

Attachment to City of Hamilton Letter of Submittal
 Municipal Rental Housing Replacement By-laws, ORR – Proposal 23-MMAH005
 May 19, 2023

Ontario Regulatory Registry Posting 23-MMAH005

Explanation of changes:

Under s.99.1 of the Municipal Act, 2001 (MA) municipalities may enact bylaws to regulate the demolition or conversion of multi-unit residential rental properties of six units or more. These are sometimes referred to “Rental Replacement By-laws” because they typically contain requirements to replace demolished rental units. By-laws can include requirements around the number, size, type and rent levels of rental replacement units.

As part of Bill 23, the Minister was provided the authority to prescribe limits to municipal powers related to demolition and conversion of residential rental properties of six or more units.

Bill 97 is proposing to permit the Minister to set minimum requirements for rental replacement by-laws. As part of this, the Ministry is seeking feedback on potential regulations that would apply to Municipalities that enact by-laws regulating the demolition and conversion of residential rental properties; and has also requested feedback on additional questions that could be part of this proposal. Details and staff comments are included in the chart below.

Potential Regulation	Comments
Consideration of future regulations that prescribe minimum requirements for landowners to give tenants the option to rent a replacement unit at the same location as their demolished unit, and at a similar rent.	Prescribing minimum requirements which mandate the provision of replacement units at the same location as a demolished unit would help to ensure appropriate protections for rental units. Staff support the intent of this regulation.
Consideration of future regulations that set common rules about the types of compensation that would be required to be provided to displaced tenants.	Staff support compensation measures for displaced tenants to help mitigate impacts. Compensation measures should include options to apply one of the following: a) Where tenants are not interested in returning to replacement units, a set compensation amount which exceeds minimum requirements set out in the Residential Tenancies Act. Best practices in municipalities with rental replacement by-laws typically base this

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	<p>amount on a set number of months of rent. A sliding scale for compensation could also be used based on the length of a tenancy, where longer tenancies receive greater compensation; or,</p> <p>b) Where tenants are interested in returning to replacement units, rent top-up payments, capped at defined amounts, to bridge the gap between current rent levels and potential higher rent levels for a unit that a tenant must relocate to until a replacement unit becomes available.</p> <p>Other required compensation measures should include:</p> <ul style="list-style-type: none"> • Financial compensation for moving costs. • Covering costs of additional supports for low income tenants or tenants with other special needs or barriers who may require additional assistance to find appropriate housing and complete a move.
<p>Consideration of future regulations that prescribe minimum requirements for landowners to build replacement units with the same core features (e.g bedrooms) as demolished units.</p>	<p>A requirement to provide the same core features (e.g. number of bedrooms) in replacement units is recommended by the draft rental protection by-law being developed for the City of Hamilton. This is an important element of ensuring rental replacement units meet tenant’s needs.</p> <p>Staff support the intent of this requirement.</p>
<p>Limit municipalities from imposing minimum square footage requirements for ‘replacement units’.</p>	<p>Square footage requirements were not contemplated by the draft rental protection by-law being developed by the City of Hamilton. However, there may need to be some consideration given to the original size of a unit in comparison to the size of a</p>

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	<p>proposed replacement unit. Significant differences in size should be avoided as this may result in substantial negative impacts to a tenant, even where a replacement unit with the same number of bedrooms is being provided.</p>
<p>Additional questions:</p>	
<p>Should rent for replacement units be regulated? If so, how?</p>	<p>Municipalities should be permitted to require replacement units to be offered to tenants at a similar rent as the original unit, with any annual increases as per the rent increase guideline in the Residential Tenancies Act.</p> <p>Similar rent levels should be maintained on a long-term basis.</p>
<p>Are there any types of entities/institutions that own or operate residential rental properties of six or more units that should be exempt from rental replacement rules? If so, what are they, and why should they be exempt?</p>	<p>Regulations should consider how they apply to non-profit affordable housing (i.e. rent geared to income) to avoid undue hardship to affordable housing providers.</p> <p>Where non-profit housing is being demolished, non-profit affordable housing providers should be required to ensure a permanent replacement option for tenants which maintains the same level of affordability for tenants. Available units in a non-profit housing provider’s portfolio in other locations should be permitted as a replacement option, or rehousing with other non-profit providers. Alternative housing within the same area or neighbourhood should be prioritized.</p> <p>Support with relocation and compensation for moving costs should continue to be provided in all circumstances.</p>
<p>Are there any other elements the government should consider?</p>	<p>The City of Hamilton’s Official Plan contains policies which limit conversions and demolitions, to assist with preserving rental housing stock. Of primary concern is the preservation of rental housing stock with lower rent levels.</p>

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	<p>Minimum standards for rental replacement by-laws should not mandate that all rental units must be replaced in all circumstances. Municipalities should be able to apply criteria in rental replacement by-laws to identify exceptions when a replacement is not needed. These circumstances may include conditions where vacancy rates in the primary rental market have achieved healthy levels and the average market rents for units proposed to be converted or removed are greater than average market rents.</p>
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