17%    | 12%       | 16%   | 100%  |

Other risk factors that should be applied to when determining which units should be inspected:

- Properties with a history of safety concerns
- Properties where the owner lives away from Guelph – distance may be used
- Properties with 4 or more rooms
- No licensing

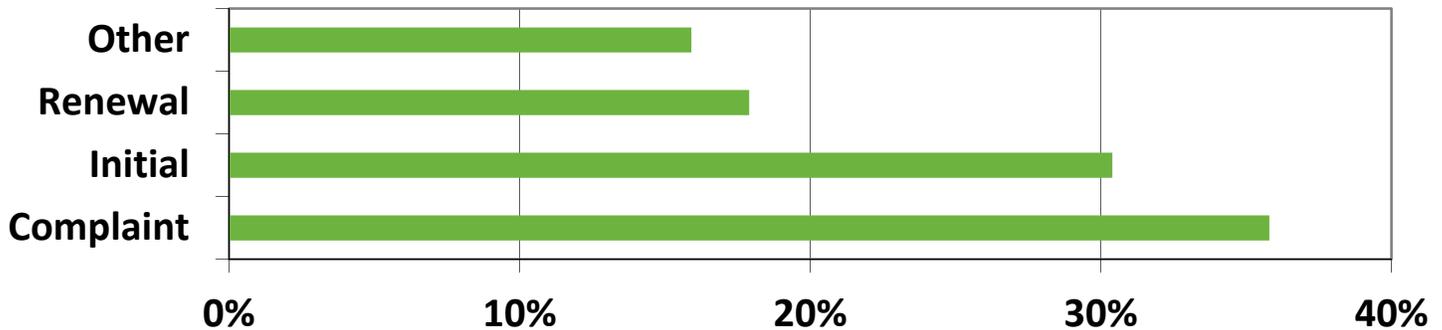
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



11. Please identify when inspections should be required.

- Complaint (When a complaint is received)
- Initial (At the time of the initial licence)
- Renewal (Upon renewal of the licence)
- Other



|                   | Complaint | Initial | Renewal | Other | Total |
|-------------------|-----------|---------|---------|-------|-------|
| <b>Count</b>      | 126       | 107     | 63      | 56    | 352   |
| <b>Percentage</b> | 36%       | 30%     | 18%     | 16%   | 100%  |

Other responses concerning when inspections should be done:

- Depends on type and duration of complaint, not just noise, perhaps property damage
- Initial inspections all-encompassing but reduced (based on risks) for renewals
- When ownership changes
- When inspection requested
- All initial licences inspected
- Random sample
- Never or only on complaint
- No licensing

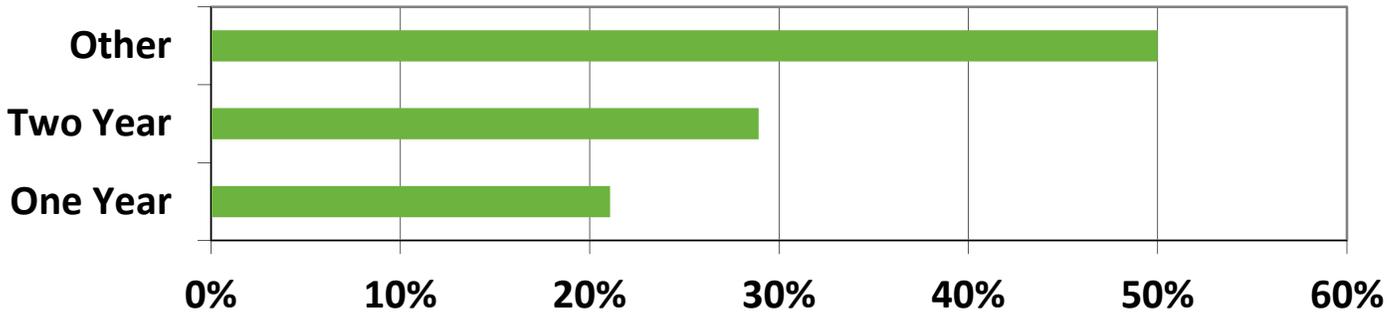
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



12. Please identify how long the initial licence should apply.

- One year
- Two year
- Other Option



|                   | One Year | Two Year | Other | Total |
|-------------------|----------|----------|-------|-------|
| <b>Count</b>      | 43       | 59       | 102   | 204   |
| <b>Percentage</b> | 22%      | 29%      | 50%   | 100%  |

Other responses concerning how long the initial licence should apply:

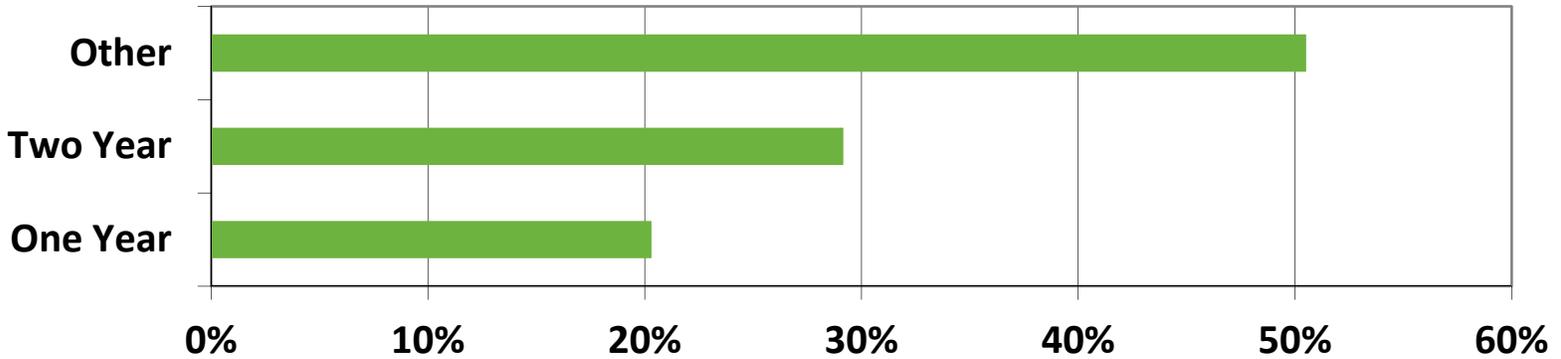
- History of complaints
- Every 2 years
- Lodging houses only
- Change of tenants
- Every 4 months
- Random
- Every 4 - 5 years
- Forever
- Change of ownership
- Every 1 – 2 years depending on history of all complaints
- Every 3 years – unless there is a complaint then annually
- No licensing

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



13. Please identify how long the renewal licence should apply.



|            | One Year | Two Year | Other | Total |
|------------|----------|----------|-------|-------|
| Count      | 39       | 56       | 97    | 192   |
| Percentage | 20%      | 29%      | 50%   | 100%  |

Other responses concerning how long the renewal licence should apply:

- Defer licence renewal until complaint resolved if serious complaints made
- Tier out in longer intervals as landlord proves compliance
- Three years
- Apply indefinitely if no new landlord or tenant or both
- Five years or until ownership changes
- Every 3 – 5 years
- Four years
- Lodging houses only
- Initially 2 years then 5 years based on no complaints
- For the length of the tenants' lease
- No licensing

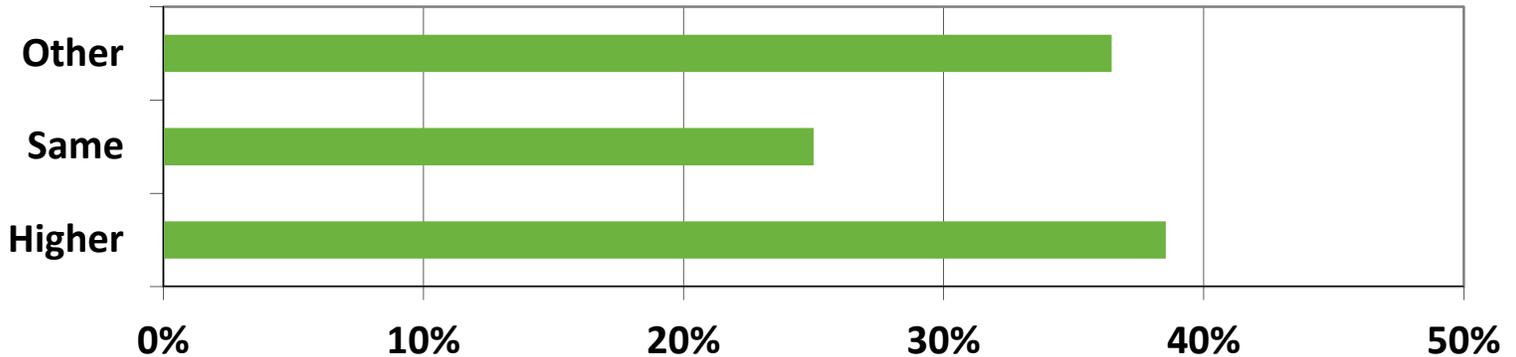
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



14. Please identify how rental housing licence fees should be distributed.

- Higher – Higher for initial licence and lower for renewal
- Same – Same for initial licence and renewal
- Other



|            | Higher | Same | Other | Total |
|------------|--------|------|-------|-------|
| Count      | 74     | 48   | 70    | 192   |
| Percentage | 39%    | 25%  | 36%   | 100%  |

Other responses concerning how rental housing licence fees should be distributed:

- Objective is a self financing scheme
- Low cost as possible
- Lower after initial
- One time fee, only renew upon ownership change
- Paid by tax base
- Higher fees for properties with complaints
- Fees for lodging house only
- Higher fee for initial licence and lower fee for renewal
- No licensing

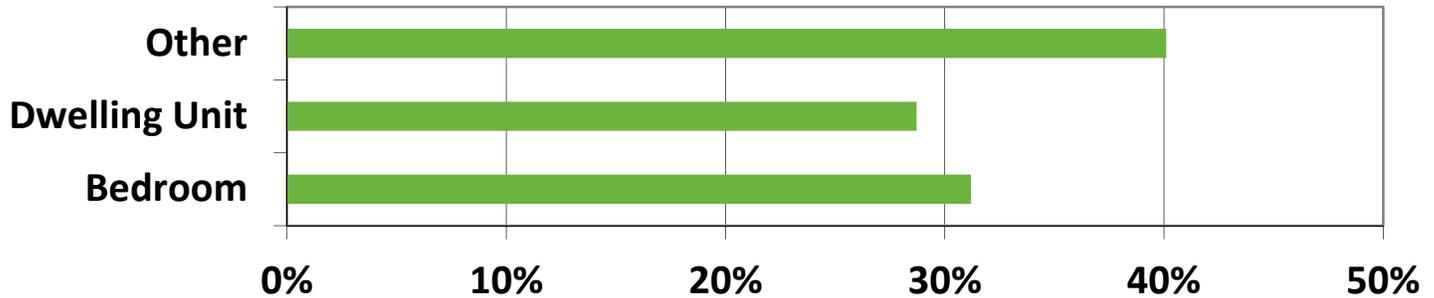
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



15. Please identify what rental housing licence fees should be based on.

- Bedroom – Fee per bedroom
- Dwelling Unit – Fee per dwelling unit (self contained unit, e.g. house with an accessory apartment would be two dwelling units)
- Other



|                   | Bedroom | Dwelling Unit | Other | Total |
|-------------------|---------|---------------|-------|-------|
| <b>Count</b>      | 63      | 58            | 81    | 202   |
| <b>Percentage</b> | 31%     | 29%           | 40%   | 100%  |

Other responses concerning what rental licensing fees should be based on:

- Demographics
- Cost per unit
- Complaints
- Lodging house
- Number of non-related people in household
- Fee per occupant
- Square footage
- Landlord type – exempt small scale landlord if helping to pay off mortgage
- Fee per kitchen
- No licensing

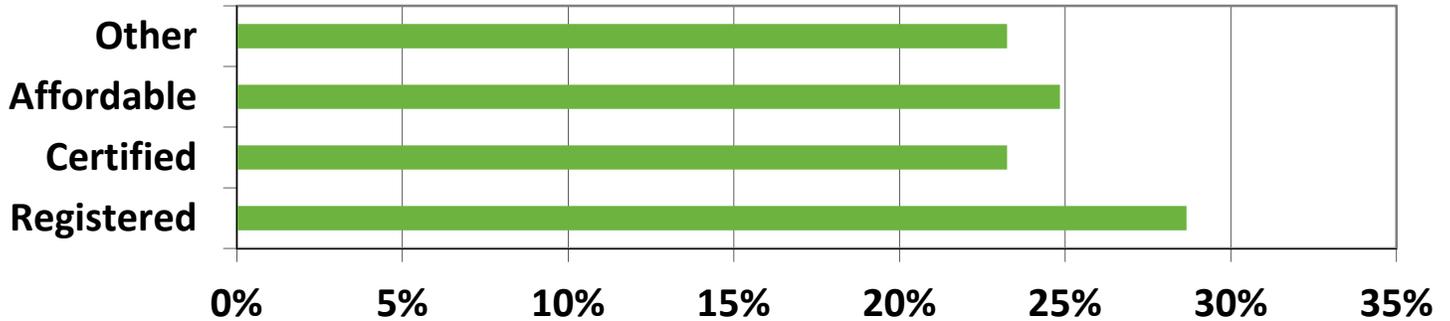
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



16. Please select all reasons for reducing the initial rental housing licence fee.

- Registered – Accessory apartments previously registered with the City
- Certified – Lodging houses previously certified with the City of Guelph
- Affordable – Affordable housing (social housing, subsidized/rent-geared-to-income housing is excluded from by-law)
- Other



|            | Registered | Certified | Affordable | Other | Total |
|------------|------------|-----------|------------|-------|-------|
| Count      | 90         | 73        | 78         | 73    | 314   |
| Percentage | 29%        | 23%       | 25%        | 23%   | 100%  |

Other reasons for reducing the initial rental housing licence fee:

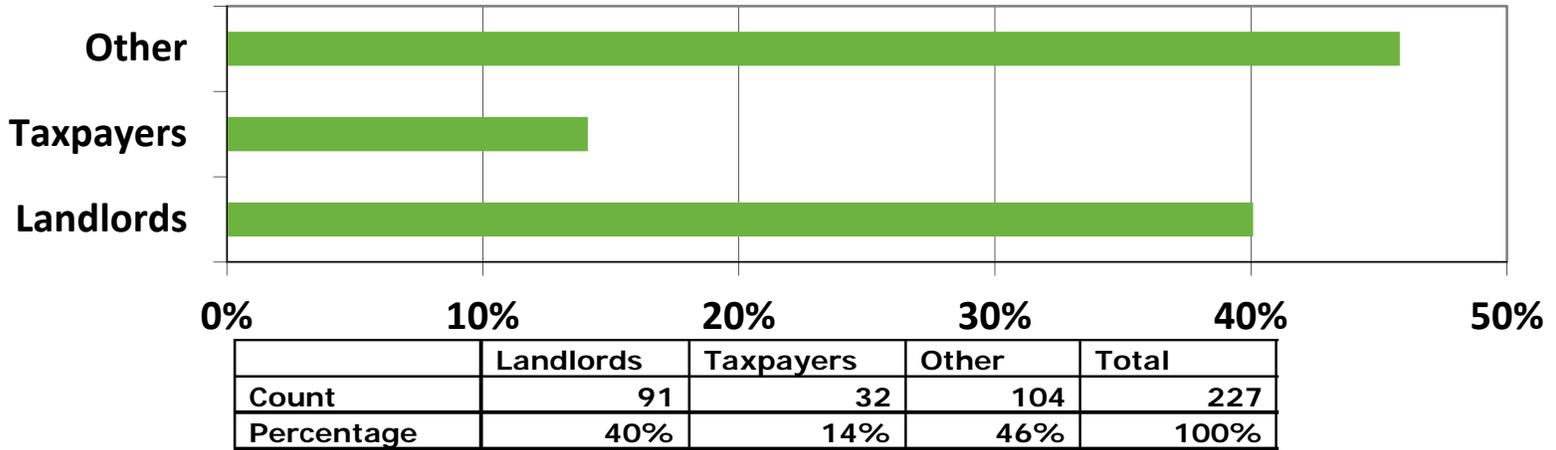
- No fee for already registered properties
- No fee for already certified properties
- Reduction due to history of no complaints
- No fee for legal non-conforming properties
- Should be no reduction in fees
- Disagree with exclusion of social housing
- Owner lives at the property
- No licensing

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



17. Please identify how a rental housing licence should be funded.



Other ways a rental housing licence should be funded:

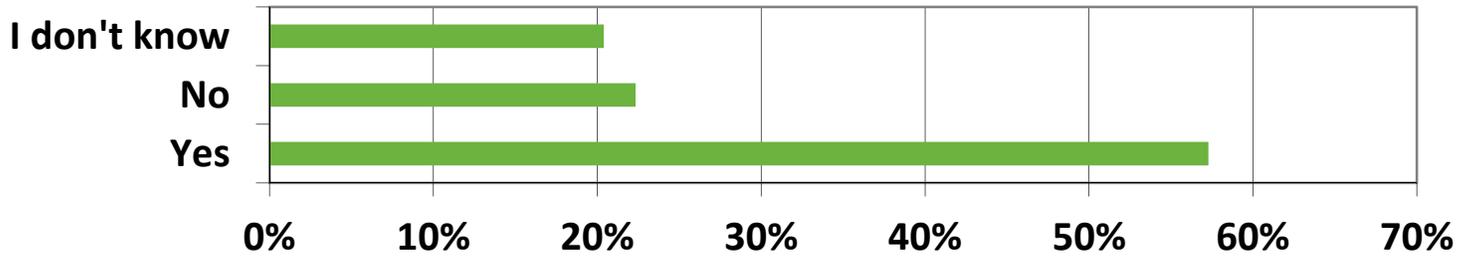
- It is a business, landlords bear the costs
- Society bears responsibility for safe housing
- One third each – tenants, landlords, taxpayers
- City of Guelph
- Nominal fee for landlords
- Already paying taxes
- Mayor and council
- Penalties from properties which are in violation
- No licensing

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



18. Should penalties apply for breaking the rental housing licensing by-law?



|            | Yes | No  | I don't know | Total |
|------------|-----|-----|--------------|-------|
| Count      | 118 | 46  | 42           | 206   |
| Percentage | 57% | 22% | 20%          | 100%  |

Comments on whether penalties should apply for breaking the rental housing licensing by-law:

- Need monetary penalties
- Make an illegal snitch line
- Not enough information
- No licensing

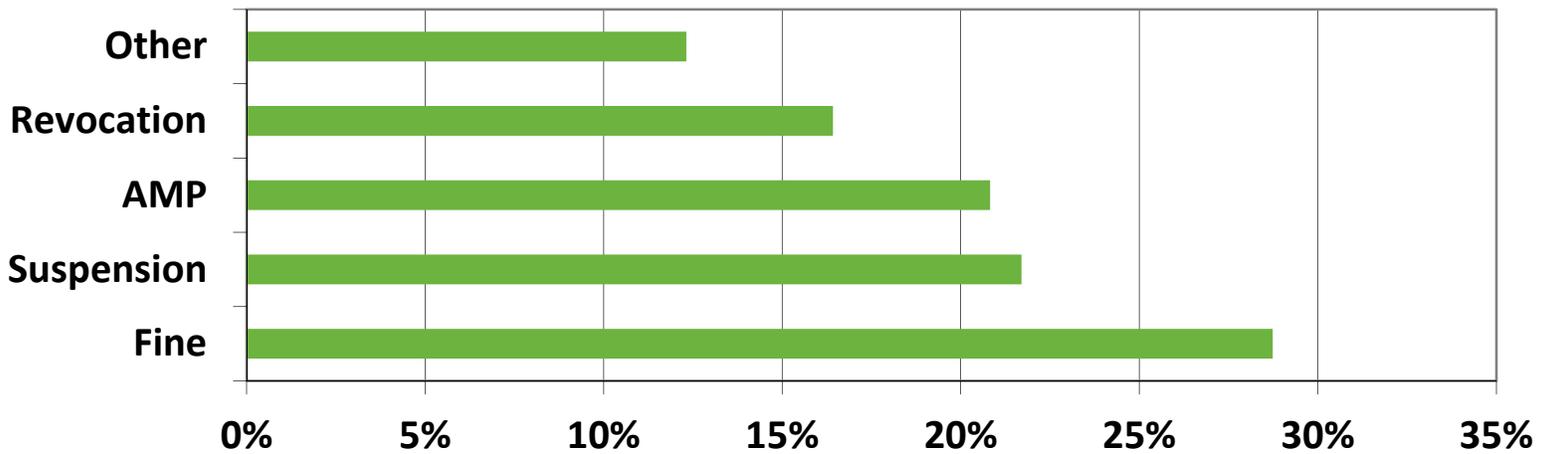
# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results



19. Please select all of the penalties that should apply for breaking the rental housing licensing by-law.

- Fine – Fine as provided in the Municipal Act
- Suspension – Suspension of licence
- AMP – Administrative Monetary Penalties
- Revocation – Revocation of licence
- Other



|                   | Fine       | Suspension | AMP        | Revocation | Other      | Total       |
|-------------------|------------|------------|------------|------------|------------|-------------|
| <b>Count</b>      | <b>98</b>  | <b>74</b>  | <b>71</b>  | <b>56</b>  | <b>42</b>  | <b>341</b>  |
| <b>Percentage</b> | <b>29%</b> | <b>22%</b> | <b>21%</b> | <b>16%</b> | <b>12%</b> | <b>100%</b> |

Other penalties for breaking the rental housing licensing by-law:

- Three tiered punishment system, i.e. suspension, revocation, fine
- Penalty based on severity of the violation
- Demerit point system
- Applied to taxes of property
- Revocation of licence after compliance notice
- Fine for both tenant and owner
- No licensing

# Proposed Licensing of Rental Housing

## Summary of Community Engagement Results

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### 20. Other Comments

- Downsize City Employees
- Provide citizens the peace of mind that properties are being monitored and kept up to par
- Licencing doesn't deal with illegal properties. Will drive them further underground.
- Survey steered to get certain responses
- More fees for students
- Licencing shows rental properties are a business. All businesses need to be licenced.
- University of Guelph needs to pay a part in the fees
- Will address problem areas where noise violations are constantly taking place
- Help protect vulnerable students from renting properties with deficiencies
- Survey is biased and misrepresented
- Enforce current by-laws
- Disaster waiting to happen
- Help maintain unsafe properties
- Rich get Richer
- Increase fines instead of licencing
- No Licencing