



<b>DATE:</b> January 6, 2010 <b>REPORT:</b> PS-BL2011-001	<b>TITLE:</b> <b>Residential Rental Housing By-law</b> <b>C.A.O.</b> <i>T.A.</i>
<b>WARD:</b> Citywide	<b>PREPARED BY:</b> Jim Barry
<b>FILE:</b>	<b>DEPARTMENT:</b> By-law Services
<b>ATTACHMENTS:</b> Schedule "A" – Residential Rental Housing By-law Schedule "B" – Stakeholder Meetings and Feedback Schedule "C" – Public Meeting at City Hall Minutes Schedule "D" – WRAMA Formal Response Schedule "E" – KW Real Estate Board Formal Response Schedule "F" – Frequently Asked Questions Schedule "G" – By-law to Amend Lodging House By-law #00-149 Schedule "H" – Maps Schedule "I" – Lodging House Program versus Rental Housing	<b>CLEARANCE:</b> <b>CMT:</b> December 8, 2010 <b>FSP:</b> <b>COW:</b> <b>COUNCIL:</b> January 10, 2011

**RECOMMENDATIONS:**

That Council receive Report PS-BL2011-001 and

- 1) Table Report PS-BL2011-001, including the draft Residential Housing Licensing By-Law attached as Schedule "A" to PS-BL2011-001, for information and public consultation; and
- 2) Approved the attached amendment to the Lodging House By-law 00-140, Schedule H, and place renewals and new applications for the current Lodging House program on hold until June 30, 2011 and extend all current licences, in good standing, to June 30, 2011; and
- 3) That Council schedule Monday, February 28, 2011, to hear delegations on the issue and consider a Rental Housing Licensing By-law.

**EXECUTIVE SUMMARY:**

On January 1, 2007, the Province passed Bill 130, enacting amendments to the *Municipal Act* which removed the prohibition preventing municipalities from licensing the business of renting residential units. These changes to the *Municipal Act* came in part because of requests made by the City of Waterloo asking for the ability to license and regulate residential units as any other type of business. On April 7, 2008, Waterloo City Council approved report DS-08-19 Rental Housing Licensing Review Terms of Reference and directed staff to initiate a review.

<b>APPROVALS</b>	<i>Phyllis Jun</i> General Manager	<i>Jan 5/11</i> Date	<i>B</i> Director	<i>Jan 5/11</i> Date
Legal	Date	Chief Financial Officer	Date	

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## SECTION 1 - PURPOSE

The purpose of this report is to present the proposed Rental Housing Licensing Program and By-law for Council's consideration. The purpose of the proposed program/by-law is to protect the health, safety and welfare of residents in low rise residential rental units as well as to minimize the impacts of property standards, lot maintenance, and scale of rental units on residential neighbourhoods. The proposed program/by-law is based on the premise that the act of renting a property is a business transaction and regulating low density residential rental properties through a licensing system is desirable and appropriate for the City of Waterloo.

## SECTION 2 - BACKGROUND

The City of Waterloo has a long history of promoting that there is a safe and suitable supply of rental housing in the City. In 1986, the City initiated the Lodging House licensing program with the aim of helping to ensure that lodging houses were meeting minimum safety standards. The lodging house system was reviewed and updated in 1992. In 2004 Council approved the Student Accommodation Study which, among other things, reconfirmed the need to maintain the City's lodging house licensing system. At the same time, concerns surfaced about the City's ability to enforce the Lodging House By-law.

Recognizing the need to enhance the City's ability to license rental units, Council directed staff to form a Legislative Review Committee to determine what changes to provincial legislation were required and how they could best be accomplished. In March 2006, Council approved the Committee's report (DS06-05, Legislative Review: Student Accommodation) including the recommendation that staff be directed to work with the newly formed Town and Gown Association of Ontario (TGAO) to request the Province make legislative changes.

On January 1, 2007, the Province passed Bill 130, enacting amendments to the *Municipal Act*. One of the resulting changes was the removal of the prohibition preventing municipalities from licensing the business of renting residential units. Municipalities now have the ability to govern, regulate and license residential rental units comparable to licensing other businesses.

### *Height and Density Policy*

The City has proactively encouraged a supply of rental units within the City over the long-term. For example, the City's Height and Density Policy Study was undertaken to 1) identify areas appropriate for redevelopment and intensification and 2) to reduce the impacts of intensification on adjacent low density residential neighbourhoods. It was decided that Nodes and Corridors were the most appropriate places for intensification and higher density development and that low rise/ low density neighbourhoods should not see substantial intensification. In 2003, Waterloo City Council approved Official Plan Amendment No.54 and in 2005 Council approved the Zoning By-law Amendments to implement the policy. The City's adoption of Official Plan Amendment #54 and implementing Zoning By-law Amendments were predicated on increasing the development opportunities for appropriate intensification within the City; much of which was anticipated and is being realized as rental housing. This is particularly the case with apartments.

The City's Zoning By-laws define an apartment as "a building containing four or more dwelling units, where units and floors are horizontally separated and where each dwelling unit has access to an interior common corridor system with shared exit and entrance at grade level". Figure 1 shows the number of apartment units constructed 2000 to end of September 2010.

**Figure 1: Apartment Construction 2000 – 2010**

Year	New Units	New Bedrooms
2000	104	-
2001	173	-
2002	408	-
2003	302	-
2004	481	-
2005	55	-
2006	147	-
2007	191	-
2008	453	817
2009	260	902
2010*	449	1,538
<b>Total</b>	<b>3,023</b>	<b>3,257</b>

Source: City of Waterloo Building Permits

\*Data is from January to end of September 2010

Over the past 11 years, Building Permits have been issued totaling over 3,000 apartment units. This averages to approximately 275 units per year. In comparison, over the past 3 years

(2008-2010), approximately 1,160 apartment units have been constructed consisting of approximately 3,260 bedrooms. This averages to approximately 387 units per year.

It is important to note that the data in Figure 1 does not include proposed apartment developments (defined as those that are in the Site Plan Review Committee process or that have received recommended Site-Plan approval but have not been issued a Building Permit). There are 15 such developments consisting of 2,010 units. Nor does it include apartment developments that have proceeded to the City's Site Plan Review Committee pre-consultation process. Over a 3 month period (September to November 2010), staff have had pre-consultation meetings with several property owners/consultants looking to build 480 apartment units consisting of approximately 2,300 bedrooms.

#### *Student Accommodation Study*

The Student Accommodation Study (2004) resulted in the creation of the University Neighbourhoods Plan. It is a long-range plan (25 years) that seeks to accommodate students in areas near the Universities while simultaneously seeking to retain and stabilize the low density residential neighbourhoods near the Universities. The Student Accommodation Study supported the Nodes and Corridors strategy of the Height and Density Policy and encouraged apartment development in the Nodes and Corridors near the universities and discouraged further conversion in low density residential neighbourhoods.

#### *Neighbourhood Reviews*

In 2008, the City undertook a Columbia Street, University Avenue, King Street and Lester Street Neighbourhood Land Use Planning Review. This review evaluated the suitability and applicability of the existing Zoning and Official Plan designations in the area. The report found that there was sufficient capacity available to further develop housing geared towards students in the surrounding Nodes and Corridors, as well as opportunities available for other demographics. The report noted that the number of new apartments that had been built, were under construction, or that had been proposed between 2004 and 2007 equaled approximately a ten (10) year supply of units. Furthermore, the report noted there was enough capacity of zoned (Multiple Residential) and designated land in around the universities to accommodate projected student growth for at least 25 years. More recently, given concerns related to the conversion of dwellings to rentals, property standards and lot maintenance, among others, in June 2010, Waterloo City Council approved the undertaking of a Land Use and Community Improvement Plan Study in the Northdale area.

#### *Low Density Residential Rental Supply*

Focusing on the low density residential rental supply, year-end 2010, there were approximately 1,160 Lodging House licences in existence citywide (see Schedule 1, Map 2). Year-end 2009, there were approximately 510 recognized Accessory Apartments citywide (see Schedule 1, Map 3). In Waterloo, any property owner can rent up to 3 lodgers in a residential unit without having to obtain a licence. There is not a list that identifies where these units are located in the City. Based on a combination of 2010 MPAC assessment data, the lodging house licence list and the accessory apartment list, staff have identified approximately 5,000 low density residential rental units citywide (defined as unit whereby at least there was one renter) (see Figure 3).

**Figure 3: Low Density Residential Rental Units**

Unit Type	Number Units
<b>Single</b>	2,770
<b>Semi</b>	710
<b>Duplex</b>	530
<b>Triplex</b>	180
<b>Townhouse</b>	760
<b>Total</b>	<b>4,950</b>

Source: MPAC, Lodging House Licence List, Recognized Accessory Apartment List

Rental and student housing providers suggest that the vacancy rate for non-apartments has increased over the past few years (since the Height and Density Policy took effect). Although staff is unable to quantify what the actual vacancy rate may be, an increase in vacancies is positive. A healthy vacancy rate allows for choice and, as a result, the most undesirable places remain vacant. Owners are then forced to upgrade the units or take them out of the market.

#### *Fire Prevention - Lodging Houses*

The current Lodging House Licensing Program was created in 1986, with the enabling legislation of the day, and is primarily administered by Fire Prevention along with Zoning and Building. The Program was created after a basement fire within a two-unit building claimed the life of a University of Waterloo student. The Program was created based on Coroner recommendations and it remains in effect today despite some of its limitations. The Council of the day decided that licenses would be required for dwelling units with more than 3 lodgers. Class 1 and Class 2 distinctions were also developed. The lodging house system was reviewed and updated in 1992 and 2004. In 1992, a Minimum Distance Separation (MDS) regulation of 75 metres was adopted. The MDS was created to help ensure Lodging Houses were dispersed in low-density neighbourhoods. In 2004, the MDS was increased to 150 metres for low-density areas and a MDS of 75 metres was introduced for townhouses. However, lodging houses created and licensed before 1992 did not have to meet any MDS regulations resulting in multiple lodging houses on the same properties and on adjacent properties in some areas.

Lodging House Licensing By-law 00-140 is dovetailed with the City's Zoning By-law and is intended to provide conditions for the safety and stability of neighbourhoods. Currently there are approximately 1,150 lodging house licences. In 2010, the cost of a new licence is \$1,637.00 and there is an annual renewal fee of \$252.25.

However, some property owners have challenged the scope of the Lodging House By-law and due to interpretations; it is difficult to use the By-law as it was originally established.

Furthermore, the Program does not coincide well with the modern fire prevention model. Current fire prevention divisions are guided by risk-based models and programs. The current Program requires Fire Prevention to contact owners who are renting their property to more

than three (3) persons. The owner has to comply with the By-law and obtain a licence, or must reduce the number of lodgers to three (3) or less.

One major challenge that Fire Prevention faces is the dismissive behaviour of owners towards the direction given to them. Often, they continue to operate and claim they house is not "Lodging" but rather a single house-keeping unit.

#### *Fire Prevention - Two Unit Accommodations*

Two-unit residential buildings (duplexes, semi-detached houses and accessory apartments) provide a supply of rental units. The majority of semi-detached houses are found in newer suburban neighbourhoods while most duplexes are located in older neighbourhoods near the core. In late 2007, the City implemented the Two-Unit Residential Occupancy Inspections Program which regulates the fire safety in these buildings (regulated by Section 9.8 of the Ontario Fire Code) to ensure their safety.

Accessory apartments are also a type of two-unit accommodation. The City of Waterloo has never permitted accessory apartment; rather, the only accessory apartments that are permitted are those that have been recognized as having existed prior to November 16, 1995. As of year-end 2009, there were approximately 510 recognized accessory apartments located throughout the City of Waterloo.

### **SECTION 3: OTHER MUNICIPALITIES**

Residential rental housing issues and challenges in Waterloo are not unique to the City, but are instead shared by other municipalities, particularly those with post-secondary institutions. For this reason, staff has continued to monitor and stay apprised of other Ontario municipalities' initiatives to implement and regulate rental housing. The following is a brief summary of some of these other initiatives:

#### Oshawa:

Since 2007 Ontario municipalities have had the ability to regulate the business of renting residential units. The City of Oshawa was the first municipality to take advantage of this new power and enacted a by-law in 2008 that required landlords in one geographical area of Oshawa (the rental area surrounding Durham College and the University of Ontario Institute of Technology (UOIT) campuses) to obtain a licence in order to rent their dwelling.

UOIT shares its campus with Durham College and a satellite campus of Trent University. In 2003, when UOIT first started accepting students, many houses surrounding the campus were purchased and converted into student rental housing. The zoning of the area surrounding the campus only permitted single-detached dwellings. Issues began to arise, including, but not limited to, property standards, lot maintenance, front yard parking and noise. The City felt a licensing by-law was necessary in order to address health, safety and property maintenance issues. The enacted licensing by-law established a minimum standard on living conditions and the quality of service provided by landlords to tenants and surrounding neighbours.

Oshawa's licensing by-law limits the number of bedrooms within rental houses in the regulated area to four, regardless of the size of the house. The number was chosen because it was felt that this was the average for single detached dwellings within the regulated area. Although some landlords had invested in renovations to add more bedrooms to their rental units (e.g. 5-6 bedrooms) prior to the enactment of the by-law these were not grandfathered, and therefore the landlords have not been able to use more than four bedrooms for rental purposes. It is important to note that the City granted property owners on certain streets in the licensing area a two year transition period to meet the 4 bedrooms regulations.

The by-law outlines a number of criteria that a property owner must fulfill in order for them to obtain a licence, such as: proof of insurance, floor plans for each rental unit identifying the various rooms and their uses, a parking plan, a maintenance plan, evidence of compliance with city codes and by-laws and payment of the \$250 licence fee. The by-law enables enforcement officers to enter rental buildings without permission as long as they provide notice, a power that was lacking in their previous by-law. The by-law also allows the City of Oshawa to suspend a licence or issue an administrative penalty if a landlord is found in non-compliance of the City's codes and by-laws.

The by-law has now been in effect for two years and survived court challenges and Human Rights Tribunal challenges. At the present time there is ongoing litigation with respect to the by-law but it does not appear to be aimed at the legality of the by-law.

### London

The City of London has also enacted a residential rental licensing by-law that came into effect in August 2009 and started to be phased in on March 1, 2010. London's by-law was enacted on a city-wide basis. London's reason for enacting a by-law related to the many houses in the City that had been renovated without licences and/or inspections and houses that had property standards issues and/or by-law infractions. Therefore, the purpose of the program was to address sub-standard housing conditions by identifying and remedying unsafe and/or unhealthy building conditions in smaller scale rental residential properties and bring them into compliance with the City's codes and by-laws. The program also sought to protect the amenity, character and stability of residential areas in the City.

The rental licensing by-law in London only applies to rental properties containing four or less rental units and properties that have added units since 1993 without expanding the size of the building. Similar to Oshawa's by-law, London's outlines a number of criteria that a property owner must fulfill in order for them to obtain a licence such as proof of insurance, floor plans for each rental unit identifying the various rooms and their uses, a parking plan, a maintenance plan, proof of insurance, evidence of compliance with City codes and by-laws and payment of the \$25 licence fee per rental property, among others. In order to maintain the low-cost of a \$25 licensing fee, London has not increased enforcement levels, relies on a self audit, and

accepts additional costs would be borne by the tax base. In its current form the London by-law essentially creates a registry for possible future increased levels of enforcement.

Unlike Oshawa's program, London's licensing by-law does not regulate the number of bedrooms (as they already have zoning measures in place to do so). London's program also consists of landlord self-certification. This essentially involves landlords being given checklists by the City that highlight key areas of safety and health to ensure compliance with municipal codes and by-laws and will result in landlords, rather than by-law officers, policing properties on first inspections. A landlord must complete these checklists, share them with their tenants, and return them to City Hall.

In order to ensure that the by-law does not result in a housing crisis, the City has been working to encourage the development of apartment buildings for students.

The London Property Management Association has served the City of London with notice of an application to the Ontario Superior Court to quash the by-law. The application will likely be heard sometime in 2011, but with the possibility of appeals may not be resolved for several years.

### Hamilton

Areas of the City of Hamilton have established a voluntary landlord certification program in partnership with Mohawk College and McMaster University. A voluntary landlord certification program was also considered by the Neighbourhood Residential Rental Housing Community Liaison Committee.

McMaster University currently has a "Rental Accountability Program". The landlord is required to have an inspection of their property and to take a pledge to abide by the Residency Tenant Act. The benefit to the landlord for subscribing to this program is one month of free advertising on the University's Housing webpage. The landlord pays an additional one-time fee of \$63.00 to be part of the program in addition to monthly advertising fees. The landlord is also required to pay the cost of the inspection. The Rental Accountability Program currently has 130 properties registered. Mohawk College is currently developing an accountability program.

In Fall 2010, the City of Hamilton implemented a voluntary rental housing registry program for Ward 1 (Westdale area) and Ward 8 (West Mountain area) which requests property owners to provide their contact information to the City. The program will, in part, be used to gauge whether the city would benefit from a rental licensing program.

### **Mississauga**

In May 2010, Mississauga City Council approved a Residential Rental Accommodation Licensing By-law that requires all property owners/landlords to obtain an annual licence in order to operate a Lodging House (defined as a dwelling unit containing more than three lodging units that are occupied by a maximum of 1 person per lodging unit), with a maximum of four lodging units being permitted. Furthermore, they are only permitted in detached dwellings and accessory units are not permitted. The purpose of the by-law is to ensure landlords and tenants comply with fire and building codes and to provide the City with the ability to inspect accommodations.

### **SECTION 4: FEEDBACK**

In July 2009, staff released a Rental Housing Licensing Discussion Paper (DS-09-09) which outlined options associated with a potential Rental Housing Licensing Program. Since releasing the Discussion Paper, the following public engagements have occurred:

- Landlord Information Session—June 10, 2009
- Public Information Session—June, 17, 2009
- Informal Public Meeting at City Council—July 13, 2009
- Northdale Neighbourhood Meeting hosted at City Hall—August 6, 2009
- Waterloo Regional Apartment Managers Association (WRAMA) Meeting—September 9, 2009
- Region of Waterloo Planning, Housing and Community Services Staff – October, 2009
- KW Real Estate Board (KWREB)— City staff presentation/ discussion—November 17, 2009
- Meeting with UW and WLU student unions (undergrads and grads) and member of Mayor's Student Advisory Committee—November 25, 2009
- Waterloo Region Homebuilders' Association Liaison Committee—November 26, 2009
- Ontario Human Rights Commission (OHRC) —October 26, 2010
- Individual correspondence (email and telephone)-throughout the process

Summarized comments from the various meetings are attached in Schedule B, minutes from the July 13, 2009 Informal Public Meeting are attached in Schedule C, and formal responses from WRAMA, KWREB and the OHRC are attached as Schedules D through F. The key concerns raised through the public consultation process relate to the perceived lack of need for a new by-law, and concerns about implications of the By-law.

In developing the proposed licensing By-law and Program, staff has considered the concerns, while balancing the need for an effective by-law.

*Ontario Human Rights Commission*

In October 2010, City Staff had the opportunity to meet with the Ontario Human Rights Commission to discuss the proposed by-law. The meeting was very productive and staff's approach and proposed draft by-law were well received by the Commission.

In response to the meeting discussion, a subsequent letter was received from the Commission outlining areas of the by-law that may be improved to ensure the by-law is in compliance with the Commission's mandate (see Schedule F). In addition to the areas of improvement that were outlined, the Commission commended the City of Waterloo for engaging the Commission in the process and indicated there was an opportunity to develop a by-law that could be used as a "best practice", from a human rights perspective, in this field of licensing.

Staff continues to work with the OHRC on the outstanding issues identified during the consultation process. It is hoped that all areas of concern can be reviewed and resolved in future drafts of the by-law.

**SECTION 5: PROPOSED LICENSING BY-LAW DETAILS****i) Key Components of the Proposed By-law**

The following are some of the key components of the proposed by-law.

- The proposed By-law would apply City-wide to all low density residential buildings containing one to three rental units (a maximum of three rental bedrooms would be permitted in any rental unit). The by-law contains exemptions for residences owned or operated by a university or college, group homes, bed and breakfast establishments, and apartment buildings.
- The licensing regime would include several classes of licences. These classes are differentiated based on owner occupation, use, and would include an accessory apartment category. Each class of licence will include specific regulations for that class:
  - *Class "A"* licences are required for all Residential Rental Properties that are not covered by any other Classes;
  - *Class "B"* licences are required for all Residential Rental Properties that are Owner Occupied;
  - *Class "C"* licences are required for all Boarding Houses;
  - *Class "D"* licences are required for all Transitional Lodging Houses; and,
  - *Class "E"* licences are required for all Temporary Rental Units.

Classes A – E are more specifically described in Schedules 1-6 in the By-law.

- The proposed By-law would also recognize all rental units currently holding a valid Lodging House Licence issued by the City of Waterloo. In recognizing these existing units, a transition class of licence will be created. This transitional class of licence will require licence holders to provide additional information and conform to additional regulations but will not limit the bedroom number to three. A transitional licence will be valid until the current owner sells the dwelling, at which time the property must be brought into compliance with the licensing by-law and obtain a valid class A, B, C or E licence.
- A Residential Rental Property shall be subject to only one (1) Class of licence at any time. Notwithstanding section 3.4 of this by-law, a Residential Rental Property may have, at the same time, a Class "A" and a Class "B" licence.
- No new low-rise rental units would be licensed for more than 3 bedrooms within the City of Waterloo on a go forward basis; except with a Class "C"
- A Class "E" Rental Unit shall only be licensed for a period of eighteen (18) months and its licence shall not be renewed by the City until the Rental Unit has been Owner Occupied for a period of at least two (2) full years. A Class "E" licence serves as a benefit for individuals leaving a residence for a 'short-term' period.

### **ii) Conditions to Receive a Licence**

The following are the key conditions an owner would need to comply with to receive a licence under the proposed licensing by-law. To be submitted as part of the application:

- Floor Plans: To assist in determining the existing/ proposed building use and to avoid any ambiguities in application of the appropriate codes and by-laws, the applicant would be required to submit floor plans for the whole building. This will allow for appropriate by-law monitoring/enforcement.
- Local Emergency Contact: Requiring the owner to have a contact within Waterloo Region would assist staff as well as other agencies such as Police, Utilities and Fire Emergency to locate and solve problems more easily and may assist owners in ensuring properties are properly managed/ maintained.
- Liability Insurance: The landlord/owner should be providing the City with proof of liability insurance for not less than \$2,000,000 (two million dollars) per occurrence for property damage and bodily injury for certain classes of licence and not less than \$2,000,000 (two million dollars) for other classes of licence;
- Applicant or Registered Owner is a Corporation: Required to provide name and contact information for each director, officer and shareholder who holds more than 30%

ownership, a copy of the articles of incorporation, current by-laws of the corporation and the corporation's most recent annual return.

- Contact Information: All applications must include the municipal address and legal description of the Rental Unit, the applicant's name and contact information, the registered owner's name and contact, and if the applicant and registered owner is a partnership, the name and contact information of each partner.
- Tenancy Agreement: A written tenancy agreement for every tenant for which there is an agreement must be included with the application.
- Transfer/Deed: A copy of the transfer/deed proving proof of ownership of the Rental Unit is required with the application.
- Compliance with Existing Codes/ Regulations/ By-laws: Owners would have to attest to the fact that the unit proposed to be licensed complies with the following:
  - City's Zoning By-laws;
  - City's Property Standards By-law;
  - City's Lot Maintenance By-law;
  - City's Noise and Nuisance By-law;
  - City's Snow and Ice By-law;
  - City's Fence By-law;
  - Ontario Fire Code;
  - Ontario Building Code Act;
  - Ontario Electrical Safety Code; and
  - Ontario Health Protection and Promotion Act.

This attestation would be in the form of a self audit and places the onus on the property owner to ensure they are in compliance with the Codes. City staff would perform appropriate audits as necessary to ensure licensed units remain in compliance with codes. The annual re-licensing process would again require the owner to attest that they are in compliance with all relevant Codes. Prior to receiving their first licence for a unit, the owner would be required to provide a certificate from the Electrical Safety Authority confirming that the property and its proposed use comply with the Electrical Safety Code, O. Reg. 164/99 and a Certificate from a certified technician confirming the HVAC system is in safe, working order.

- Property Maintenance Plan: A property maintenance plan identifying measures that the owner will implement for the purpose of complying with the City's Property Standards, Lot Maintenance, and Snow and Ice By-laws, including:
  - identifying the location of garbage and recycling containers;
  - identifying snow storage area(s); and
  - identifying who is responsible for maintaining the above e.g. owner, tenant, third party
- Parking Plan: A parking plan that demonstrates compliance with the City's Zoning By-laws and identifies the location and dimensions of all vehicular parking spaces on the property.

### **iii) Licensing Fee**

To receive a Licence, the property owner would be required to pay the applicable licence fee as set out in the By-law. The licensing fee has been set to fully cover costs of administering and enforcing the program. The specific fee is discussed later in this report under the Financial Implications section.

### **iv) Right of Entry**

To ensure that City staff is able to properly inspect licensed rental units, the proposed By-law would require that owners must provide City Staff access at any reasonable time, for inspection by an officer. Failing to comply with this regulation would be a violation of the by-law.

Under the current Lodging House By-law, each area of inspection (i.e. Building, Fire, Electrical, Property Standards, etc.) is addressed under separate jurisdiction (for example, the Fire Department can only inspect on Fire safety issues and thereby limiting their rights of entry to Fire Code issues, while other City staff may be refused entry and may have to apply to the Courts for a search warrant to enter a residential unit). The proposed by-law will expand rights of entry to include such things as Building Standards, Property Standards and By-law Enforcement.

### **v) Revocation of Licence for Conduct Contrary to the Public Interest**

The proposed Rental Housing Licensing By-law would provide additional options for dealing with properties that fail to comply with the licensing by-law on an ongoing basis. These issues may include ongoing noise violations, property standards violations or any other violation not corrected in a reasonable fashion. The by-law would establish a "Tribunal" for hearing matters brought before it and the Tribunal could revoke, suspend or deny a licence.

In an attempt to further deal with ongoing problem properties, the Rental Housing Licensing By-law would also allow the Director of By-law Enforcement to place conditions on licences at issuance, renewal or any time during the term of the licence and can include special conditions as are necessary. An applicant or licence holder can appeal to the tribunal should they not agree with the conditions.

#### **vi) Penalties**

The licensing program would also have penalties associated with violations of the By-law. Section 14 of the draft by-law contains the penalty provisions as provided for in the *Municipal Act*. This provision sets the maximum and minimum fines that can be sought should an individual, corporation, or partnership fail to comply with the licensing By-law.

If Council approves the proposed By-law, staff will be seeking approval from the Ministry of the Attorney General for short form wording for offences to this By-law. Staff has included in Section 14 of the By-law a minimum fine of \$350 and will be asking the Attorney General to set the fines at \$350.

#### **vii) Tribunal**

In addition to traditional penalties through the court system, a licensing Tribunal would also be associated with the Residential Rental Housing Licensing By-law. The licensing Tribunal would be charged with reviewing appeals where a licence has been denied, and where a licence has been suspended or revoked. Appeals would also be heard by the Tribunal with respect to conditions placed on a licence by the Director of By-law Enforcement.

The Tribunal would be an independent body and made up of citizen volunteers chosen as per the City's Committee Policy. The Tribunal will be delegated the power to make final decisions in respect of which a hearing is held or a hearing is offered. Any appeal of a tribunal decision would be through the judicial review process.

### **SECTION 6: LICENSING BY-LAW KEY COMPONENT EXPLANATIONS**

#### **i) Non-Licensing of Apartments**

The proposed by-law does not seek to license apartments. The Ontario Building Code and Fire Code have higher standards for apartment buildings than for low density housing. In addition, the development of properties for apartment dwellings is subject to the City's Site Plan Review Committee process which generally addresses, among other things, the provision of landscaping, off street parking requirements, site circulation, urban design, garbage/snow storage. In addition, apartment dwellings are generally operated by management and property maintenance organizations which address property standards, lot maintenance and behavioral issues in the building should these arise.

Map 4 identifies properties that generated a by-law complaint between October 2009 to October 2010. The majority were generated in low density residential units. Staff overlaid this map with the low rise residential rental unit map and found that residential rental properties were approximately four and a half times more likely to have generated a by-law complaint than non-rental properties.

## ii) Three Bedroom Limit

One of the goals of the proposed Rental Housing Licensing By-law is to reduce the impact of large rental units on neighbourhoods. The three bedroom limit is seen as an appropriate and measureable limit based on data collected.

As seen in Figure 4, according to the Census, the average number of persons per census family in the City of Waterloo is 3.0 people, and the average number of children per census family is 1.2.<sup>1</sup>

**Figure 4: Census Families**

CITY OF WATERLOO		
	Number	Percent
<b>Total Census Families</b>	26,545	100.0%
<b>Families with 0 Children</b>	9,515	35.8%
<b>Families with 1 Child</b>	6,725	25.3%
<b>Families with 2 Children</b>	7,290	27.5%
<b>Families with 3 or more Children</b>	3,015	11.4%
<b>Average Persons per Census Family</b>	3.0	
<b>Average Children per Census Family</b>	1.2	

Source: 2006 Statistics Canada Census

Note: Data does not include foreign/temporary residents.

The Region of Waterloo Community Housing Access Centre active application data shows that in October 2010, there were 211 "households" that were looking for Community Housing (affordable rental housing for people who have low to moderate income) in the City of Waterloo. Of these, 186 households (71.1%) were looking for Community Housing with one to three bedrooms, whereas, 25 households (11.9%) were looking for Community Housing with more than three bedrooms (see Figure 5).

<sup>1</sup> Census Family refers to a married couple (with or without children of either or both spouses), a couple living common-law (with or without children of either or both partners), or a lone parent of any marital status with at least one child living in the same dwelling. All members of a particular census family live in the same dwelling. A couple may be of opposite or same sex. Children may be children by birth, marriage or adoption regardless of their age or marital status as long as they live in the dwelling and do not have their own spouse or children living in the dwelling. Grandchildren living with their grandparent(s) but with no parents present also constitute a census family.

**Figure 5: Households Looking for Housing Based on Qualified Bedroom Size**

	All Households	%	"Family" Households	%
<b>1-Bedroom Unit</b>	115	54.50%	7	7.00%
<b>2-Bedroom Unit</b>	38	18.00%	35	35.00%
<b>3-Bedroom Unit</b>	33	15.60%	33	33.00%
<b>4-Bedroom Unit</b>	16	7.60%	16	16.00%
<b>5+ Bedroom Unit</b>	9	4.30%	9	9.00%
<b>Total</b>	211	100.00%	100	100.00%

Source: Region of Waterloo Community Housing Access Centre, October 2010

\*\*"Family" Household refers to single parent and two parent households.

Furthermore, as Figure 5 shows there were 100 "family" households that were looking for Community Housing in the City of Waterloo in October 2010. Of these, 75 "family" households (75%) were looking for Community Housing with one to three bedrooms, whereas, 25 households (25%) were looking for Community Housing with more than three bedrooms. "Family" households were singled out because the other categories (i.e. seniors and single non-seniors) do not look for housing units with 3 or more bedrooms.

Under the proposed Licensing by-law, existing 4 and 5 occupants and 6+ occupant Lodging Houses would retain their rental opportunities until the dwelling was sold. New rentals (not currently licensed) would be permitted to rent up to 3 bedrooms per unit.

Figure 6 below breaks down low density residential dwelling units by dwelling type and the number of bedrooms per dwelling unit. Figure 7 also shows the average and median number of bedrooms.

**Figure 6: Number of Bedrooms by Dwelling Unit Type**

Bedrooms	Single		Semi		Duplex		Triplex		Townhouse	
	#	%	#	%	#	%	#	%	#	%
1	93	0.4%	22	0.9%	97	15.8 %	37	19.7%	40	1.1%
2	1,394	6.2%	182	7.7%	278	45.4%	53	28.2%	878	24.3%
3	13,736	60.8%	1,940	81.7%	99	16.2%	32	17.0%	2,460	68.1%
4	6,227	27.6%	91	3.8%	33	5.4%	13	6.9%	106	2.9%
5	823	3.6%	111	4.7%	45	7.4%	28	14.9%	73	2.0%
6+	306	1.4%	28	1.2%	60	9.8%	25	13.3%	56	1.5%
<b>Total</b>	<b>22,579</b>	<b>100.0%</b>	<b>2,374</b>	<b>100.0%</b>	<b>612</b>	<b>100.0%</b>	<b>188</b>	<b>100.0%</b>	<b>3,613</b>	<b>100.0%</b>
<b>Average</b>	<b>3.3</b>		<b>3.1</b>		<b>2.8</b>		<b>3.2</b>		<b>2.8</b>	
<b>Median</b>	<b>3</b>		<b>3</b>		<b>2</b>		<b>3</b>		<b>3</b>	

Source: MPAC, City of Waterloo Lodging House licence list, and City of Waterloo Accessory Apartment list.

Note: Duplex and triplex MPAC data was found to pertain to the entire dwelling and not the unit, therefore, the data was divided by half in the case of duplexes and divided in thirds in the case of triplexes to determine an assumed number of bedrooms per unit.

As Figure 6 shows, the average and median number of bedrooms for low density residential dwellings is approximately 3 bedrooms.

### iii) Lodging Houses to Rental Licence

Currently, the City's By-laws require rental units accommodating more than 3 lodgers to have a Lodging House Licence. As of year-end 2010, there were approximately 1,160 licences, with the majority being Class 2 licences. Figure 7 below outlines the classes of Lodging House by the number of bedrooms permitted.

**Figure 7: Lodging Houses by Class and Number of Bedrooms**

Bedrooms	Class 1		Class 2	
	#	%	#	%
4			762	73.5%
5			275	26.5%
6	38	31.4%		
7	25	20.7%		
8	21	17.4%		
9	9	7.4%		
10+	28	23.1%		
<b>Total</b>	<b>121</b>	<b>100.0%</b>	<b>1,037</b>	<b>100.0%</b>

Source: City of Waterloo Lodging House Licence List

The new Rental Licensing By-law, if approved, will result in the termination of the existing Lodging House Program. Existing licence holders will be able to apply for a Class E licence, which is a transition lodging house licence. This will be able to continue until such as time as when the property is sold. Upon the sale of the property, the new property owner would have the choice of applying for one of the other licences which permit a maximum of 3 bedrooms, or they could apply for a Class C licence, which pertains to Boarding Houses, providing they could meet all of the regulations.

The City's Zoning By-laws will still be in effect. They would require rental units with more than 3 lodgers to meet the Zoning By-law requirements including the Minimum Distance Separation provisions.

### iv) Licensing Fee Overview

Ontario rental law provides that landlords are not permitted to pass charges such as this licensing fee on to tenants without getting permission from the provincial Landlord Tenant Board. This increase can be applied for through an "above-guideline" increase.

## **SECTION 7: LICENSING BY-LAW IMPLEMENTATION**

### *i) Communication and Education*

Staff recommends that upon passing of the by-law a media campaign be initiated to achieve voluntary compliance with licensing requirements. During the first 12 month period staff will work with owners and landlords, assisting them to obtain required documents and be prepared for the full first phase of the licensing regime in 2011.

### *ii) Resource Requirements*

Additional resources attached to this program include, one (1) full time Licensing Coordinator and three (3) full time Property Standards Officers and one (1) full time Fire Prevention Officer to be hired in March of 2011. In addition, 1.4 full-time equivalents will be necessary in Development Services; the 0.4 full-time equivalents are currently engaged in the Lodging House Program.

These additional resources will be funded through the full cost recovery of the licensing regime and make up the amount of the cost of the individual rental licences.

## **SECTION 8: FINANCIAL IMPLICATIONS**

Staff at the office of the City Solicitor will be recommending that the lodging house licensing program be discontinued. This program is budgeted to generate \$283,000 per year. The program is currently carried out by the Fire Prevention division and partially supports their staff compliment as well as 40% of a position in Development Approvals. Should Council choose to discontinue the Lodging House Program without implementing the Residential Rental Housing By-law, this reduction in revenue would become a budgetary pressure in 2011.

It is further recommended that the Two-Unit Program be discontinued with the commencement of the Rental Housing Program so as not to duplicate efforts and work. Staff opinion is that it is impractical to continue the Two-Unit Program without the Lodging House Program in place due to the high proportion of lodging house licenses.

Additional 6.9 staff required associated with successful implementation of Residential Rental Housing Licensing program.

**Figure 7: Five Year Summary of Anticipated Revenue and Costs**

	2010	2011	2012	2013	2014	2015	Total
Direct Costs	847,365	777,783	898,969	925,938	953,716	982,328	
Indirect Costs	80,949	83,377	85,879	88,455	91,109	93,842	
Overhead	124,313	96,032	131,883	135,840	139,915	144,113	
One Time Capital Cost		215,000					
	<b>1,052,626</b>	<b>1,172,192</b>	<b>1,116,731</b>	<b>1,150,233</b>	<b>1,184,740</b>	<b>1,220,282</b>	<b>5,844,179</b>
<b>100% Cost Recovery of Program</b>							
Program Revenues	644,514	915,173	1,430,476	1,507,174	1,346,841	5,844,179	
Program Costs		<b>1,172,192</b>	<b>1,116,731</b>	<b>1,150,233</b>	<b>1,184,740</b>	<b>1,220,282</b>	<b>5,844,179</b>
Profit (Loss)		(527,678)	(201,558)	280,243	322,434	126,558	(0)

There are a number of assumptions that have been made. The first is an average inflationary increase of 3% per annum on expenditures. The program is based on a five (5) year cycle to phase in the estimated 4,600 new licenses as set out in Figure eight (8). Over the five (5) year cycle the fees will remain static so that the first permit and the 4,600th permit will pay the same fee for service. The fees are outlined in Figure eight (8). There is a reduction in annual costs in 2011 as the program is modeled to begin on April 1. Conversely, there are several start-up costs, including technology and communications in 2011 that need to be addressed only in the first year.

**Figure 8: Anticipated Five Year Licence Program**

	2011	2012	2013	2014	2015	Total
Consultations	950	900	1,550	1,000	200	4,600
New Licences A&D	900	900	300	100	100	2,300
New Licences B, E	0	0	1250	900	100	2,250
New Licences C	50					50
Renewal A&D		900	1800	2100	2200	7,000
Renewal B, E		0	0	1250	2150	3,400
Renewal C		50	50	50	50	200

In addition to the cash flow outlined in Table One, Figure nine (9) outlines the overall budgetary pressures of the cessation of the Lodging House Program, the Two-Unit Program and the creation of the Residential Rental Housing Program. The pressure from the revenue reduction would occur in 2011 with the end of the two (2) programs. This pressure would be offset by the reduction in expenditures that are supported by the tax base. There would be 1.4 positions brought from the tax base into the Rental Housing Program. In addition to the direct costs, the Rental Housing Program would be responsible for purchasing services from the support divisions of the City including Human Resources, Payroll, Information Management and Technology Services, Finance and City Administration. In 2011, revenue lost would be

\$333,000. In 2011, the Rental Housing Program would absorb \$102,101 of previously tax supported labour and contribute \$170,409 to the tax base towards support services. This would create a net pressure on the tax base of \$51,490. In 2012, the Rental Housing Program would absorb an additional \$36,035 of previously tax supported labour and contribute an additional \$35,801 to the tax base towards support services. This would create a net surplus of \$71,836. The cumulative effect on the budget would be a surplus of \$20,346 over two years.

Figure 9: Annual Budgetary Pressures

Budgetary Pressures	2011	2012
<b>Reduction In Revenues (2011)</b>		
Lodging House Program	283,000	
Two Unit Program	50,000	
Total Reduction in revenues	333,000	
<b>Reduction in Tax Supported Expenditures</b>		
Staffing Costs	102,101	36,035
Indirect Costs	83,377	
Overhead Costs	96,032	35,801
	281,510	71,836
Net Budgetary Shortfall (Surplus)	51,490	(71,836)

Figure ten (10) reflects the fees that will be associated with each class of licence, initial and renewal as well as the fee for a consultation. This fee structure is based on the model discussed above.

FIGURE 10: FEE PER CATEGORY

	New	New	New	Renewals	Renewals	Renewals	Consultations
	A&D	B&E	C	A&D	B&E	C	
Number of Apps	2300	2250	50	7000	3400	200	4600
Fee Per Category	593.54	423.96	741.93	323.75	231.25	404.69	77.08

## SECTION 9: LEGAL CONSIDERATIONS

-Expectation that the By-law will be challenged, if Council chooses to adopt such a program.

## SECTION 10: LINK TO STRATEGIC PLAN

A key strategic imperative of the City's 2007-2010 Strategic Plan is "Enhance Community Safety." A Rental Housing Licensing By-law will determine where Rental Units are located in the City of Waterloo and will also require them to meet minimum safety standards.

## **SECTION 11: RECOMMENDATIONS**

That Council receive Report PS-BL2011-001 and

- 1) Table Report PS-BL2011-001, including the draft Residential Housing Licensing By-Law attached as Schedule "A" to PS-BL2011-001, for information and public consultation; and
- 2) Approved the attached amendment to the Lodging House By-law 00-140, Schedule H, and place renewals and new applications for the current Lodging House program on hold until June 30, 2011 and extend all current licences, in good standing, to June 30, 2011; and
- 3) That Council schedule Monday, February 28, 2011, to hear delegations on the issue and consider a Rental Housing Licensing By-law.

Submitted by:

Signature

Name: Jim Barry

Position: Director of By-law Enforcement

## **Schedule A: Residential Rental Housing By-Law**

### **THE CORPORATION OF THE CITY OF WATERLOO**

#### **BY-LAW 2011-(??)**

#### **BEING A BY-LAW TO PROVIDE FOR THE LICENSING, REGULATING AND GOVERNING OF THE BUSINESS OF RESIDENTIAL RENTAL UNITS IN THE CITY OF WATERLOO**

**WHEREAS** section 151(1) of the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended (the "Municipal Act, 2001") states that a municipality may provide for a system of licences with respect to a business and may:

- (a) prohibit the carrying on or engaging in the business without a licence;
- (b) refuse to grant a licence or to revoke or suspend a licence;
- (c) impose conditions as a requirement of obtaining, continuing to hold or renewing a licence;
- (d) impose special conditions on a business in a class that have not been imposed on all of the businesses in that class in order to obtain, continue to hold or renew a licence;
- (e) impose conditions, including special conditions, as a requirement of continuing to hold a licence at any time during the term of the licence;
- (f) licence, regulate or govern real and personal property used for the business and the persons carrying it on or engaged in it; and,
- (g) require a person, subject to such conditions as the municipality considers appropriate, to pay an administrative penalty if the municipality is satisfied that the person has failed to comply with any part of a system of licences established by the municipality.

**AND WHEREAS** the Council for The Corporation of the City of Waterloo considers it necessary and desirable to regulate the renting of residential rental properties in order to:

- (a) protect the health and safety and human rights of the persons residing in residential rental premises;
- (b) ensure that certain essentials are provided in residential rental premises such as plumbing, heating and water; and,
- (c) protect the residential amenity, character and stability of residential areas.

**NOW THEREFORE** the Council of The Corporation of the City of Waterloo enacts as follows:

**1. Definitions**

For the purpose of this by-law the following terms shall have the corresponding meanings set out below:

**“Apartment Building”** means a Building containing four (4) or more Rental Units, where units are horizontally separated and where each Rental Unit has access to an interior corridor system with an exit at grade level and which shall not include a maisonette or row house;

**“Bedroom”** means a room or area in a Rental Unit used, designed, equipped or intended for sleeping;

**“Boarding House”** means a building:

- (a) that has a building height not exceeding three (3) storeys and a building area not exceeding 600 m<sup>2</sup>;
- (a) in which lodging is provided in return for remuneration or for the provision of services or for both; and,
- (b) in which the lodging rooms do not have both bathrooms and kitchen facilities for the exclusive use of individual occupants.

**“Building”** means:

- (a) a structure occupying an area greater than ten square metres consisting of a wall, roof and floor or any of them or a structural system serving the function thereof including all plumbing, works, fixtures and service systems appurtenant thereto;
- (b) a structure occupying an area of ten square metres or less that contains plumbing, including the plumbing appurtenant thereto; or,
- (c) structures designated in the *Building Code*.

**“Building Code”** means Ontario Regulation 350/06, as amended;

**“Change of Control”** means:

- (a) a transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, of all or part of the corporate

shares of a corporation which results in a change in the effective voting control of the corporation; or,

(b) a change in the constitution of the corporation's Board of Directors such that no director who was appointed or elected as of the date this by-law was passed by Council remains on the corporation's Board of Directors.

**"Chief Building Official"** means the Chief Building Official for the City appointed or constituted under section 3 or 4 of the *Building Code Act, 1992*, S.O. 1992, c.23, as amended (the "*Building Code Act, 1992*");

**"Chief Fire Prevention Officer"** means the Chief Fire Prevention Officer for the City or his or her designate(s);

**"Chief of Police"** means the Chief of the Waterloo Regional Police Service or his or her designate(s);

**"City"** means The Corporation of the City of Waterloo;

**"College"** means a college established under the *Ontario College of Applied Arts and Technology Act, 2002*, S.O. 2002, c. 8, Sched. F, as amended;

**"Council"** means the Council of the City;

**"Dining Room"** means a room or area in a Rental Unit used for dining;

**"Director of By-Law Enforcement"** means the Director of By-Law Enforcement for the City or his or her designate(s);

**"Fire Chief"** means the Fire Chief for the City or his or her designate(s);

**"General Manager of Development Services"** means the General Manager of Development Services for the City;

**"Gross Floor Area"** means the area of a floor, measured to the inside of all outside walls enclosing any floor or part of a floor that complies with all applicable law for the shelter, accommodation or enclosure of persons, above which is a clear height of at least two (2) metres excluding the area of any garage, porch, veranda, sun room or stairwell;

**"Group Home"** means a residence licensed or funded under a federal or provincial statute for the accommodation of three to 10 persons, exclusive of staff, living under supervision in a single housekeeping unit and who, by reason of their emotional, mental, social or physical condition or legal status, require a group living arrangement for their well being;

**"Human Rights Code"** means the *Human Rights Code*, R.S.O. 1990, c. H.19, as amended;

**"Kitchen"** means a room or area in a Rental Unit with cooking facilities including a fridge, stove and sink;

**"Licensing Appeal Tribunal"** means the tribunal established by s. 6 of this by-law;

**"Living Room"** means a room or area in a Rental Unit used for the common social activities of the residents;

**"Lot"** means a parcel of land which is:

- (a) shown as a lot or block on a registered plan of subdivision; or,
- (b) described in a single Transfer/Deed of Land that is registered in the Land Registry Office or the Land Titles Office for the Land Registry Division of Waterloo;

**"Medical Officer of Health"** means the Medical Officer of Health for the Regional Municipality of Waterloo or his or her designate(s);

**"Municipal Law Enforcement Officer"** means an individual appointed by the Council of the City pursuant to s. 15 of the *Police Services Act*, R.S.O. 1990, c. P. 15, as amended;

**"Owner"** includes a person who, alone or with others, owns premises where a Residential Rental Business is located;

**"Owner Occupied"** means a Residential Rental Property that is occupied by persons holding at least fifty per cent (50%) of the title to the property as identified in the Ministry of Government and Consumer Services Parcel register;

**"person"** means an individual, sole proprietorship, partnership, unincorporated association, organization, including a charitable organization, or a corporation;

**"Police Officer"** means a police officer, as defined by the *Police Services Act*, R.S.O. 1990, c. P.15, as amended;

**"Rent"** includes the amount of any consideration paid or required to be paid or given by or on behalf of a Tenant for the right to occupy a Rental Unit and for any privilege, accommodation or thing that the landlord provides for the Tenant in respect to the occupancy of the Rental Unit;

**"Rental Unit"** means a unit offered for Rent, whether in whole or in part, that:

- (a) consists of a self-contained set of rooms located in a Building;
- (b) is used, or is intended to be used, as a residence; and,
- (c) contains a Kitchen and bathroom facilities.

**"Residential Rental Business"** means a commercial enterprise which consists of offering a Rental Unit;

**"Residential Rental Property"** means a residential property that is rented in whole or in part to a Tenant and includes each Building containing a Rental Unit and the Lot on which the Rental Unit is situated;

**"Tenant"** includes a person who pays Rent in return for the right to occupy a Rental Unit;

**"University"** means the University of Waterloo or Wilfrid Laurier University; and,

**"Zoning By-Law"** means a Zoning By-Law passed by the City pursuant to s. 34 of the *Planning Act*, R.S.O. 1990, c. P.13, as amended.

## **2. Prohibitions**

2.1 No person shall do any of the following, except in accordance with a licence issued under this by-law:

- (a) carry on a Residential Rental Business;
- (b) permit a person to carry on a Residential Rental Business;
- (c) collect Rent, or permit Rent to be collected, for a Rental Unit; or,
- (d) hold themselves out as being licensed to carry on a Residential Rental Business.

2.2 No person shall do any of the following, other than at a location for which a licence has been issued under this by-law:

- (a) carry on a Residential Rental Business;
- (b) permit a person to carry on a Residential Rental Business; or,

- (c) hold themselves out as being licensed to carry on a Residential Rental Business.

2.3 No person shall do any of the following, under a name other than the name under which a licence has been issued under this by-law:

- (a) carry on a Residential Rental Business;
- (b) permit a person to carry on a Residential Rental Business; or,
- (c) hold themselves out as being licensed to carry on a Residential Rental Business.

2.4 No person shall do any of the following, except in accordance with the provisions as set out in this by-law:

- (a) carry on a Residential Rental Business;
- (b) permit a person to carry on a Residential Rental Business;
- (c) collect Rent, or permit Rent to be collected, for a Rental Unit; or,
- (d) hold themselves out as being licensed to carry on a Residential Rental Business.

2.5 No person shall transfer or assign a licence issued under this by-law.

2.6 No person shall provide false or misleading information to the City when applying for a licence under this by-law, renewing a licence or at any other time.

2.7 Notwithstanding any other provision in this by-law to the contrary, a licence to carry on a Residential Rental Business shall not be required for:

- (a) a student residence operated by a University or College;
- (b) an Apartment Building;
- (c) a Group Home;
- (d) a hotel, inn or bed and breakfast; or,
- (e) a Rental Unit or Residential Rental Property to which any of the following statutes apply:
  - (i) the *Homes for Special Care Act*, R.S.O. 1990, c. H.12, as amended;

- (iv) the *Retirement Homes Act, 2010*, S.O. 2010, c. 11, as amended; and,
- (v) the *Social Housing Reform Act, 2000*, S.O. 2000, c. 27, as amended.

### **3. Licensing Requirements**

3.1 There shall be five (5) types of licences to carry on a Residential Rental Business under this by-law:

- (a) Class "A" licences, more particularly described in **Schedule 1** of this by-law, which are required for all Residential Rental Properties that are not covered by any other Classes in this section;
- (b) Class "B" licences, more particularly described in **Schedule 2** of this by-law, which are required for all Residential Rental Properties that are Owner Occupied;
- (c) Class "C" licences, more particularly described in **Schedule 3** of this by-law, which are required for all Boarding Houses;
- (d) Class "D" licences, more particularly described in **Schedule 4** of this by-law, which are required for all transitional lodging houses; and,
- (e) Class "E" licences, more particularly described in **Schedule 5** of this by-law, which are required for all temporary Rental Units.

3.2 Any person seeking to obtain or renew a licence to carry on a Residential Rental Business shall:

- (a) be at least eighteen (18) years of age;
- (b) complete an application in the form prescribed by the Director of By-Law Enforcement, including setting out such information and attaching such additional documentation as may be required by the Director of By-Law Enforcement which includes the information and documentation outlined in **Schedule 6**;
- (c) submit their completed application to the Director of By-Law Enforcement; and,
- (d) pay the applicable fee pursuant to the City's Fees and Charges By-Law.

- (c) submit their completed application to the Director of By-Law Enforcement; and,
- (d) pay the applicable fee pursuant to the City's Fees and Charges By-Law.

3.3 Once a person has been issued a licence to carry on a Residential Rental Business under this by-law, they shall:

- (a) at all times, post a copy of the licence issued to them in a conspicuous place on the Residential Rental Property as well as a floor plan;
- (b) when requested to do so by a Municipal Law Enforcement Officer, immediately produce a copy of their licence for inspection;
- (c) notify the Director of By-Law Enforcement, in writing, within fourteen (14) days of any change to the information or documentation submitted with their application and then the person shall, as soon as is practicable, provide such updated information or documentation as may be required by the Director of By-Law Enforcement; and,
- (d) attend any training or education sessions in relation to their licence that are required by the Director of By-Law Enforcement, which shall not be in excess of once per year.

3.4 A Residential Rental Property shall be subject to only one (1) Class of licence at any time.

3.4.1 Notwithstanding section 3.4 of this by-law, a Residential Rental Property may have, at the same time:

- 3.4.1.1 a Class "A" and a Class "B" licence; or,
- 3.4.1.2 a Class "D" and a Class "A" or "B" licence.

3.5 Each Rental Unit shall be individually licensed to carry on a Residential Rental Business.

#### **4. Licence Issuance**

4.1 The Director of By-Law Enforcement shall issue or renew a licence to carry on a Residential Rental Business to any person who meets the requirements of this by-law, except where:

- (a) the past conduct of the person who applies for the licence affords the Director of By-Law Enforcement reasonable grounds to believe that the

- (ii) the *Building Code Act, 1992* or any regulations made under it, including the *Building Code*;
- (iii) the *Fire Protection and Prevention Act, 1997*, S.O. 1997, c.4, as amended (the "Fire Protection and Prevention Act, 1997"), or any regulations made under it, including the *Fire Code*; or,
- (iv) the Medical Officer of Health.

- (f) the location of the Residential Rental Property would not be in compliance with a Zoning By-Law; or,
- (g) the person who is applying for the licence is indebted to the City by way of fines, penalties, judgments or outstanding (past due) property taxes.

4.2 The Director of By-Law Enforcement may deny the issuance or renewal of a licence to carry on a Residential Rental Business where the person who is applying for the licence has been convicted within the past five (5) years of:

- (a) a criminal offence; or,
- (b) a statutory or a regulatory offence, in any way related to the ownership or management of Residential Rental Properties, in respect of the applicant.

4.3 For the purposes of sections 4.1 and 4.2 of this by-law, the term "person" shall include any director, officer, partner or principal of a partnership or a corporation or any shareholder of a corporation that holds at least fifty per cent (50%) of the shares of that corporation.

4.4 The Director of By-Law Enforcement may, at any time, when issuing or renewing a licence to carry on a Residential Rental Business, impose such terms or conditions on the aforementioned licence as the Director of By-Law Enforcement considers appropriate.

4.5 Should the Director of By-Law Enforcement refuse to issue or renew a licence to carry on a Residential Rental Business or, should the Director of By-Law Enforcement impose terms or conditions on a licence, the Director of By-Law Enforcement shall provide written reasons thereafter.

4.6 Any licence issued or renewed by the Director of By-Law Enforcement to carry on a Residential Rental Business shall expire and cease to be of any force or effect one (1) year from the date of the licence's issuance or renewal.

4.5 Should the Director of By-Law Enforcement refuse to issue or renew a licence to carry on a Residential Rental Business or, should the Director of By-Law Enforcement impose terms or conditions on a licence, the Director of By-Law Enforcement shall provide written reasons thereafter.

4.6 Any licence issued or renewed by the Director of By-Law Enforcement to carry on a Residential Rental Business shall expire and cease to be of any force or effect one (1) year from the date of the licence's issuance or renewal.

## 5. **Revocation or Suspension of Licence**

5.1 The Director of By-Law Enforcement may revoke or suspend a licence to carry on a Residential Rental Business at any time where:

- (a) the Director of By-Law Enforcement is of the opinion that the Residential Rental Business being licensed poses a threat to the health or safety of persons or property;
- (b) the licence holder has violated any of the provisions of this by-law;
- (c) the licence was issued because false or misleading information was provided to the City;
- (d) a licence was issued in error; or,
- (e) where authorized in accordance with this by-law.

5.2 The Director of By-Law Enforcement may revoke or suspend a licence to carry on a Residential Rental Business for a period of time and subject to such terms or conditions that the Director of By-Law Enforcement considers appropriate.

5.3 The Director of By-Law Enforcement, before revoking or suspending a licence pursuant to section 5.2 of this by-law, shall consider:

- (a) the impact of any such licence revocation or suspension on any Tenants; and,
- (b) imposing terms or conditions on any such licence revocation or suspension that would minimize the adverse impact on any Tenants, including the possibility of providing a reasonable time period before the licence revocation or suspension takes place to permit Tenants to find new housing or to seek relief in a Court or before the Ontario Rental Housing Tribunal.

- 5.4 The Director of By-Law Enforcement shall provide the holder of the licence that has been suspended or revoked written reasons outlining why their licence has been suspended or revoked.
- 5.5 Pursuant to section 151(2) of the *Municipal Act, 2001*, if the Director of By-Law Enforcement is satisfied that the continuation of a Residential Rental Business poses an immediate danger to the health or safety of any person or to any property, the Director of By-Law Enforcement may, for the time and on such conditions as he or she considers appropriate, without a hearing, suspend a licence subject to the following:
  - (a) before suspending the licence, the Director of By-Law Enforcement shall provide the licensee with the reasons for the suspension, either orally or in writing, and an opportunity to respond to them;
  - (b) the suspension shall not exceed fourteen (14) days

#### **6. Appeal**

- 6.1 Any person who has been denied a licence, or the renewal of a licence, has had their licence suspended or revoked or has had terms or conditions imposed on a licence, may appeal the decision of the Director of By-Law Enforcement to a Licensing Appeal Tribunal.
- 6.2 Section 6.1 of this by-law does not apply to licence suspensions under section 5.5 of this by-law.
- 6.3 The Licensing Appeal Tribunal shall be composed of such persons, not fewer than three (3), as Council considers advisable.
- 6.4 The members of the Licensing Appeal Tribunal shall hold office for three (3) years with one (1) term expiring annually so that the first appointments shall be for one (1), two (2) and three (3) years. When a vacancy occurs in the membership of the Licensing Appeal Tribunal, Council shall forthwith fill the vacancy.
- 6.5 The members of the Licensing Appeal Tribunal shall be paid such compensation as the Council may provide.
- 6.6 The members of the Licensing Appeal Tribunal shall elect a Chair from among themselves. When the Chair is absent through illness or otherwise, the Licensing Appeal Tribunal may appoint another member as acting Chair.
- 6.7 A majority of the members of the Licensing Appeal Tribunal constitutes a quorum for transacting the Licensing Appeal Tribunal's business.

- 6.8 The members of the Licensing Appeal Tribunal shall provide for a Secretary for the Licensing Appeal Tribunal.
- 6.9 The Secretary of the Licensing Appeal Tribunal shall keep on file the records of all official business of the Licensing Appeal Tribunal, including records of all applications and minutes of all decisions respecting those applications.
- 6.10 The Licensing Appeal Tribunal shall give notice or direct that notice be given of the hearing of an appeal to such persons as the Licensing Appeal Tribunal considers advisable.
- 6.11 All appeals shall be submitted:
  - (a) within fourteen (14) days of the decision of the Director of By-Law Enforcement to deny issuing or renewing a licence or suspending or revoking a licence or imposing terms or conditions on a licence;
  - (b) in writing;
  - (c) to the Secretary of the Licensing Appeal Tribunal;
  - (d) setting out, in detail, the grounds for the appeal; and,
  - (e) along with the applicable fee, as outlined in the City's Fees and Charges By-Law.
- 6.12 Where an appeal is not submitted within the time set out in section 6.10(a), the decision of the Director of By-Law Enforcement shall be deemed to be confirmed and no appeal shall be allowed.
- 6.13 The Licensing Appeal Tribunal shall hear all appeals.
- 6.14 On an appeal, the Licensing Appeal Tribunal has all the powers and functions of the Director of By-Law Enforcement who made the decision and the Licensing Appeal Tribunal may do any of the following things if, in the Licensing Appeal Tribunal's opinion, doing so would maintain the general intent and purpose of the by-law:
  - (a) confirm, modify or rescind the decision of the Director of By-Law Enforcement to deny issuing or renewing a licence or suspending or revoking a licence or to impose terms or conditions on a licence.
- 6.15 Council hereby delegates decision-making authority to the Licensing Appeal Tribunal with regards to appeals under this by-law, as Council is of the opinion that the powers that it is delegating to the Licensing Appeal Tribunal are of a minor nature, and the decision of the Licensing Appeal Tribunal shall be final.

**7. Notice**

7.1 All notices pursuant to this by-law shall be made in writing and shall be effective:

- (a) on the date on which the notice is delivered to the person to whom it is addressed; or,
- (b) on the fifth (5<sup>th</sup>) day after the notice has been sent by registered mail to the person's last known address.

**8. Inspection**

8.1 The City may enter on land at any reasonable time for the purpose of carrying out an inspection to determine whether or not the following are being complied with:

- (a) this by-law;
- (b) a condition of a licence issued this by-law; or,
- (c) an order made under s. 431 of the *Municipal Act, 2001*.

8.2 For the purposes of conducting an inspection pursuant to s. 8.1 of this by-law, the City may, in accordance with the provisions of s. 436 of the *Municipal Act, 2001*:

- (a) require the production for inspection of documents or things relevant to the inspection;
- (b) inspect and remove documents or things relevant to the inspection for the purpose of making copies or extracts;
- (c) require information from any person concerning a matter related to the inspection; and,
- (d) alone or in conjunction with a person possessing special or expert knowledge, make examinations or take tests, samples or photographs necessary for the purposes of the inspection.

8.3 No person exercising a power of entry on behalf of the City shall enter or remain in any room or place actually being used as a dwelling unless:

- (a) the consent of the occupier is obtained, the occupier first having been informed that the right of entry may be refused and, if refused, may only be made under the authority of an order issued under section 438 of the *Municipal Act, 2001*, a warrant issued under section 439 of the *Municipal Act, 2001* or a warrant under section 386.3 of the *Municipal Act, 2001*;

- (b) an order issued under section 438 of the *Municipal Act, 2001* is obtained;
- (c) a warrant issued under section 439 of the *Municipal Act, 2001* is obtained;
- (d) a warrant issued under section 386.3 of the *Municipal Act, 2001* is obtained;
- (e) the delay necessary to obtain an order under section 438 of the *Municipal Act, 2001*, to obtain a warrant under section 439 of the *Municipal Act, 2001* or to obtain the consent of the occupier would result in an immediate danger to the health or safety of any person; or,
- (f) the City has given notice of its intention to enter to the occupier of the land as required under subsection 435(2) of the *Municipal Act, 2001* and the entry is authorized under sections 79, 80 or 446 of the *Municipal Act, 2001*.

8.4 No person shall hinder or obstruct, or attempt to hinder or obstruct, any person who is exercising a power or performing a duty under this by-law.

- (a) A refusal of consent to enter or to remain in a room or place actually used as a dwelling does not constitute hindering or obstruction within the meaning of section 8.4 unless the City is acting under an order under section 438 of the *Municipal Act, 2001* or a warrant under section 439 of the *Municipal Act, 2001* or in the circumstances described in clause 437. (d) or (e) of the *Municipal Act, 2001*.

**9. Order to Discontinue Activity**

9.1 Where the Director of By-Law Enforcement has reasonable grounds to believe that a contravention of this by-law has occurred, the Director of By-Law Enforcement may make an order requiring the person who contravened this by-law, or who caused or permitted the contravention, or the owner or occupier of the land on which the contravention occurred, to discontinue the contravening activity.

9.2 An order under s. 9.1 of this by-law shall set out:

- (a) reasonable particulars of the contravention adequate to identify the contravention and the location of the land on which the contravention occurred; and,
- (b) the date by which there must be compliance with the order.

9.3 Any person who contravenes an order under s. 9.1 of this by-law is guilty of an offence.

**10. Work Order**

10.1 Where the Director of By-Law Enforcement has reasonable grounds to believe that a contravention of this by-law has occurred, the Director of By-Law Enforcement may make an order requiring the person who contravened this by-law, or who caused or permitted the contravention, or the owner or occupier of the land on which the contravention occurred, to do work to correct the contravention.

10.2 An order under s. 10.1 of this by-law shall set out:

- (a) reasonable particulars of the contravention adequate to identify the contravention and the location of the land on which the contravention occurred; and,
- (b) the work to be done and the date by which the work must be done.

10.3 An order under s. 10.1 of this by-law may require work to be done even though the facts which constitute the contravention of this by-law were present before this by-law came into force.

10.4 Any person who contravenes an order under s. 10.1 of this by-law is guilty of an offence.

**11. Remedial Action**

11.1 If a person fails to do a matter or thing, including comply with an order under this by-law, as directed or required by this by-law, the City may, in default of it being done by the person directed or required to do it, do the matter or thing at the person's expense. The City may recover the costs of doing a matter or thing from the person directed or required to do it by action or by adding the costs to the tax roll and collecting them in the same manner as municipal taxes.

11.2 The costs outlined in s. 11.1 of this by-law shall include interest calculated at a rate of 15 per cent, calculated for the period commencing on the day the City incurs the costs and ending on the day the costs, including the interest, are paid in full.

11.3 The amount of the costs, including interest, constitutes a lien on the land upon the registration in the proper land registry office of a notice of lien. The lien is in respect of all costs that are payable at the time the notice is registered plus interest accrued to the date the payment is made. Upon receiving payment of all costs payable plus interest accrued to the date of payment, the City shall register a discharge of the lien in the proper land registry office.

**12. Enforcement**

12.1 This by-law may be enforced by Municipal Law Enforcement Officers, the Medical Officer of Health or a Police Officer.

**13. Penalties**

13.1 Every person who contravenes any of the provisions of this by-law is guilty of an offence and pursuant to section 429 of the *Municipal Act, 2001* and all contraventions of this by-law are designated as continuing offences.

13.2 Every person, excluding a corporation, who is convicted of an offence is liable to a minimum fine of Three Hundred and Fifty Dollars (\$350.00) and a maximum fine of Twenty-Five Thousand Dollars (\$25,000.00) for the first offence and a maximum fine of Fifty Thousand Dollars (\$50,000.00) for a subsequent offence

13.3 Every corporation who is convicted of an offence is liable to a maximum fine of Fifty Thousand Dollars (\$50,000.00) for the first offence and One Hundred Thousand Dollars (\$100,000.00) for a subsequent offence

13.4 In addition to the fine amounts set out in sections 13.2 and 13.3, for each day or part of a day that an offence continues, the minimum fine shall be Four Hundred Dollars (\$450.00) and the maximum fine shall be Ten Thousand Dollars (\$10,000.00). The total of all daily fines for the offence is not limited to One Hundred Thousand Dollars (\$100,000.00).

13.5 Pursuant to s. 447 of the *Municipal Act, 2001*, where an owner is convicted of knowingly carrying on or engaging in a trade, business or occupation on, in or in respect of any premises or any part of any premises without a licence required by this by-law, the Court may order that the premises or part of the premises be closed to any use for a period not exceeding two (2) years.

13.6 Where a person is convicted of a contravention of this by-law, other than a conviction described in section 13.5, and the Court determines that the owner or Tenant of the premises or part of the premises in respect of which the conviction was made knew or ought to have known of the conduct which formed the subject-matter of the conviction or of any pattern of similar conduct, the Court may order that the premises or part of the premises be closed to any use for a period not exceeding two (2) years.

**14. Collection of Unpaid Fines**

- 14.1 Pursuant to s. 441 of the *Municipal Act, 2001*, if any part of a fine for a contravention of this by-law remains unpaid after the fine becomes due and payable under s. 66 of the *Provincial Offences Act*, R.S.O. 1990, c. P.33, as amended, including any extension of time for payment ordered under that section, the Director of By-Law Enforcement may give the person against whom the fine was imposed a written notice specifying the amount of the fine payable and the final date on which it is payable, which shall be not less than twenty one (21) days after the date of the notice.
- 14.2 If the fine remains unpaid after the final date specified in the notice, the fine shall be deemed to be unpaid taxes for the purposes of s. 351 of the *Municipal Act, 2001*.

**15. Schedules**

- 15.1 Any schedules which are attached to this by-law shall form a part of this by-law.

**16. Short Title**

- 16.1 This by-law shall be known as the "Rental Housing Licensing By-Law."

**17. Severability**

- 17.1 If a Court of competent jurisdiction should declare any section or part of a section of this by-law to be invalid, such section or part of a section shall not be construed as having persuaded or influenced Council to pass the remainder of this by-law and it is hereby declared that the remainder of this by-law shall be valid and shall remain in full force and effect.

**18. Repeal/Transition**

- 18.1 By-Law No. 00-140 of the City is hereby repealed as well as all by-laws amending the same and any portions of the Municipal Code relating to lodging houses.
- 18.2 Any licence issued or renewed under By-Law No. 00-140 shall be deemed to be a Class "D" licence issued under this by-law for a period of three (3) months following the coming into force of this by-law.
- 18.3 A licence issued or renewed under this by-law shall be deemed to be a licence issued under By-Law No. 00-140 for the purposes of the applicable Zoning By-Law.

**19. Coming Into Force**

19.1 This by-law shall come into force and effect on July 1, 2011.

Passed this            day of           , 2011

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B. Halloran, Mayor

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S. Greatrix, City Clerk

**SCHEDULE 1****CLASS "A" LICENCE****RESIDENTIAL RENTAL PROPERTIES THAT ARE NOT COVERED  
BY ANY OTHER CLASSES**

1. In addition to the requirements set out in this by-law, Class "A" Rental Units shall comply with the following provisions:
  - (a) Each Bedroom in a Rental Unit shall be a minimum of seventy five (75) square feet per occupant.
  - (b) The number of Bedrooms in a Rental Unit shall not exceed three (3).
  - (c) Each Rental Unit shall contain a Kitchen, which shall be a minimum of forty five (45) square feet, and which shall contain an oven.
  - (d) Each Rental Unit shall contain a Living Room, which shall be a minimum of one hundred and forty five (145) square feet.
  - (e) Each Rental Unit shall contain a Dining Room, which shall be a minimum of thirty five (35) square feet.
  - (f) No more than forty per cent (40%) of the Rental Unit's Gross Floor Area shall be comprised of Bedrooms.
  - (g) No room within a Rental Unit may be used as a Bedroom, except where a Bedroom has been depicted on the licence application, which was submitted to the City.

**SCHEDULE 2**  
**CLASS "B" LICENCE**  
**OWNER OCCUPIED RESIDENTIAL RENTAL PROPERTIES**

1. In addition to the requirements set out in this by-law, Class "B" Rental Units shall comply with the following provisions:
  - (a) Each Bedroom in a Rental Unit shall be a minimum of seventy five (75) square feet per occupant.
  - (b) The number of Bedrooms for Rent in a Rental Unit shall not exceed three (3).
  - (c) Each Rental Unit shall contain a Kitchen, which shall be a minimum of forty five (45) square feet, and which shall contain an oven.
  - (d) Each Rental Unit shall contain a Living Room, which shall be a minimum of one hundred and forty five (145) square feet.
  - (e) Each Rental Unit shall contain a Dining Room, which shall be a minimum of thirty five (35) square feet.
  - (f) No more than fifty per cent (50%) of the Rental Unit's Gross Floor Area shall be comprised of Bedrooms.
  - (g) No room within a Rental Unit may be used as a Bedroom, except where a Bedroom has been depicted on the licence application, which was submitted to the City.
  - (h) A Residential Rental Property shall be Owner Occupied.

**SCHEDULE 3**  
**CLASS "C" LICENCE**  
**BOARDING HOUSES**

- I. In addition to the requirements set out in this by-law, Class "C" Rental Units shall comply with the following provisions:
  - (a) There shall be a minimum distance separation between Class "C" Rental Units of seventy five (75) metres.
  - (b) There shall be a minimum distance separation between Class "C" Rental Units and Class "D" Rental Units of seventy five (75) metres.
  - (c) All Class "C" Rental Units shall:
    - (i) operate as, and be deemed to be "boarding houses", "lodging houses" or "rooming houses" for the purposes of section 9.3 of the *Fire Code* (Ontario Regulation 213/07, as amended);
    - (ii) shall comply with the requirements of Part 9 of the *Fire Code* (Ontario Regulation 213/07, as amended) relating to "Boarding, Lodging and Rooming Houses", as if they were "boarding houses", "lodging houses" or "rooming houses" to which section 9.3 of the *Fire Code* applies;
    - (iii) operate as, and be deemed to be, "boarding, lodging or rooming houses", as defined in the *Building Code*;
    - (iv) shall comply with the requirements of the *Building Code* as if they were "boarding, lodging or rooming houses", as defined in the *Building Code*;
    - (v) be deemed to be "lodging houses" for the purposes of the applicable Zoning By-Law; and,
    - (vi) shall comply with the requirements of the applicable Zoning By-Law, as if they were "lodging houses" under that Zoning By-Law.
  - (d) All Class "C" Rental Units shall comply with all federal or provincial legislation or regulations, including the Ontario *Human Rights Code*, as well as all municipal by-laws, including any applicable Zoning By-Laws.

- (e) The Building area shall not exceed six hundred (600) square metres and the Building shall not exceed three (3) storeys in height.
- (f) Any Kitchen or bathroom shall not be for the exclusive use of any individual Tenant.
- (g) There shall be no more than two (2) bathrooms, no more than (1) Kitchen and no less than four (4) Bedrooms.
- (h) There shall be locks on every Bedroom door, except for a Bedroom being used by a Tenant under the age of sixteen (16) years which may or may not have a lock on the door.
- (i) A Bedroom shall be for the exclusive use of one (1) Tenant except for as follows:
  - (i) one (1) bedroom in a Boarding House may have double occupancy; and,
  - (ii) a Bedroom may be used by more than one (1) Tenant if all of the Tenants in a Bedroom are under the age of sixteen (16) years.
- (j) There shall be written leases with only one (1) Tenant per lease, unless:
  - (i) the lease is for the one Bedroom which is allowed to have double occupancy in which case two (2) Tenants may sign that lease; or,
  - (ii) the Tenant is under the age of sixteen (16) years, in which case a parent or guardian may execute a lease on their behalf.
- (k) No Bedroom shall have a working water distribution system installed which would convey water to or from a Bedroom.
- (l) Each Bedroom in a Rental Unit shall be a minimum of seventy five (75) square feet per occupant.
- (m) Each Rental Unit shall contain a Kitchen, which shall be a minimum of forty five (45) square feet, and which shall contain an oven.
- (n) Each Rental Unit shall contain a Living Room, which shall be a minimum of one hundred and forty five (145) square feet.
- (o) Each Rental Unit shall contain a Dining Room, which shall be a minimum of thirty five (35) square feet.

- (p) No room within a Rental Unit may be used as a Bedroom, except where a Bedroom has been depicted on the licence application, which was submitted to the City.

**SCHEDULE 4**  
**CLASS "D" LICENCE**  
**TRANSITIONAL LODGING HOUSES**

1. In addition to the requirements set out in this by-law, Class "D" Rental Units shall comply with the following provisions:
  - (a) Class "D" licences shall only be granted to those Rental Units which had valid lodging house licences issued under City By-Law No. 00-140 on the date this by-law was passed by Council.
  - (b) A person who had a valid lodging house licence under City By-Law No. 00-140 for a Rental Unit shall apply within three (3) months of this by-law coming into force and effect for a Class "D" licence or else they shall not be entitled to apply for a Class "D" licence.
  - (c) Class "D" licences shall expire and shall not be renewed should:
    - (i) the ownership of a Residential Rental Property change following the passage of this by-law by Council; or,
    - (ii) there be a Change of Control of a corporate owner of a Residential Rental Property following the passage of this by-law by Council,
  - (d) Once a Class "D" licence has expired, no person may thereafter apply for, or otherwise renew, a Class "D" licence.
  - (e) The number of Bedrooms permitted in a Rental Unit that had a valid lodging house licence under City By-Law No. 00-140 shall not exceed the number of Bedrooms that existed in the Rental Unit on the date this by-law was passed by Council.
  - (f) Each Rental Unit shall contain a Kitchen, which shall be a minimum of forty five (45) square feet, and which shall contain an oven.
  - (g) Each Rental Unit shall contain a Living Room, which shall be a minimum of one hundred and forty five (145) square feet.
  - (h) No room within a Rental Unit may be used as a Bedroom, except where a Bedroom has been depicted on the licence application which was submitted to the City.

**SCHEDULE 5****CLASS "E" LICENCE****TEMPORARY RENTAL UNIT**

1. In addition to the requirements set out in this by-law, Class "E" Rental Units shall comply with the following provisions:
  - (a) A Rental Unit shall only be licensed for a period of up to eighteen (18) months and its licence shall not be renewed by the City. A subsequent Class "E" licence shall not be granted thereafter unless the Rental Unit has been Owner Occupied for a period of at least two (2) full years following the last expiry of a Class "E" licence by the City.
  - (b) Each Bedroom in a Rental Unit shall be a minimum of seventy five (75) square feet per occupant.
  - (c) Each Rental Unit shall contain a Kitchen, which shall be a minimum of forty five (45) square feet, and which shall contain an oven.
  - (d) Each Rental Unit shall contain a Living Room, which shall be a minimum of one hundred and forty five (145) square feet.
  - (e) No more than forty per cent (40%) of the Rental Unit's Gross Floor Area shall be comprised of Bedrooms.
  - (f) No room within a Rental Unit may be used as a Bedroom, except where a Bedroom has been depicted on the licence application, which was submitted to the City.

**SCHEDULE 6****APPLICATIONS FOR ALL CLASSES OF LICENCE**

1. The Director of By-Law Enforcement may require the following information and documentation in an application for the issuance or renewal of any Class of licence:
  - (a) the municipal address and legal description of the Rental Unit.
  - (b) the applicant's name and contact information, including their address, telephone number, facsimile number and e-mail address.
  - (c) the registered owner's name and contact information, including their address, telephone number, facsimile number and e-mail address, if different from the applicant's.
  - (d) if the applicant or registered owner is a partnership, the name and contact information of each partner including their address, telephone number, facsimile number and e-mail address.
  - (e) if the applicant or registered owner is a corporation:
    - (i) the name and contact information of each director, officer and shareholder who holds more than 30% of the issued shares in the corporation, including their address, telephone number, facsimile number and e-mail address;
    - (ii) a copy of the articles of incorporation;
    - (iii) the current by-laws of the corporation; and,
    - (iv) the corporation's most recent annual return.
  - (f) if the applicant or registered owner does not reside in the Regional Municipality of Waterloo, the name and contact information of any local contact including their address, telephone number, facsimile number and e-mail address.
  - (g) a copy of the transfer/deed providing proof of ownership of the Rental Unit.
  - (h) written tenancy agreements for every tenant for which there is an agreement.

- (i) a completed police records check for all applicants, including:
  - 1. if the applicant is a partnership, each partner of the applicant; or,
  - 2. if the applicant is a corporation, each director, officer or shareholder who holds more than 30% of the issued shares in the applicant corporation.
- (j) a parking plan for the Residential Rental Property that complies with the relevant Zoning By-Law and which outlines where all of the parking spaces shall be located and the dimensions of those parking spaces.
- (k) a floor plan of the Rental Unit, including identifying:
  - (i) all rooms, spaces or common areas;
  - (ii) how each room, space or common area shall be used, which means specifically indicating where all Bedrooms, Kitchens, Living Rooms and Dining Rooms will be located on the floor plan; and,
  - (iii) the dimension (in square meters) of each room.
- (l) a property maintenance plan which shall:
  - (i) specify measures to be undertaken to ensure existing and continued compliance with all relevant City by-laws, including this by-law, the City's Property Standards, Lot Maintenance and Snow and Ice By-Laws;
  - (ii) identify the location of refuse and recycling containers;
  - (iii) identify snow storage areas;
  - (iv) identify who is responsible for ensuring that all necessary property maintenance is undertaken.
- (m) a signed written statement that:
  - (i) the applicant or registered owner will comply with the maintenance plan;
  - (ii) the applicant or registered owner will comply with the parking plan;

- (iii) the Residential Rental Property is in compliance with the *Building Code Act, 1992* or any regulations made under it, including the *Building Code*;
- (iv) the Residential Rental Property is in compliance with the “*Fire Protection and Prevention Act, 1997*”, or any regulations made under it, including the *Fire Code*;
- (v) the Residential Rental Property is in compliance with the *Electricity Act, 1998*, S.O. 1998, c. 15, Sched. A, as amended (the “*Electricity Act, 1998*”) or any regulations made under it, including the *Electrical Safety Code*;
- (vi) the applicant, the registered owner (if different from the applicant) and any local contacts are aware of all relevant federal and provincial legislation, including the Ontario *Human Rights Code*, as well as all relevant municipal by-laws, and that they, and the Residential Rental Property, will comply with all of them; and
- (vii) the applicant or registered owner confirms the accuracy, truthfulness and completeness of the information submitted.

(n) proof of insurance which:

- (i) includes a liability limit of no less than two million dollars (\$2,000,000.00) per occurrence for property damage and bodily injury; and,
- (ii) identifies that the property is being used as a Residential Rental Property.

(o) an inspection certificate from a certified HVAC technician that confirms that the HVAC system is in proper working order.

## **Schedule B: Stakeholder Meetings and Feedback**

### **1. List of Stakeholder Meetings**

- Landlord Information Session—June 10, 2009
- Public Information Session—June, 17, 2009
- Informal Public Meeting at City Council—July 13, 2009
- Northdale Neighbourhood Meeting hosted at City Hall—August 6, 2009
- Waterloo Regional Apartment Managers Association Meeting—September 9, 2009
- Waterloo Region Planning, Housing and Community Services Staff, October 2009
- KW Real Estate Board – City staff presentation/ discussion—November 17, 2009
- Meeting with UW and WLU student unions (undergrads and grads) and member of Mayor's Student Advisory Committee—November 25, 2009
- Waterloo Region Homebuilders' Association Liaison Committee—November 26, 2009
- Ontario Human Rights Commission—October 26, 2010
- Individual correspondence (email and telephone)

### **2a) General Responses**

#### **Pros**

- will help address:
  - poor maintenance and upkeep of properties
  - parking concerns
  - health and safety concerns
  - behavioural issues and nuisance issues
- licensing will restore balance to neighbourhoods as there are too many rental properties concentrated in certain areas
- will level playing field for those who are playing by the rules
- local contact requirement is a great idea
- based on cost recovery
- requiring a local contact is a good thing
- will help to address issue of absentee landlords

#### **Cons**

- concerns:
  - City's rights of entry abilities with rental units
  - program is discriminatory--Human Rights issues
  - proposed program discriminates against small landlords as it is not passed along to all owners in the city's rental pool-should not leave out apartments in the program
  - an MDS erodes property rights
- licensing program is redundant and problems can be addressed with current by-laws

- cost of licence is too much-cost will be passed onto tenants, property owners will not have money to spend on maintenance and unit upgrades
- need more enforcement rather than a new licensing program
- City already has a Lodging House Program in existence
- Landlords are not responsible for tenant's behaviour and City should be licensing tenants not landlords
- the number of bedrooms does not necessarily mean the number of tenants (issue of double and triple occupancy)
- the licensing program has not been effectively implemented in any municipality at this time
- the industry is already heavily regulated
- is a cash grab

## 2b) Specific Responses

### i) Public Information Centre—June 17, 2009

General concerns expressed regarding a proposed licensing system e.g. cost, impact of an MDS, duplication of existing by-laws.

### ii) Informal Public Meeting—July 13, 2009—

Some support as well as concerns regarding such a proposed licensing system such as the impact of limiting number of bedrooms, potential duplication of existing by-laws, increased costs for all, and the impact on property rights.

### iii) Northdale Neighbourhood Meeting—August 6, 2009

Residents are frustrated with the current situation and there are concerns about property maintenance, garbage disposal, parking, noise and student behaviour, and property value.

-some residents feel threatened by students and they are reluctant to complain

-Human Rights issues

-will destroy house values

-is a money grab

### iv) WRAMA—September 9, 2009

The Waterloo Regional Apartment Managers Association (WRAMA) is an association representing both large and small landlords and property managers across Waterloo Region. WRAMA is opposed to a licensing program/. They feel the Residential Tenancies Act provides the required regulations needed in the industry and that landlords are currently at a disadvantage and that further regulation will drive landlords out of the rental business.

Are opposed to licensing because:

-higher cost for governments

-higher rents and less choice for tenants

-municipal licensing fails to fix bad buildings and is viewed as a tax grab

-municipal licensing duplicates existing regulations

## v) KW Real Estate Board—November 17, 2009

The KW Real Estate Board represents over 1,100 local real estate agents. In general, the association is opposed to a licensing program because:

- an MDS would be cumbersome
- the problems with the current system are primarily related to student housing
- high cost plus application requirement fees
- will result in decreased number of rentals
- investors could go outside of city
- possibility of creating underground rental market
- restricting number of bedrooms would negatively impact families
- it will negatively impact property values, increase rental rate and infringe upon individual property rights
- will hurt small landlords and small investors
- proposed program duplicates existing by-laws, already have a Lodging House Program
- renters are already heavily regulated e.g. Residential Tenancies Act

## vi) Meeting with UW and WLU student union representatives and representative from the Mayor's Student Advisory Committee—November 25, 2009

There seemed to be support from the majority of the attendees about the general concept of licensing rentals although there were concerns identified regarding certain criteria and student housing in general. Their concerns included:

- apply proposed licensing system citywide as students live everywhere
- consensus that mandatory local contact is a good thing
- licensing fee will be passed on to tenants
- high turn-over rates in rentals—UW co-op program contributes to this
- off-campus student housing should have same standards as on-campus housing
- opportunity to provide licence information on UW and WLU off-campus housing lists
- need to do more educating of students, greater communication—outlining rights and responsibility (a lot of students tolerate stuff, are afraid to complain)
- current rentals are lacking in amenity space
- students have been given a bad rap, and all students have been lumped together (e.g. grad and undergrad)

## vii) Waterloo Region Home Builders' Association Municipal Liaison Committee Meeting—November 26, 2009

This is a committee comprised of municipal staff and representatives from the Home Builders' Association. Some concerns identified by this group include: rentals will go underground-renters will go elsewhere, \$280 annual licence fee is cost-prohibitive, and do not licence town houses because most are condominiums.

## viii) Ontario Human Rights Commission (OHRC) Meeting—October 26, 2010

OHRC staff met with City of Waterloo staff regarding provide feedback and suggestions to a proposed residential rental housing by-law. The Commission's main concerns revolved around accommodation of large families, the purpose behind a Minimum Distance Separation provision, and the three bedroom cap, among others.

ix) Comments from Individual Letters, Emails, Telephone Conversations

- licensing would encourage property improvement and safety for students
- licence fee should not be a lot
- need licensing because neighbourhoods are deteriorating
- conversion of stable neighbourhoods due to rentals and the creation of other "ghettos" in Waterloo e.g. Lakeshore, Beechwood
- need to deal with issue of absentee landlords, property standards have declined
- licensing is only way to restore balance to neighbourhoods
- city needs to take a proactive approach, enforcement is needed
- Lodging Houses-if person has an existing licence they need to be able to retain that rental number ability with a new licensing regime because they followed the rules, made improvements to their property (cost to bring up to code, maintenance)
  - property owners would lose a ton of money and there would be lawsuits
- small landlords want fairness—apartments should be licensed as well
- squeezing out small landlords in favour of apartments; city is favouring developers
- licence fee and requirement fees are cost prohibitive
- licensing program would be cumbersome, expensive and relatively unenforceable
- landlords are not baby-sitters, tenants need to take responsibility
- 3 renters does not result in a viable rental business
- number of renters does not necessarily correlate with number of bedrooms

## **Schedule C: Informal July 13, 2009 Public Meeting at City Hall Minutes**

## INFORMAL PUBLIC MEETINGS

a) DS-09-09 RENTAL HOUSING LICENSING REVIEW DISCUSSION  
PAPER  
Prepared By: Don Roth

The Chair advised that this meeting was the first opportunity to inform Council and the public of the proposed application and emphasized that no decisions would be made by Council at this meeting.

Don Roth, Development Planner, reviewed the report and responded to questions from Council.

Councillor Witmer left the meeting. (Time: 7:11 p.m.)

Mary Pappert, Member, Renters Educating & Networking Together, expressed support for licensing all landlords in pursuit of improving basic health and safety conditions for tenants, specifically those who lack the resources to pursue legal assistance independently.

Eva Vlassou, Vice-Chair, Homelessness and Housing Umbrella Group (HHUG), thanked Council and Staff for working to ensure safe accommodation for tenants, noting that for many tenants there is a concern about reprisal should they contact services such as property standards for assistance.

Lynn MacAulay, Initiative Coordinator, HHUG, expressed concerns regarding the potential limitation on the number of bedrooms in rental units and the rationale for the minimum distancing separation between units proposed in the discussion paper, and questioned how the proposed licensing would stimulate the creation of new rental units when there is already a low vacancy rate. Ms. MacAulay also questioned whether the proposed licensing system would simply duplicate existing standards.

Glenn Trachsel, Waterloo Region Apartment Management Association, cited apprehension that the proposed licensing system would duplicate existing by-laws and provincial legislation, and requested that the City address licensing concerns using current by-laws. Mr. Trachsel also expressed concern that rental housing licensing would increase costs for landlords, tenants and the City.

Michael Carmody asked that Council create a special policy area in the Northdale Neighbourhood that would allow any house to rent the number of rooms that could safely be rented and to allow the extension of any property within the prescribed standards to maintain property values. Mr. Carmody also requested the creation of a task force to study the failure to implement the recommendations of the Student Accommodation Report in his neighbourhood.

Ken Munson expressed concerns that the instigation of rental home licensing would devalue Northdale homes in comparison to other neighbourhoods in the City. Mr. Munson also requested the creation of a special policy area for the Northdale Neighbourhood, to provide homeowners with an equal opportunity to licence that the neighbouring landlords have been given.

Tania Benninger, K.W. Real Estate Board, expressed concerns over the implementation of a licensing system on property rights, noting the importance of a balance between property owner and tenant rights. Ms. Benninger also noted that renting to tenants is not always a business operation, but also allows current owners the ability to afford to continue living on the property, and that such licenses may unfairly discipline small property owners.

Patrick Hayme questioned whether staff would have the expertise to enforce such licences, noting that Fire and By-law Officers already work in highly specialized fields, and asked that staff reconsider requiring licensing of small rental properties that are professionally managed.

Mike Chopowick noted that current legislation and by-laws provide the City with the ability to enforce compliance, and that the duplication of existing by-laws would waste resources and negatively impact tenants through a downloaded fee in their rent.

Councillor Witmer returned to the meeting. (Time: 8:07 p.m.)

Stan Vranić questioned whether the owner of the property would be required to pay the licensing fee if they currently inhabit a rental property and noted that property maintenance is the responsibility of both the landlord and the tenant.

David Novis asked that townhomes be treated similarly to large apartment buildings in the licensing system, as they are largely professionally managed.

Don Roth confirmed that staff would prepare a report that would come before Council in the fall responding to discussion during the meeting.

As no one else was present to speak to the application the Chair concluded the hearing and indicated that staff would review the issues and provide further reporting to Council at a later date.

## Schedule D: WRAMA Formal Response

**WATERLOO REGIONAL APARTMENT  
MANAGEMENT ASSOCIATION**  
P.O. Box 29022, Frederick Plaza P.O.  
Kitchener, Ontario. N2H 6S6  
Phone (519) 748-0703  
Fax (519) 742-5148  
Website: [www.wrama.com](http://www.wrama.com)



ATT: Mayor Brenda Halloran Councilor Scott Witmer, Karen Scian, Angela Vieth, Diane Freeman, Mark Whaley, Jan dAilly, Ian Mclean

Local landlords are concerned about your proposal to license all rentals up to three units. Our business is currently heavily regulated. Your proposals add additional costs, which you must realize we will pass on to tenants and does nothing to improve conditions. The good guys comply and pay fees while the bad apples skirt the law and do not pay fees. Past student housing licensing proves you cannot help preserve neighborhoods through licensing, you must control people by enforcing existing rules.

During talks in the course of changing the provincial Residential Tenancies Act, John Milloy noted that Landlords are a key part of the economy. "Not only do they provide shelter for individuals, they provide jobs and many of them, especially smaller ones, are involved in other aspects of the community and bring a tremendous amount to the table. Landlords and tenants are trying to work together and have a business-type relationship." He recognized what many in the political arena don't. Tenants are not an illiterate victim. They understand their rights and many times are as adverse to over regulation as the landlord, especially if it costs them money with little value. They see licensing as a tax grab.

Under provincial regulations a landlord must give the tenant an information sheet that informs them of the landlord's maintenance obligations and how to contact the Landlord Tenant Board. A tenant can apply for rent abatement or freeze increases if maintenance is lacking. Duplexes and triplexes must be fire and electrical inspected when sold.

Waterloo City council should note that in the past year Toronto, Hamilton, Ottawa and London have all adamantly stated they would bring in licensing of apartments and started a process. All have stalled midstream. They were concerned with the issues included with this submission. There also are legal issues as to what does the city do with tenants found in unlicensed properties and what is the liability. Perhaps some conferencing with them is in order.

Glenn Trachsel  
President  
WRAMA

**WATERLOO REGIONAL APARTMENT  
MANAGEMENT ASSOCIATION**

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**Municipal Licensing of Apartments up to Three units****Higher Cost for Governments**

Administering rental housing licensing will prove costly for municipal governments. Despite the hope for "cost-neutral" programs, costs of new regulatory schemes by governments invariably increase more than expected. In addition to inspection costs, licensing also results in an increased administrative cost burden on the city. A report prepared for the city of Milwaukee found that most licensing programs in other cities are "not financially self-sufficient". Landlords will add a line on their lease showing actual license fees added to the rent. The tenant (voter) is aware of this charge and will expect results.

**Higher Rents and Less Choice for Tenants**

Any fees levied by the city will be passed on to tenants. (We have received a favourable legal opinion on this.) By making rental housing more costly, municipal licensing will have numerous negative consequences on the long-term supply of affordable housing. Waterloo already has a reputation as being anti-social housing. Any new licensing fees will only result in higher rents for tenants, while most will receive no additional benefit from licensing. Given this extra layer of bureaucracy many rental properties such as single-family homes, condos, and duplexes will be taken off the market and become owner occupied. This limits choice and again drives up rent. Is the city prepared to start building apartments?

**Municipal Licensing Fails to Fix Bad Buildings and is Viewed as a Tax Grab**

The vast majority of rental properties in Waterloo already meet a high standard for quality. Properties that fail to meet adequate standards are best dealt with through targeted inspections and work orders by existing municipal property standard enforcement departments, or through application to the Landlord Tenant Board. A licensing program results in ineffective use of municipal resources inspecting buildings that already meet adequate maintenance standards. It charges a fee (punishes) well run properties to police the bad guys. This will not go unnoticed.

**Municipal LicensingDuplicates Existing Regulation**

Rental housing providers are already heavily regulated by provincial legislation (the *Residential Tenancies Act, 2006*), while disputes between tenants and landlords are resolved by the Landlord Tenant Board. Additional regulation is enforced by the Ontario Building Code, the Ontario Fire Code and municipal property standard by-laws under the Municipal Code. With municipal licensing, landlord-tenant disputes over issues such as maintenance will result in overlap and duplication between a provincial system and a municipal system. Besides being inefficient and wasteful, this could create significant problems for tenants, who become uncertain as to who is regulating them, which sets of rules to apply, and who to complain to when there really is a legitimate problem.

## Schedule E: KW Real Estate Board Formal Response



KITCHENER WATERLOO  
REAL ESTATE BOARD

December 16, 2009

Tanja Curic, BA, MA  
Policy Planner  
Development Services  
City of Waterloo

Dear Tanja,

On behalf of the Kitchener-Waterloo Real Estate Board, please allow us to express our appreciation to you and your colleagues who met with our membership on November 17<sup>th</sup>, 2009 to discuss and receive feedback regarding the City of Waterloo's Rental Licensing Review.

Like the Waterloo councilors who have called for this study, REALTORS® also believe residents deserve a safe, healthy and nuisance free place to live. We also understand that this is easier said than done, and now have a much greater appreciation for the complexity and scope of this project. However, we still have some concerns about the proposed licensing and the unintended consequences it may have on homeownership.

We ask that you consider the following points when making your recommendations to council:

1) A minimum distance separation (MDS) would be cumbersome for homeowners. In situations where homeowners find themselves within the MDS of an existing licensed rental property, it would take away the freedom to rent out their home should the need or circumstance arise. This would include instances where the homeowners may be faced with a temporary relocation (i.e. contract position), but plan to return to the region in the future. Rather than being able to rent their home to a professional or family, they may be forced to break the bylaw or even allow it to remain vacant.

This could also be an unfair restriction on current homeowners living in areas who may view the option of turning their home into a rental investment as part of their retirement plans. The KWREB is concerned that this would:

- Negatively impact those property values
- Discourage real estate investment in Waterloo
- Unfairly impose upon property rights

2) Most of the REALTORS® at our meeting maintain that the problems with the current system are primarily related to student housing and a city wide rental licensing program casts too wide a net over a problem that is concentrated in certain neighbourhoods.

- 3) While the projected costs of proposed licensing fee is in the region of \$275 per application renewal per year, getting each property to meet the requirements of licensing will be much more. The true cost to the tenants would include the license fee plus all related costs such as local management, improvements and administration. The additional increase to tenants is simply unknown.
- 4) Licensing could have the consequence of removing properties from the rental pool, making it difficult for employers to attract employees to the area if decent affordable or short term housing cannot be found.
- 5) Licensing in Waterloo would encourage real estate investors to invest in neighbouring cities that do not pose this additional obstacle to their profitability. One resulting concern this raises is that availability of housing (of all types) is a consideration for companies relocating to the area, and could this have a potential impact on Waterloo's economic development?
- 6) Some REALTORS® in attendance expressed concern that the rental housing licensing review is already having a negative impact on student property investment in Waterloo:
  - REALTORS® cannot assure potential purchasers what the value of the property is going to be. A typical example is the parent who would like to purchase a property for their son/daughter to live in while they attend university and rent a portion to some friends.
  - Some have observed that banks are walking away from student property financing in Waterloo. (started early in the year)
  - Out of town owners considering selling due to the potential of licensing.
    - i. What would the impact be if investors start to take their properties out of the rental pool? Additional pressure on rental demand would impact affordability, decrease choice and put additional pressure on subsidized housing.
- 7) A rental licensing system that is too onerous may create an 'underground' rental market - which would place tenants in jeopardy.
- 8) Not all REALTORS® agree there is an erosion of Waterloo's neighborhood. Indeed some commented that Waterloo has some of the best quality rental housing and that market forces have caused the landlord to bring up their standards to attract tenants.
- 9) In the licensing process will homes need to be brought up to the present building code?
- 10) In 2005 the city put out 'a big carrot' for developers to intensify by amending its zoning to make it easier to develop apartment style buildings. We are concerned that the city has not come nearly far enough along that plan to see what the implications of those changes will be. The city should see how its new zoning unfolds before considering a rental licensing system.
- 11) Restricting the number of bedrooms in a rental would have a negative impact on families, particularly extended families, in the rental market.

- 12) Requiring a 'designated local agent' would need to be better defined – is local within the city, region, or something else? Also, what would prevent a landlord assigning the tenant as the "designated local agent" as part of their lease agreement?
- 13) If the goal is to restrict "nuisance" properties (noise, condition, etc), then we really need to draft something that will provide city employees with the tools to remediate nuisance properties occupied by their owners as well.

Like our neighbors, REALTORS® want a safe, decent and affordable range of housing near where we work, shop and play. We must grow the supply of housing – including choices about design, cost and location. We agree with some of the intent of the proposed bylaw (i.e. streamlined inspection process, safe accommodations), however, we remain unconvinced if this particular draft bylaw would be the best mechanism to address concerns.

We also believe that one of the key principles to a strong economy depends on preserving the investment people have made in their homes by protecting the ability to freely own, use, buy and sell real estate property.

We remain concerned that licensing rental housing will hurt the rental housing stock in Waterloo, negatively impact property values, increase rental rates, and infringe upon individual property rights.

Before enacting a licensing bylaw, there may be other options to consider, and we would be happy to work with the city on this further. For now, we simply have concerns about the impact a licensing system might have and leave them with you to consider further as you proceed to the second phase of your report.

As an industry directly impacted by any decisions that might be made in this regard we would like to be kept informed before any final recommendations are put before council.

Again, I wish to thank you for taking the time to meet with our members, and for receiving our feedback.

Sincerely,



Ted Scharf, President

KITCHENER-WATERLOO REAL ESTATE BOARD

## **Schedule F: Frequently Asked Questions**

### **Rental Housing Licensing Program Frequently Asked Questions**

#### ***What is the timeline for the proposed Rental Housing Licensing Program?***

On January 06, 2011 the report to council and the proposed By-law will be made available to the public. On January 10, 2011, Council the report will be tabled to council for education and information purposes. On February 28, 2011, Staff will be presenting the proposed By-law to Council for approval. If Council approves the proposed By-law it will take effect immediately. Timelines will also be available on the City of Waterloo website throughout the upcoming months.

#### ***Why are you introducing a new rental housing licensing program in Waterloo?***

In 2007, the provincial government passed new legislation that specifically allowed municipalities to regulate the residential rental business. By allowing municipalities more authority in regulating residential rentals, the City is better able to enforce property standards that allow for improved health and safety, consumer protection, and nuisance control in our community.

#### ***Will the proposed Rental Housing Licensing program have an impact on housing choice and affordability?***

The important issues of choice and affordability in housing were weighed against the City's intention to support, through the proposed program, safe, adequate and properly maintained housing throughout our community. Initial licensing costs are anticipated to be between \$425 and \$745 which is less than the current initial licence fee for a lodging house in the City of Waterloo. Annual license renewal fees are expected to between \$230 and \$400 which is in line with current annual lodging house licence fees.

#### ***Why aren't apartment buildings included in the proposed rental housing licensing by-law?***

Apartment buildings are built to different standards under the provincial building code (including fire safety standards). Prior to construction, apartment buildings are also subject to a site plan approval process which controls site design issues including garbage storage, parking area location/definition as well as safety concerns.

#### ***How will this proposed by-law be enforced if approved at Council?***

The City of Waterloo's Protective Services team will be enforcing the rental housing licensing program. By-law officers, property standards officers and the fire prevention team can all investigate, ask for compliance and issue a charge if necessary.

If the By-law is approved by Council, the officers will be enforcing the rental housing licensing by-law both proactively and on a complaint basis and will have the authority to enter premises for the purposes of carrying on inspections to ensure the conditions of the license and by-law are being upheld.

#### ***How will a tenant know if the rental unit is licensed under the proposed By-law?***

If the By-law is approved by Council, every licensed unit will be required to display a copy of the residential rental licence in the unit with the contact information of the unit owner.

#### ***If existing lodging houses can continue to operate with the same number of tenants, how is this going to improve the neighbourhood and community?***

The proposed licensing program includes regulations that are required to be met by all lodging houses under fire, building, property standards, nuisance, etc, which would enable the City to prosecute, if approved by council, under the proposed by-law.

***Who do I contact if I have questions?***

For information about this program e-mail [rental@waterloo.ca](mailto:rental@waterloo.ca) or call our messaging service at 519-747-8587 and leave detailed information about your questions/requests and your contact information. A representative will respond to you as quickly as possible.

**The following questions relate to landlords...*****How do I know if I need to apply for a rental housing licence?***

The rental of all or part of a single detached unit, a semi-detached unit, a duplex unit and a semi-detached unit will require a licence. Units within an apartment dwelling, defined as four or more units within a building, do not require a licence under the proposed rental housing licensing by-law.

There are five types, or classes, of licence available under the proposed by-law and program. They include:

- Class A – this licence is required for all residential rental properties that are not covered by any other class listed below.
- Class B – this licence is required for all residential rental properties that are owner occupied.
- Class C – this licence is required for all boarding houses.
- Class D – this is a licence for all existing lodging houses that are currently licensed under By-law 00-140.
- Class E – This licence is required for all temporary rental units.

If Council approves the proposed By-law, city staff will be hosting three information sessions to provide clarification on each class and to assist with the application process. More information about time and location will be posted on our website early in March.

***Why are existing lodging houses treated differently than residential rental properties under the proposed new by-law?***

Currently, the City's by-laws require rental units accommodating more than three people to have a lodging house licence. Under the proposed rental housing licensing by-law, all Class A and B rental units will be limited to three bedrooms. For those with an existing valid lodging house licence, a phase-in period will be provided to lessen any potential impact on rental market and in recognition that these individuals have previously been licensed under a separate licensing program.

***How can I tell whether my property/unit will be eligible to receive a license under the new program?***

If the proposed By-law is approved, a detailed schedule of the five classes will be available outlining the criteria need to be licensed. Owners will have to evaluate each class to determine whether or not each unit can meet the application criteria.

***My unit has more than three bedrooms. Why can't I rent all of them out?***

One of the objectives of the proposed rental housing licensing by-law is to reduce the impact of large rental units on residential neighbourhoods. The three bedroom limit is seen as an appropriate and measurable limit. The median house size in Waterloo is three bedrooms for low density residential units citywide and the median family size is three people. The three bedroom limit for Classes A and B should accommodate much of the rental demand.

***If the minimum per room is 75 square feet per occupant, does that mean that I can expand a room to 150 square feet and have two people live there if the proposed By-law is approved?***

If Council approved the By-law, the rental unit can have two people per 150 square feet if the unit complies with all the provisions under your Class (for example: no more than 40% of the overall rental unit floor space can be bedroom space, and a minimum of 45 square feet for a kitchen is required, etc.).

***If Council approves the proposed By-law, Can I get an exemption to the by-law to rent four or more bedrooms?***

There is no exemption available to allow more than three bedrooms. In order to have more than three rental bedrooms an owner would have to have a Class C licence and comply with the regulations.

***Can I appeal a decision to suspend/revoke a licence?***

Under the proposed residential rental licensing program, a licensing tribunal will be established consisting of citizens within the community appointed to hear such appeals. This licensing tribunal will be constituted under the proposed residential rental licensing by-law. The tribunal's decisions will be considered final.

***What will the penalties be for operating a residential rental property without a licence?***

If the proposed By-law is approved by Council, the City will be seeking approval for an approximately fine of \$350.

***If I have a licence under the lodging house program, will it be renewed under the new by-law?***

Holders of lodging house licences will be required to obtain a new licence under the residential rental by-law program when the new program is launched in June of 2011. Since lodging house licences expire annually on April 30, these licences will automatically be extended to June 2011, to accommodate an easier conversion to the new rental housing licence.

***How is this going to affect my existing licensed lodging house if it does not meet the regulation under the new by-law?***

Under the proposed by-law, Class "D"- Transitional Lodging House licences shall only be granted to those rental units which have valid lodging houses licences issued under City by-law 00-140 on the date this by-law was passed by Council. A person(s) who has a valid lodging house licence shall apply within three months of the passage of this by-law, or else they shall not be entitled to apply for a Class "D" licence. Once a Class "D" licence has expired or the ownership of a residential rental property changes following the passage of this by-law, no person shall be permitted to apply or otherwise renew the licence.

***If Council approves the proposed By-law, how much will a rental housing licence cost and how did you arrive at this fee? Are there annual fees?***

If approved by Council, the proposed rental housing licensing program is based on a 100% cost recovery model. This means that this program is not designed to general revenue for the City. Instead, it is designed so that the licensing fees charged only cover the costs associated with the program and no more. There are annual fees associated with residential rental licences. The fees for 2011 would approximately range from \$420 - \$745.

***Under the new proposed program, are there going to be additional costs I'll need to consider?***

The intention of the program is to ensure that safe, adequate and properly maintained housing is available throughout our community. Property owners will be responsible for ensuring their property meets the licence requirements. In certain situations, it's expected that there will be costs associated with bringing properties up to the new standards set within the program and to maintain the properties standards.

**Schedule G: By-law to Amend Lodging House By-law #00-149**

THE CORPORATION OF THE CITY OF WATERLOO

BY-LAW NUMBER 2011-\_\_\_\_\_

BEING A BY-LAW TO AMEND BY-LAW 00-140 BEING A BY-LAW TO PROVIDE  
FOR THE LICENSING, REGULATING AND GOVERNING OF LODGING  
HOUSING IN THE CITY OF WATERLOO

**WHEREAS** the Council of The Corporation of the City of Waterloo deems it desirable to amend By-Law 00-140, being a by-law to provide for the licensing, regulating and governing of lodging houses in the City of Waterloo;

**NOW THEREFORE** the Council of The Corporation of the City of Waterloo enacts as follows:

1. By-Law 00-140 is hereby amended by adding the following words to Section 5.1 after the words "Fire Department" but before the words "on forms approved by the City":

"on or before January 10, 2011"

2. By-Law 00-140 is hereby amended by deleting Sections 8.2 and 8.3.

3. By-Law 00-140 is hereby amended by adding a Section 8.1A which shall read as follows:

"Notwithstanding Section 8.1 or any other provision of this by-law, all licenses in good standing as of April 30, 2011 shall not expire and shall remain in full force and effect until October 1, 2011."

4. This by-law shall come into force and effect on the date that it is passed by Council.

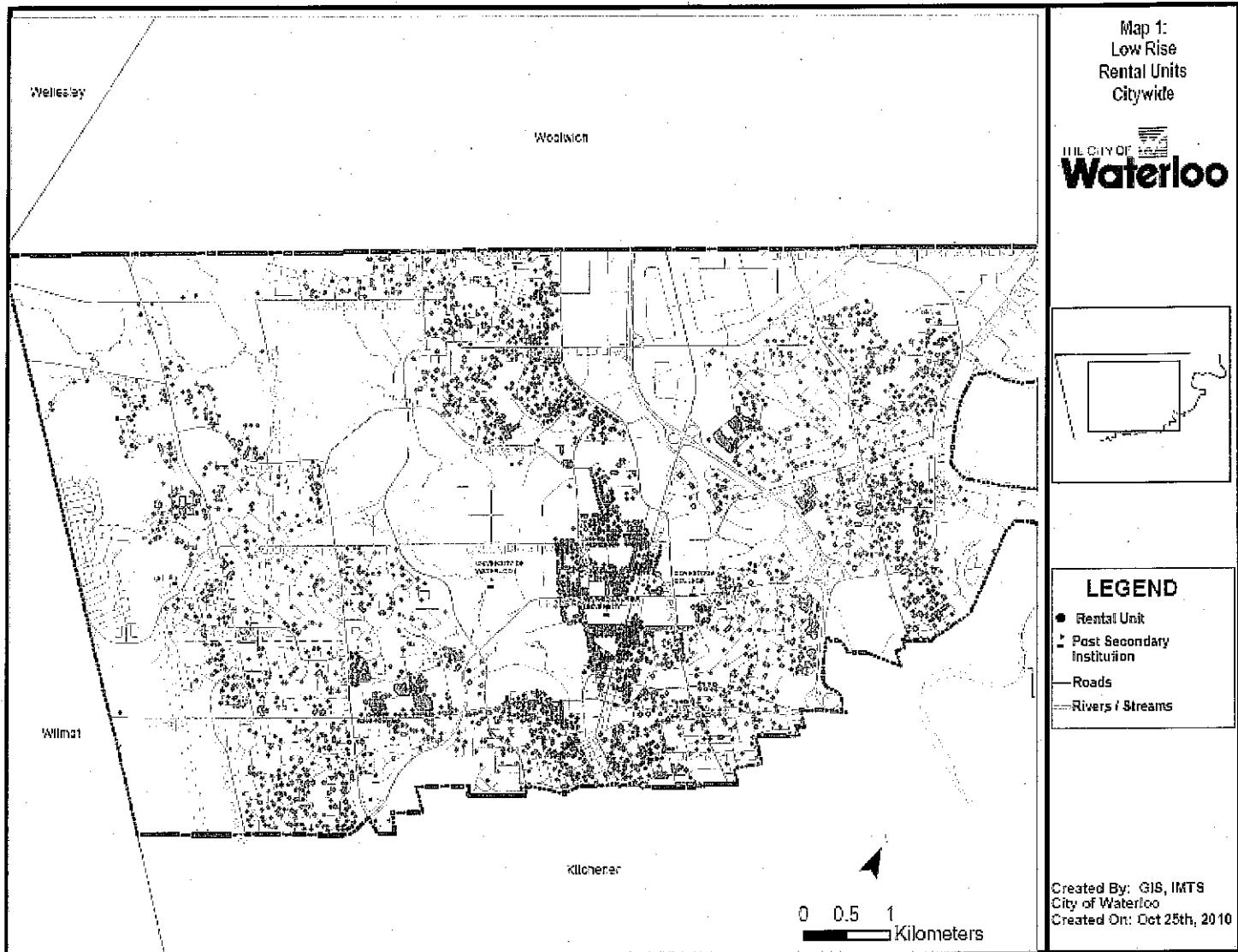
PASSED this 10<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
B. Halloran, Mayor

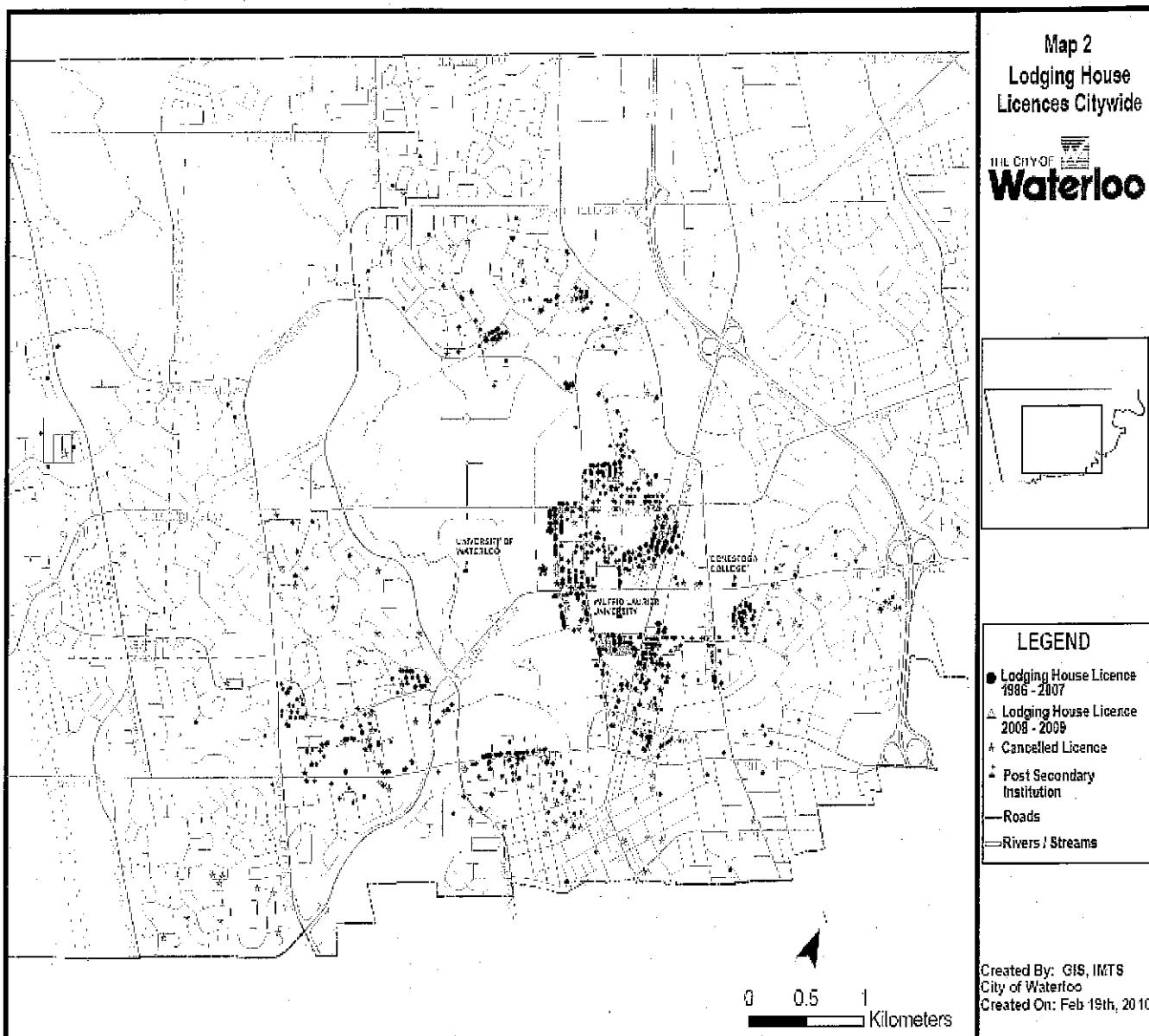
\_\_\_\_\_  
S. Greatrix, City Clerk

## Schedule H: Maps

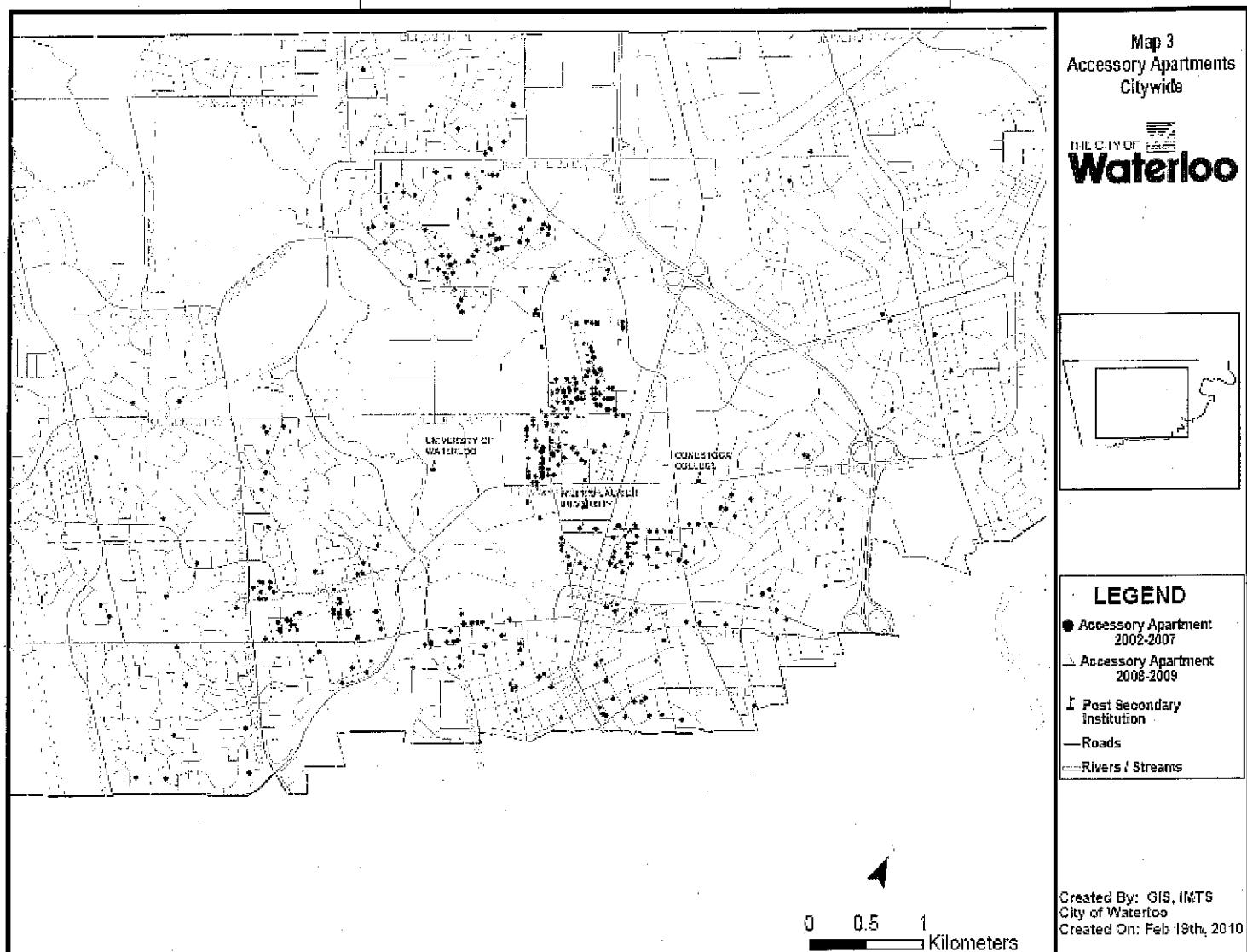
### Map 1: Low Rise Rental Units



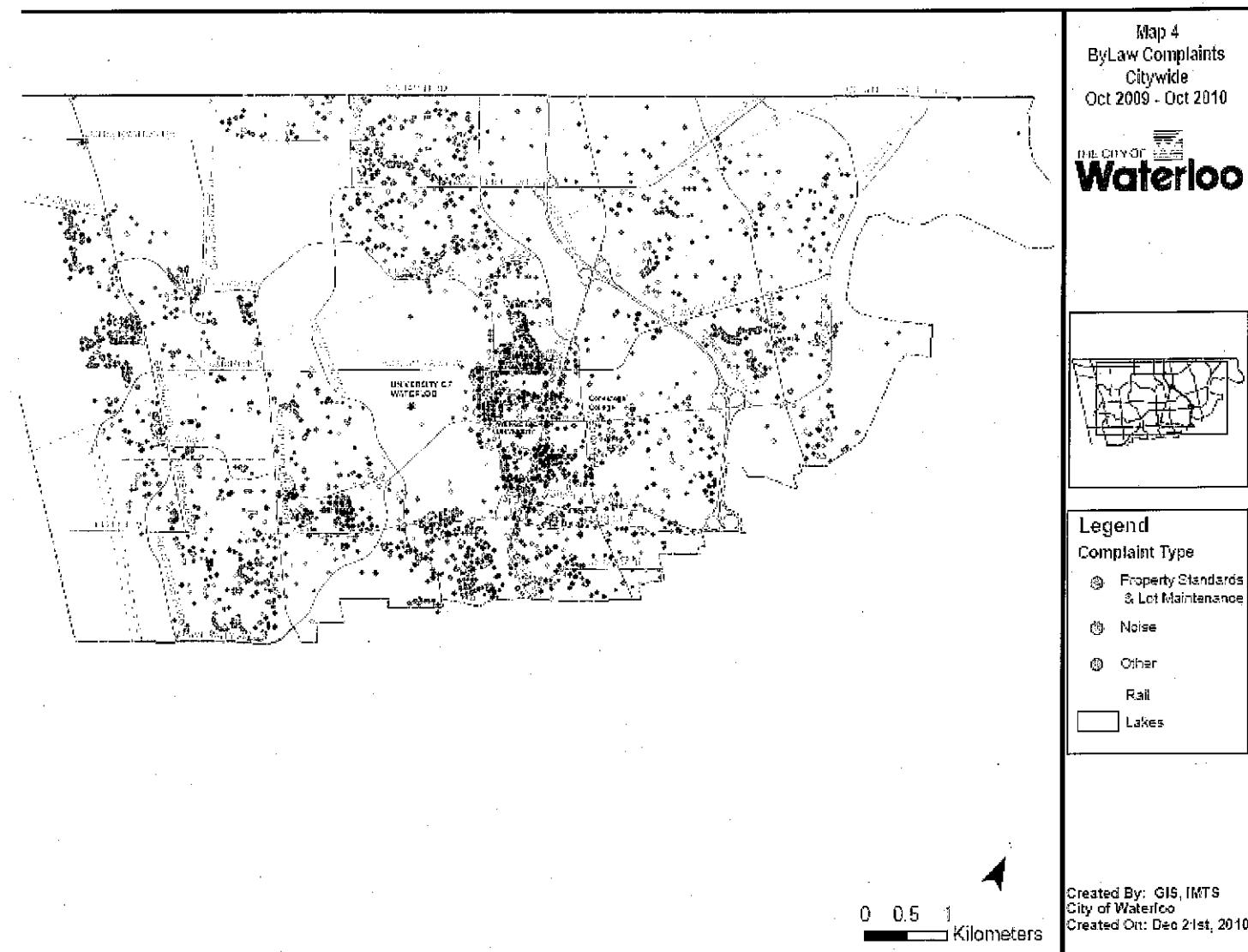
## Map 2: Lodging House Licences Citywide



## Map 3: Accessory Apartments



## Map 4: By-law Complaints



**Schedule I: Lodging House Program Versus Rental Housing**

	<b>Lodging House Program</b>	<b>Rental Housing License</b>
<b>Fee (2010)</b>	<ul style="list-style-type: none"> <li>• 2010 fee to apply for a new license is : \$1,637.00</li> <li>• 2010 renewal fee/license is: \$252.25 if renewed prior to April 30th</li> <li>• 2010 renewal fee/license after April 30th is: 424.25</li> </ul>	See "Table 4: Fee per Category" on page 20 on the report
<b>Inspection requirements</b>	Building Division and Fire Department Inspections	By-law officer inspection and self regulated checklist
<b>Who needs a license</b>	<ul style="list-style-type: none"> <li>• Any property who leases to more than 3 individuals</li> <li>• Max 5 in most units</li> </ul>	<ul style="list-style-type: none"> <li>• Any property who rents 1 bedroom.</li> <li>• The application and inspection requirements increase depending on the number of rental rooms – max of 3 in any unit</li> <li>• Transition period for those with an existing Lodging House License</li> </ul>
<b>Application requirements</b>	<ul style="list-style-type: none"> <li>• Verify Zoning Compliance</li> <li>• including MDS</li> <li>• Floor Plans</li> <li>• Owners contact information</li> <li>• Ontario Electrical Safety Code</li> <li>• Property Standards Compliance</li> <li>• Compliance with existing codes</li> <li>• Parking Plan</li> <li>• Lot Maintenance Compliance</li> <li>• Fire and Building Code Requirements</li> <li>• Building Permit</li> </ul>	<ul style="list-style-type: none"> <li>• Verify Zoning Compliance</li> <li>• Existing MDS</li> <li>• Floor Plans</li> <li>• Local Emergency Contact</li> <li>• Liability Insurance</li> <li>• Compliance with existing codes (ESA)</li> <li>• Property Maintenance Plan</li> <li>• Parking Plan</li> <li>• Garbage and Recycling Plan</li> <li>• HVAC inspection requirements</li> <li>• Completion of Self Certification Checklist</li> <li>• Criminal Records Check</li> </ul>
<b>Renewal Requirements</b>	<ul style="list-style-type: none"> <li>• Fire extinguisher annually tagged</li> <li>• Smoke Alarms Annually certified.</li> <li>• Routine inspections every 2 years</li> <li>• FEE: \$252.25</li> </ul>	<ul style="list-style-type: none"> <li>• Proof of continued insurance</li> <li>• Local Emergency Contact</li> <li>• Fee</li> <li>• ESA every 5 years</li> <li>• Property Management Plan</li> <li>• Parking Plan</li> <li>• Garbage Plan</li> <li>• HVAC inspection Certificate</li> <li>• Completion of Self Certification Checklist</li> <li>• Criminal Record Check</li> </ul>

• <b>Violations</b>	<ul style="list-style-type: none"> <li>• Operating without a license up to \$5,000</li> <li>• May be revoked if the property fails to be maintained to fire safety requirements.</li> </ul>	<ul style="list-style-type: none"> <li>• Revocation of License</li> <li>• License conditions</li> <li>• Penalty (\$350.00 - \$5,000)</li> <li>• Tribunal – reviewing appeals where a license has been denied, suspended or revoked.</li> </ul>
• <b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Program in place and community awareness</li> <li>• Council must approve cancelled or revoked licence</li> <li>• In place for 25 years</li> </ul>	<ul style="list-style-type: none"> <li>• Creates equity as all rental housing required a license</li> <li>• Increased enforcement opportunities</li> <li>• Safer housing</li> <li>• Less parking issues</li> <li>• Better control over unregulated housing</li> <li>• Limits number of bedrooms</li> <li>• Potentially less behavioural issues</li> <li>• Right of Entry</li> <li>• Director of By-law may revoke a license</li> <li>• Provides for a transparent enforcement process with an open Tribunal system.</li> </ul>
• <b>Weakness</b>	<ul style="list-style-type: none"> <li>• Does not create equity as MDS</li> <li>• Litigation exposure</li> <li>• Enforcement is a challenge to implement in a timely manner</li> <li>• Not as effective in implementing the Student Accommodation Study.</li> <li>• Housing stock does not improve</li> <li>• Behavioral issues likely to continue</li> <li>• Practice of permitting in accessory apartments</li> <li>• Faces legal challenges (Terry Good case)</li> </ul>	<ul style="list-style-type: none"> <li>• Will take a few years to achieve a cost recovery system</li> <li>• Existing LH owners will have to transition into compliance</li> <li>• Will have to update the computer capacity at the City</li> <li>• New Legislative powers have are somewhat untested</li> <li>• Challenge for families wanting 4 bedrooms</li> <li>• Significant increase in the number of units requiring a licence thus more staff and resource considerations</li> <li>• Initial education campaign requirements and resources</li> </ul>