



City of Hamilton
RENTAL HOUSING SUB-COMMITTEE

Meeting #: 18-003
Date: September 27, 2018
Time: 9:30 a.m.
Location: Room 192, 1st Floor
71 Main Street West

Loren Kolar, Legislative Coordinator (905) 546-2424 ext. 2604

1. **APPROVAL OF AGENDA**
(Added Items, if applicable, will be noted with *)
2. **DECLARATIONS OF INTEREST**
3. **APPROVAL OF MINUTES OF PREVIOUS MEETING**
 - 3.1 June 26, 2018
4. **DELEGATION REQUESTS**
 - 4.1 Mike Wood, ACORN Hamilton, respecting rental housing issues in Hamilton (for today's meeting)
5. **CONSENT ITEMS**
6. **PUBLIC HEARINGS / DELEGATIONS**
7. **STAFF PRESENTATIONS**
8. **DISCUSSION ITEMS**
 - 8.1 Update Rental Housing Licensing Reports and Feasibility of Conducting a Pilot Project Wards 1 and 8 (PED10049(aa)) (City Wide)
9. **MOTIONS**
10. **NOTICES OF MOTION**

11. GENERAL INFORMATION / OTHER BUSINESS
12. PRIVATE AND CONFIDENTIAL
13. ADJOURNMENT

4.1

Form: Request to Speak to Committee of Council

Submitted on Monday, September 10, 2018 - 1:03 pm

==Committee Requested==

Committee: Advisory/Sub-Committee

Name of Sub-Committee: Rental Housing Subcommittee

==Requestor Information==

Name of Individual: Mike Wood

Name of Organization: ACORN

Contact Number: 289-887-8552

Email Address: hamilton@acorncanada.org

Mailing Address:

1031 Barton Street E
Hamilton, ONT

Reason(s) for delegation request: Speak to the issues in apartment buildings in Hamilton.

Will you be requesting funds from the City? No

Will you be submitting a formal presentation? Yes



INFORMATION REPORT

TO:	Chair and Members Rental Housing Sub-Committee
COMMITTEE DATE:	September 27, 2018
SUBJECT/REPORT NO:	Update Rental Housing Licensing Reports and Feasibility of Conducting a Pilot Project Wards 1 and 8 (PED10049(aa)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jim Gordon 905-546-2424 Ext. 1317
SUBMITTED BY:	Ken Leendertse Director, Licensing and By-law Services Planning and Economic Development Department
SIGNATURE:	

Council Direction:

City Council, at its meeting held on February 8, 2017, approved Item 7.6 directing staff to investigate the feasibility of conducting a Pilot Program for licensing rental housing in Wards 1 and 8; the results of which would be used to assist future decision-making related to a comprehensive City Wide Rental Housing Licensing By-law.

City Council, at its meeting held on February 14, 2018, approved Item 15 of Planning Committee Report 18-002, as amended, which directed staff to;

- Update Report PED10049(h);
- Compare municipalities and their use of regulations respecting rental housing, for inclusion in a staff report back to the Rental Housing Sub-Committee;
- Form a list of municipalities for use in a future research trip; and,
- Review and incorporate the Hamilton Rental Housing Roundtable discussion paper entitled “Promoting Code Compliant Rental Housing with Safe, Clean and Healthy Dwelling Units” into their report to the Rental Housing Sub-Committee regarding the update on Report PED10049(h).

Information:

Since 2007 the City of Hamilton has reviewed low density rental housing (five units or less). In 2010 a Pilot Project was created and six extra By-law Officers were hired to

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patrol Wards 1 through 8, looking for property standards violations and illegal housing. The Pilot Project remained in effect until 2013 when a permanent Pro-active Enforcement Team was created and with it the implementation of an Enforcement Strategy for Rental Properties city wide solely in regards to Property Standards (see Appendix "A"). Council also established a Sub-Committee to assist in the implementation of an approach to enforcement and legalization of rental housing (low density).

In 2018, City of Hamilton Council directed that a previous report dealing with Low Density Rental Housing be updated and that municipalities throughout Ontario, that had considered or implemented rental licensing, be compared and a tour of municipalities be undertaken by members of the Sub-Committee. As well, feasibility of implementing a Pilot Project in regard to low density rental dwellings for two years in Wards 1 and 8 was to be done. As well, the Hamilton Rental Housing Roundtable discussion paper entitled "Promoting Code Compliant Rental Housing with Safe, Clean and Healthy Dwelling Units", which was presented to the City of Hamilton Planning Committee on February 6, 2018, was to be reviewed and incorporated into the update.

Current regulations for rental units (low density) are a patchwork of By-laws that were not updated after amalgamation and do not adequately address the need for this type of housing. The demand for affordable housing has resulted in the conversion of properties that do not always meet Zoning By-laws in areas of the city where they are not currently permitted and without the benefit of appropriate permits or inspections. These factors potentially impact the life and safety of both occupants and the surrounding community. In Wards 1 and 8, it is estimated that there are between 1,500 - 2,000 low density rental units, and these areas tend to allow for a clustering and concentration of rental units.

Life safety and acceptable land use standards have been identified by both the Rental Housing Sub-Committee and the Hamilton Rental Housing Roundtable as there is public interest in regulating the use of low density rental dwellings.

The City of Hamilton has undertaken a review of its Zoning By-laws, the next phase of Zoning By-law No. 05-200 (City Wide Zoning) is focused on Residential Zones and will impact all housing situations in the City. It is anticipated that this will be completed in 2020.

The areas considered for the Pilot Project (Wards 1 and 8) are similar as both have post-secondary institutions. The population in these areas have a higher percentage of mobility in relation to housing compared to other areas of Hamilton. There are approximately 38,000 private dwellings in the Pilot Project area. Compared to other areas of Hamilton, Wards 1 and 8 have a lower proportion of owned housing and a

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higher proportion of rented housing. The rental rates tend to be higher due to individuals living together as single housekeeping units.

Affordable quality rental units are a priority for the City of Hamilton. Renters are facing a combination of rising housing costs, stagnating incomes, and limited access to subsidized housing. People who rent tend to have much lower incomes compared to homeowners.

Empirical data evidence may be collected in regards to affordability, displacement, effectiveness, and neighbourhood stability.

Pilot Project Options

- A That the Rental Housing Sub-Committee recommend in principle,
- (i) enhanced enforcement and education and improve the Licensing and By-Law Services proactive enforcement program;
 - (ii) research, develop and begin implementing a comprehensive education/communications plan; and,
 - (iii) continue to support community partnerships, explore strategies and support development of further community based responses to rental housing issues.
- B That the Rental Housing Sub-Committee recommend in principle, that Licensing and By-law Services staff in consultation to Legal Services bring forward to the Planning Committee a Registry By-law for rental business operators in the Pilot Project area of Wards 1 and 8. The Registry would be subject to the approval of staffing levels and the Pilot Project would commence in the first quarter 2019 for a two year period.
- C That the Rental Housing Sub-Committee recommend in principle, that Licensing and By-law Services staff in consultation to Legal Services bring forward to the Planning Committee a Licensing By-law for rental business operators in the Pilot Project area of Wards 1 and 8. The Licensing By-Law would be subject to the approval of staffing levels and the Pilot Project would commence in the first quarter 2019 for a two year period.

Staff have analysed data which was previously used in Report PED10049(h) in preparation of this Report and are projecting a total of 1,500 – 2,000 low density rental housing units (five units or less) to be located in the Pilot Project areas of Wards 1 and 8. As a result of the analysis, additional staffing would be required for some options as presented. Three options have developed to help meet the goals of this Committee. Option A uses existing staff to increase awareness while options B and C would require new staff hires. The additional staff would enhance inspections and enforcement to ensure compliance. The additional three FTEs for Options B and C, at an estimated

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cost of \$347,463, be funded through the Tax Stabilization Reserve for 2019. It is anticipated that the Registry/Licensing Fee would be \$200 annually. A potential full cost recovery model is being proposed.

A total of three full-time temporary FTEs are required for an enhancement, one full-time temporary Licensing Administrator and two full-time temporary Municipal Law Enforcement Officers or Licensing Compliance Officers.

The City has the authority to regulate the business of renting dwelling units under the *Municipal Act, 2001*. The two year Pilot Project will be updated by Information Reports to the Planning Committee with a final report in the second quarter of 2021 with a goal of it being adopted City wide.

Options for Consideration

Any licensing/registry program (Option B or C), that includes the registering or licensing of low density rental housing units, would require amendments to the Licensing By-law 07-170, additional administrative staff, additional enforcement staff and additional equipment and vehicles. To be full cost recovery a Licensing or Registration Fee would be applied to the chosen program. Analysis of costs is included in the Pilot Project Summary which is attached as Appendix "B" of this Report.

OPTION A

(see Appendix "C")

STATUS QUO (with enhanced Education, Zoning and By-law Enforcement)

Option A is using the existing structure and resources with improved education and a broader mandate. This option is intended to assist and support utilizing existing By-laws and beginning an educational program with regards to addressing low density rental properties.

Tenants need to be made aware of the rules and regulations prior to entering into a rental agreement as well as resources available to them when issues arise in rental properties. The City of Hamilton presently approaches issues with low density rental properties through many Departments and By-laws. To ensure a safer and healthier community, services could be strengthened by an educational component to low density rental housing.

Education priorities can be set by:

- Work with the post-secondary institutions on a more on-going basis. Synchronization can be done with the Off-Campus Housing Offices, information could be included in acceptance letters and fee renewal letters sent to post-secondary populations;

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- Administration would work with stakeholders such as housing agencies, immigrant agencies, school boards and student associations to provide on-going awareness, information, and education. This would open dialogues where problem properties can be identified;
- Enhance the City of Hamilton Rental Housing Enforcement Strategy by including Zoning By-law investigations (see Appendix “A”);
- Preparation of a tool kit with check lists, phone numbers, best practices, educational information, complaint processes, access for inspections;
- Door to Door program leaving information in mail boxes or speaking to the tenants of identified low density rental properties (1,000+) in identified areas (Wards 1 and 8);
- Enhanced education during peak periods, move in/move out periods, snow clearing periods, homecoming and environmental days and,
- Work with the City of Hamilton Fire Department to expand education in relation to promotion of fire safe practices for the community.

This program would have minimal financial impact on the various City Departments. The safety of City of Hamilton residents would be addressed through these measures and an educational component being enhanced, more education in Licensing and By-Law Services Departments leading to greater enforcement levels.

OPTION B

(see Appendix “D”)

REGISTRY CERTIFICATION

This option is intended to ensure basic safety requirements and basic zoning requirements are met for all low density rental units, the Registry will ensure uniform regulations and standards for residential rental dwelling properties.

The Registry Pilot Program will complement the City of Hamilton’s existing by-laws, and enhance By-law Enforcement Officer’s efforts to adequately address concerns expressed by members of the public and Council members regarding residential rental dwelling properties. The Registry will allow the City to ensure that the quality of residential rental accommodations is consistent and in accordance with regulation.

The purpose of the Registry in relation to low density rental dwelling units is:

- Regulate residential rental properties to protect the health and safety of those residing in the units;
- Address sub-standard conditions in low density rental dwelling units;

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- Protect the character and the ability of all residents to enjoy their dwellings in surrounding properties and neighbourhoods;
- Identify illegal rental dwelling units through illegal conversions;
- Continue and enhance enforcement of regulations pertaining to property maintenance, parking conditions, building appearance, building safety, and life safety in low density rental dwellings; and
- Work with the City of Hamilton Fire Department to expand education in relation to promotion of fire safe practices for the community and regulations required under the *Ontario Fire Code*.

It is proposed that an accreditation process for low density rental properties be developed, resulting in a preferred designation. Units certified to comply with City regulations would be given a desirable ranking.

An owner occupied dwelling unit with three or fewer bedrooms rented, will not require to be listed on the registry to rent individual rooms as this is allowed under current zoning regulations.

Potential Requirements under a Registry By-law:

- (a) Owner to provide proof of ownership and contact information (principal residence), company information;
- (b) Local management contact info (for out of town owners);
- (c) Zoning Inspection;
- (d) Registry Fee; and,
- (e) Consent to Inspection.

OPTION C

(see Appendix “E”)

LICENSING BY-LAW

This option is intended to assist and support in bringing low density rental properties into conformity and compliance with standards and lessen enforcement challenges presently in existence.

An owner occupied low density dwelling unit with three or fewer bedrooms rented within the same dwelling, will not require a licence to rent individual rooms (three or fewer) as this is allowed under current zoning regulations.

Considerations in developing a Low Density Rental Housing Licensing By-law and Program include:

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Potential Requirements under a Licensing By-law:

- (a) Owner to provide proof of ownership and contact information (principal residence), company information;
- (b) Property management plan;
- (c) Proof of insurance;
- (d) Local management contact info (for out of town owners);
- (e) Self/City inspections for compliance with the City's Property Standards and Yard Maintenance By-laws;
- (f) Electrical safety inspection;
- (h) Floor plan for the building;
- (i) Property/yard maintenance plan;
- (j) Parking plan;
- (k) Licence fee; and,
- (l) Consent to Inspection.

Hamilton Rental Housing Roundtable

Staff in preparing this Report reviewed the Hamilton Rental Housing Roundtable discussion paper entitled "Promoting Code Compliant Rental Housing with Safe, Clean and Healthy Dwelling Units". There are many recommendations in the paper which align with the mandate of the Rental Housing Sub-Committee, particularly building safety and life safety. Many options put forward in this Report have incorporated recommendations addressed by the discussion paper and have been integrated where possible. Many other recommendations can be considered by ongoing initiatives of the City of Hamilton (e.g. update of Residential Zoning By-Law, Neighbourhood Action Strategies, loan programs and ongoing discussion with City of Hamilton Planning, Building and Legal Divisions).

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – Rental Housing Enforcement Strategy Framework

Appendix "B" – Pilot Project Summary

Appendix "C" – Advantages / Disadvantages to Option A

Appendix "D" – Advantages / Disadvantages to Option B

Appendix "E" – Advantages / Disadvantages to Option C

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Rental Housing Enforcement Strategy Framework

Much of the work of the new proactive rental housing enforcement team will support the neighbourhood action plans developed as part of the City's Neighbourhood Development Strategies, and will address problem properties/areas in response to Community and Ward Councillor concerns.

However, normal day-to-day proactive enforcement will be focused on the following problem properties and/or key neighbourhoods in each of the eight Wards as identified through consultation with the respective Ward Councillors and stakeholders:

Ward 1 - property standards issues associated with single/semi-detached housing in the neighbourhoods in close proximity to McMaster University.

Ward 2 – external property standards within the Stinson Neighbourhood and other problem areas as determined through ongoing consultation with neighbourhood associations and other stakeholders.

Ward 3 - visible (i.e. outside) property standards issues such as garbage and debris, long grass/weeds associated with single/semi-detached housing, and extra effort and coordination with Public Health Services to address bed bug problems.

Ward 4 - property standards issues associated with single/semi-detached housing and multi-residential buildings as well as monitoring illegal dumping in vicinity of high-rises.

Ward 5 - internal/common area property standards issues associated with multi-residential buildings, as well as monitoring illegal dumping in vicinity of high-rises.

Ward 6 - property standards issues associated with single/semi-detached housing and multi-residential rentals along key arterials as well as monitoring illegal dumping along the Mountain Brow.

Ward 7 - external property standards issues associated with Hamilton Housing properties and single/semi-detached housing in close proximity to Mohawk College, as well as site specific problems as identified by the Ward Councillor through consultation with the Community.

Ward 8 - property standards issues associated with single/semi-detached housing in the neighbourhoods in close proximity to Mohawk College.

Wards 9 to 15 - enforcement of rental housing conditions in these Wards will primarily be on a complaint basis. However, periodic proactive blitzes and attending to problem properties/areas will occur from time to time in consultation with the respective Ward Councillors.

Appendix "B" to Report PED10049(aa)

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Pilot Project Summary

	<i>FTEs</i>	<i>Associated Costs - FTEs</i>	<i>By-law Amendments Required</i>	<i>Inspections</i>	<i>Exemptions</i>	<i>Fee</i>
<i>Option A</i> ENHANCED EDUCATION	0	\$ 0	No	Re-active Proactive	N/A	N/A
<i>Option B</i> REGISTRY	3	\$347,463	Yes	Yes Consent for Inspection provided by building owner	An owner occupied unit with 3 or fewer bedrooms rented within the same dwelling unit	\$200 annually
<i>Option C</i> LICENCED	3	\$347,463	Yes	Yes Consent for Inspection provided by building owner	An owner occupied unit with 3 or fewer bedrooms rented within the same dwelling unit	\$200 annually

Appendix “C” to Report PED10049(aa)
Page 1 of 1**ADVANTAGES OF INCREASED ENFORCEMENT/ INCREASED EDUCATION**

- Heighten the quality of rental housing stock in the community as well as ensure that rental dwelling business owners are responsible managers of safe and healthy properties;
- Increased education to staff and stakeholders can reduce the amount of complaints received and lessen time for compliance solutions, and allows for increased awareness of rules and rights;
- Enhanced community partnerships (post-secondary institutions, Real Estate Board, Apartment Associations) will reduce time to effect solutions at problem properties;
- Cross training among building, zoning, municipal law officers, fire officials, police service and licensing and permit compliance officers will streamline enforcement of existing by-laws;
- Education of existing tools and greater education of existing by-laws will lead to less complaints, less man hours spent enforcing, greater understanding of regulations;
- Less costs to City and to rental housing business owners.

DISADVANTAGES OF INCREASED ENFORCEMENT/ INCREASED EDUCATION

- Entry to properties would be at discretion of rental business owners and/or tenant;
- An enhanced education program geared toward housing stock does not specifically address behavioural problems including parking, noise, property standards and litter;
- Increased knowledge by a few, won't eradicate problem properties;
- Conformity to enforcement strategies must be adhered to, allowing for a level playing field for all parties.

UNKNOWNNS

- Time that will be invested to enhance enforcement/ education;
- Success of any efforts of enhanced enforcement/ education;
- Hiding of rental properties to avoid enforcement.

Appendix “D” to Report PED10049(aa)
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ADVANTAGES OF REGISTRY

- Under the *Municipal Act ,2001* business owners must comply with Land Use Control By-laws;
- Registry would funded by rental housing business operators rather than the general tax base;
- Enforcement would incentivize operators to follow procedures and legislation of By-Law;
- Gaining entry to a property to ensure safety matters is done through consent by Registering of property;
- Registration would streamline enforcement as the only requirement of proof is property being rented;
- Tenants in rental dwellings would be assured of healthy, quality, and safe rental accommodations;
- Neighbourhood stability through proper care and maintenance of rental dwelling properties;
- Rental housing business operators with substandard rental properties would be proactively identified;
- Increased property values through upkeep and standards;
- Inspection consent requirement would benefit vulnerable tenants who do not wish to complain;
- Cost recovery model has very little financial impact on the tax base;
- Increase stabilization of neighbourhoods with large rental populations by ensuring conformity;
- Compliant rental housing business operators would now be on level playing field with non-compliant;
- Non-compliant business owners would need to strengthen the safety of their dwellings.

DISADVANTAGES OF REGISTRY

- Registry will not address problems associated with rental properties such as noise and behaviours of tenants;
- Increased costs to the City of Hamilton (staff and administration);
- Increased costs to rental housing business operators;
- Registry could lead to increased rents and impact rental housing affordability;
- Registry may deter homeowners from renting out homes or accessory apartments (resulting in less rental housing stock);
- Registry would need to adhere to the Ontario Human Rights Code by addressing concerns as laid out in the “Room for Everyone” guide. (Single Housekeeping Units);
- Registry may not address illegally converted single family dwellings.

UNKNOWNNS OF REGISTRY

- Although consent of entry written into regulation, unknown if tenants/owners will allow inspection;
- Compliance rates – follow ups could be time consuming;
- Actual rental homes in Pilot Project area – 1,500 to 2,000 units estimated.

Appendix “E” to Report PED10049(aa)
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ADVANTAGES OF LICENSING

- Apply specifically to low density rental housing;(5 units or less)
- Apply equally to existing and new low density rental housing; (5 units or less)
- Require regular inspections;
- Require proof of insurance;
- Be funded by rental housing provider;
- Safer legal properties to rent;
- Potential reduction of enforcement costs to tax base;
- Possible elimination of unsafe, non-compliant properties from market;
- Early awareness of requirements allows for collaborative compliance;
- Competition from unsafe, non-compliant properties reduced;
- Housing stock is maintained;
- Inspection enforcement encourages preventative maintenance, which is more cost effective than deferred maintenance, and thereby helps owners maintain their properties;
- Housing inhabited by the most vulnerable populations, which is frequently the worst housing, is inspected annually;
- Poorly maintained, substandard housing can have a negative effect on neighboring property values.

DISADVANTAGES OF LICENSING

- Financial costs associated with a licence , passed on to tenants, higher rents;
- Financial costs associated with insurance, passed on to tenants, higher rents;
- Financial costs associated with bringing a property into compliance passed on to tenants, higher rents;
- Potential loss of rental income due to enforcement;
- Potential loss of affordable housing stock;
- May have an impact on affordable housing;
- Licensing rental housing may not be effective in addressing behavioural issues;
- Residential rental licensing should not be considered as an alternative to enforcement of existing by-laws.

UNKNOWNNS OF LICENSING

- Although consent of entry written into regulation, unknown if tenants/owners will allow inspection;
- Compliance rates- follow ups could be time consuming;
- Actual rental homes in Pilot Project area - 1,500 to 2,000 units estimated.