



Subject: Residential Rental Licensing Amendments

Report to: Thorold City Council

Recommendations

1. That Council **DIRECT** staff to prepare amendments to the Residential Rental Licensing By-law that establish:
 - provisions specific to short-term rental and Bed and Breakfast establishments,
 - a demerit point system for residential rental licences,
 - an administrative fee for non-appearance to scheduled inspections, and
 - a prohibition of advertising a rental unit without a valid Residential Rental Licence, andfor Council's consideration at a future meeting.
2. That Council **DIRECT** staff to review the licence application fee for ability to fund expenses associated with enforcement of the Residential Rental Licensing By-law and report back with recommendations;
3. That Council **APPROVE** the creation of one additional By-law Enforcement Clerk position effective January 2, 2025.
4. That Council **APPROVE** a PRE-BUDGET APPROVAL for an operating budget increase of \$85,000 to cover the costs of the additional By-law Enforcement Clerk and a capital budget increase of \$5,000 to cover the purchase of computer and office equipment and supplies for the By-law Enforcement Clerk, funded by residential rental licensing fees and penalties.
5. That Council **APPROVE** the creation of one additional Fire Prevention Officer position effective January 2, 2025.
6. That Council **APPROVE** a PRE-BUDGET APPROVAL for an operating budget increase of \$145,000 to cover the costs of the additional Fire prevention Officer and a capital budget increase of \$80,000 to purchase a vehicle, computer equipment, radio and related equipment for the Fire prevention Officer, funded by residential

rental licensing fees and penalties.

7. That Council **APPROVE** an operating budget overrun of \$10,000 to the By-law Enforcement Division's portion of the 2024 operating budget, funded by residential rental licensing application fees and penalties, to accommodate temporary administrative support within the By-law Enforcement Division for the remainder of the 2024 calendar year.
8. That Council **DIRECT** staff to research how boarding, lodging or rooming houses contribute to the housing supply within Thorold and report back to Council with the findings and any recommendations.

Key Facts

- Amendments to the Residential Rental Licensing By-law are recommended to establish:
 - provisions specific to short-term rental and Bed and Breakfast establishments,
 - a demerit point system for residential rental licences
 - an administrative fee for non-appearance to scheduled inspections
 - a prohibition of advertising a rental unit without a valid Residential Rental Licence
- An additional By-law Enforcement Clerk position is required to maintain service delivery and enforcement of the Residential Rental Licensing By-law.
- An additional Fire Prevention Officer position is required to maintain enforcement of the Residential Rental Licensing By-law.

Budgetary Status

An overrun to the operating budget in the amount of \$10,000, funded by residential rental licensing fees and penalties, is required to accommodate the wages of temporary administrative support staff within the By-law Enforcement Division for the remainder of the 2024 calendar year.

Pre-budget approval in the amount of \$85,000 operating expenses and \$5,000 in capital expenses, funded by residential rental licensing fees and penalties, is required to accommodate the hiring of one additional By-law Enforcement Clerk effective January

2, 2025. The capital budget increase will be used to purchase a computer and related equipment for the additional By-law Enforcement Clerk.

Pre-budget approval in the amount of \$145,000 operating expenses and \$80,000 in capital expenses, funded by residential rental licensing fees and penalties, is required to accommodate the hiring of one additional Fire Prevention Officer effective January 2, 2025. The capital budget increase will be used to purchase an additional vehicle, computer equipment, radio, furniture, cell phone and related supplies for the additional Fire Prevention Officer.

It is expected that all expenses associated with enforcement of the Residential Rental Licensing By-law will be funded by residential rental licensing fees and penalties and therefore not impact the general levy.

Analysis

Background

On October 17, 2017, City Council approved the adoption of a by-law to provide for the licensing and regulation of rental property in the City of Thorold as it was found to be necessary and desirable for the public. By-law No. 109-2017 known as the “Residential Rental Licensing By-law” came into effect on January 1, 2018 for the purpose of protecting the health and safety of the persons residing in residential rental properties by ensuring that certain regulations are met; for ensuring that the required essentials such as plumbing, heating and water are provided; for ensuring that the residential rental properties do not create a nuisance to the surrounding properties and neighbourhoods; and, to protect the residential amenity, character and stability of residential areas.

Many contraventions to provincial regulations and municipal by-laws have been discovered and rectified through the process of enforcing the Residential Rental Licensing By-law which has resulted in improved health and safety for residents. Some examples of contraventions that have been rectified include:

- Missing or inoperable smoke alarms
- Missing or inadequate fire separations between units
- Missing or defective exiting systems
- Illegal dwelling units
- Inoperable or defective plumbing
- Inoperable heating appliance

- Rodent infestation
- Missing egress windows
- Inadequate ceiling height
- Unsafe walking surfaces
- Defective interior and exterior cladding
- Exposed electrical wiring

Proposed Amendments

By-law 109-2017 has now been in effect for over 80 months without any significant updates. Staff and Members of Council have identified opportunities to enhance the Residential Rental Licensing By-law by adding provisions that are specific to short-term rental establishments and adding provisions that address continued contraventions at licensed properties.

Additionally, The City of Thorold currently has a by-law that is used to license and regulate bed and breakfast establishments within the municipality. It is recommended that the Residential Rental Licensing By-law be amended to include provisions for the licensing of bed and breakfast establishments and that Bed and Breakfast By-law No. 09-2013 be repealed following such amendments. Adding provisions for bed and breakfast establishments into the Residential Rental Licensing By-law will improve consistency across various residential rental establishments.

Upon review of the by-law, staff recommend amending the Residential Rental Licensing By-law to include provisions:

- specific to short-term rental establishments and bed and breakfast establishments, such as;
 - Require a Fire Safety Plan or similar plan to be produced, approved and posted
 - Require the Residential Rental Licence to be posted
 - Require an operational fire extinguisher to be located within each rental unit
- establishing a demerit point system as an added enforcement tool for monitoring contraventions at licensed rental businesses
- establishing an administrative fee for non-appearance to scheduled inspections
- prohibiting the advertising of a rental unit without a valid Residential Rental Licence

Demerit Point System

Council has previously expressed interest in a graduated licence fee which would result in an increased licence application fee for properties that have had repeated contraventions over the lifespan of the licence. As penalties may be issued at the time of an offence, staff do not recommend increasing application fees due to contraventions as this may be considered as penalizing the applicant twice for the same offence and be open to legal challenge.

A demerit point system will provide the municipality with an objective tool to evaluate the compliance history of a property during the lifespan of a licence for determination in whether a licence should be suspended, revoked or refused renewed. By-law contraventions may be assigned a number of demerit points. If a property reaches the number of demerit points established through the by-law, the residential rental licence may be suspended, revoked or refused renewal in addition to the monetary penalties issued at the time contraventions occur.

A demerit point system is becoming a popular tool amongst municipalities for the purpose of licensing.

Staffing Resources

As the number of residential rental businesses have increased within the municipality, so has the number of licence applications and enforcement files. This has led to increased operating pressures on the By-law Enforcement Division and the Fire and Emergency Services Department created delays in inspections and enforcement of the by-law. Enforcement of the Residential Rental Licensing By-law has been significantly reduced as there is a significant backlog in applications and the current administrative staff are unable to manage the increased workload. Additionally, many licences have not been issued as they are pending inspections by the Fire and Emergency Services Department. The Fire and Emergency Services Department is currently only able to perform inspections one day per week due to insufficient staffing to meet the demand of residential rental licensing.

Additional staffing is required within the By-law Enforcement Division as well as the Fire and Emergency Services Department to effectively manage the increasing demands associated with the Residential Rental Licensing By-law.

The additional staffing needs at this time include:

1. One (1) additional By-law Enforcement Clerk, and

2. One (1) additional Fire Prevention Officer.

It is anticipated that additional staffing needs may be further required once the number of residential rental businesses requiring a licence reach 2300 within the municipality.

Application Fee

The current licence application fees have remained unchanged since passing of the Residential Rental Licensing By-law in 2017. Licence application fees are intended to cover the expenses incurred by the municipality to enforce the Residential Rental Licensing By-law. It is recommended that a review of the application fees be conducted to identify whether the current fees are adequate to fund all expenses associated with enforcement of the by-law so as to not impact the general levy.

Additional Recommendations

The City of Thorold does currently licence boarding, lodging or rooming houses however there are not any provisions within the Residential Rental Licensing By-law specific to such rental uses. It is further recommended that additional research be conducted into how boarding, lodging and rooming houses contribute to the housing supply within Thorold.

Impact on the Environment, Climate Change

There are no known environmental or climate change related impacts to this Report.

Alternatives Reviewed

Service delivery of the residential rental licensing has been negatively impacted for several months due to staffing resource constraints. Repealing the Residential Rental Licensing By-law has been reviewed as an option should additional staffing resources not be approved. Staff do not recommend this option as rental housing provides a more affordable option to residents who are unable to afford home ownership and the licensing of residential rental businesses has proven to be an effective tool for city staff to identify and rectify living situations for tenants that are below minimum property standards and/or are non-compliant with applicable legislation.

Relationship to Strategic Plan

- Vibrant and Prosperous Community
 - Livable Community

- Economic Prosperity
- Community Wellbeing

Other Pertinent Reports

None

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Appendices

None