

# Staff Report

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To	<b>Committee of the Whole</b>
Service Area	Office of the Chief Administrative Officer
Date	Tuesday, November 4, 2025
Subject	<b>Affordable Housing Programming and Policy Update</b>

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## Recommendation

1. That staff be directed to continue to advocate to the Province for legislative changes to the Residential Tenancies Act to ensure that the issue of renovictions is being addressed consistently across Ontario.
  2. That staff be directed to continue to collect data on, and monitor the implementation of, municipal renoviction by-laws and return to Council in Q1 2027 with an updated report and recommendations about both a renoviction by-law and rental replacement by-law.
  3. That staff be directed to draft a complaint-based vacant home tax by-law for Council approval, with a vacant home tax rate of two per cent, subject to the inclusion of \$275,000 in estimated expenditures and estimated program revenues (based on a two per cent tax rate), in the 2026 budget update.
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## Executive Summary

### Purpose of Report

This report will provide Council with information on program options related to preserving affordable housing stock as identified in Action 2.1.1 of the Housing Affordability Strategy (HAS). An update on the Affordable Housing Seed Funding program (HAS action 3.3.1 Target and support seed funding opportunities) is also given in this report.

### Key Findings

- The HAS was adopted by Council in December 2024; the HAS includes 30 actions that are to be implemented over the next 10 years.
- This report focuses on work completed to date to implement Action 2.1.1 of the HAS - collect, monitor, and use existing data on affordable housing stock to guide policy development (e.g., on a renoviction by-law, vacant homes tax, or rental replacement by-law).
- An update on the data related to renovictions is included within this report.
- Vacant Home Tax program (VHT) information is also included within the report.
- Additional work and monitoring of renoviction by-laws and rental replacement by-laws will continue, as the effectiveness of each by-law is reliant on one

another. Attachment-1, Summary of Renoviction By-laws, demonstrates through a municipal scan that the majority of cities that have either implemented or are being directed to implement a renoviction by-law also have a rental replacement by-law in place.

- The City's Affordable Housing Seed Funding Program was launched to address the funding gap for registered and charitable non-profits to assist with predevelopment costs by providing grants of up to \$25K per proposed development. Two applicants have received funding, one additional applicant has been approved for funding, and a final round of application review is scheduled for December.

## **Renoviction Information**

- A renoviction by-law may assist in protecting tenants against tactics used by landlords who renovate a unit(s) in bad faith for the purpose of re-listing that unit(s) at a higher rent(s) by requiring landlords to obtain a renovation license supported by engineering reports and building permits and imposes penalties for non-compliance.
- As summarized in Attachment-1, Summary of Renoviction By-laws, the status of renoviction by-laws in Hamilton, Kitchener, London, New Westminster, Oakville, Toronto, and Waterloo are compared. The majority of these municipalities, with the exception of Oakville and Waterloo, also have a rental replacement by-law or a similar program in place. Waterloo's rental replacement by-law is under development.
- N12 and N13 notices inform tenants of the intent to end tenancy for the purpose of demolishing, repairing, converting, and/or taking control of the unit for personal or family use.
- Data obtained from several sources, including the Landlord and Tenant Board (LTB), and the Legal Clinic of Guelph and Wellington, show that there has been a significant increase in the number of N12 and N13 notices issued by landlords in Guelph; as of July 2025, the number of N13 Notices issued had already doubled from previous years.
- Data is not collected/available on how many of these notices have translated into renovictions and therefore staff do not have clear evidence on how many individuals and/or households have been affected.
- Consequently, staff do not have an estimated number of how many renters a renoviction by-law may be able to support.
- A renoviction by-law would not be able to stop all bad faith evictions, as cash for keys deals may still be worked out between landlords and tenants.
- Additional provincial legislative changes are still required to support tenants in more meaningful ways.
- A strong renoviction by-law would need to be coupled with additional tenant educational resources, as well as a rental replacement by-law.
- Projected annual cost for staffing to support a renoviction by-law is currently estimated at \$311,000 for approximately two new permanent full-time staff and two new part-time positions.

## **Vacant Home Tax**

- A VHT is designed to encourage the use of vacant residential properties for housing. The primary goal is to increase housing availability by incentivizing property owners to rent or sell unoccupied homes.

- Estimated program revenues and expenses are difficult to predict and dependent on program parameters and uptake, but staff have included best estimates of costs as well as revenues for various tax rate scenarios for Council consideration. A two per cent tax rate is projected to be the revenue neutral option.
- If the VHT achieves its intended outcomes, the number of taxable vacant properties will decline over time. This would result in reduced annual revenue to cover administrative costs and potentially changing program resource needs over time. If implemented, this will be closely monitored and reported on through quarterly budget monitoring reports.
- Should the program generate a surplus, it is recommended that these funds be transferred to the Affordable Housing reserve (119) to support broader affordable housing-related initiatives within the City. If the program generates a deficit, costs in excess of revenue may need to be supported by the broader tax base.

### **Strategic Plan Alignment**

The City's housing-related projects, tools, and programs are in place to accelerate, preserve, and unlock affordable housing supply in Guelph. This report aligns with City Building as a theme that will accelerate affordable housing stock in Guelph, as well as the strategic theme of People and Economy, by introducing a suite of municipal tools for Council consideration to preserve affordable housing stock and housing stability.

### **Future Guelph Theme**

City Building

People and Economy

### **Future Guelph Objectives**

City Building: Improve housing supply

People and Economy: Support community well-being

### **Financial Implications**

This report's recommendation associated with a renoviction by-law does not currently have any financial implications as it recommends that staff come back to Council in the first quarter (Q1) 2027 with updated information and potential budget considerations on both a renoviction and rental replacement by-law. However, if Council provides direction to proceed with a renoviction by-law as part of the 2026 budget, it is anticipated that the annual cost for staffing is an estimated \$311,000. Revenue from this by-law remains unknown. Due to this, the full amount of the estimated cost would need to be budgeted as a property tax supported expenditure in the initial years, with potential future adjustments based on revenue trends over time. The effectiveness and elements of the program would be reviewed internally on a regular basis.

With respect to a VHT program, actual revenue and expenses for the implementation are difficult to predict, however, staff have made a best estimate of the program resources required as well as providing some potential revenue scenarios at the one, two, and three per cent tax rates. Based on these estimates, a two per cent tax rate may provide a revenue neutral option; however, that could

change over time if the VHT is successful in its objective of reducing the number of uninhabited vacant homes in the city. Therefore, if implemented, the level of resourcing required for the program will be monitored over time as well.

If a VHT is implemented, and a surplus of revenue over program expenses does occur for the program, staff recommended that it be transferred to the Affordable Housing reserve (119) for the purposes of supporting the City's affordable housing-related initiatives.

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## **Report**

This report will first summarize work that has been completed on [Housing Affordability Strategy](#) (HAS) action 2.1.1, which is to collect, monitor, and use existing data on affordable housing stock to guide policy development (e.g., on a renoviction by-law, vacant homes tax, or rental replacement by-law).

For HAS action 2.1.1, throughout 2025 staff have focused on collecting data and reviewing new programs and policies within other municipalities to determine the best municipal policy responses for Guelph as it relates to renoviction by-laws and vacant home taxes. This included leveraging community partners' expertise and data, and engagement strategies to better inform potential policy and program decision making. Efforts to explore the value of a rental replacement by-law will be shared in Q1 2027.

Based on the information provided below in this report, staff recommend that the City create and implement a complaint-based VHT by-law, while also recommending that further work be conducted to determine how to best support those in our community experiencing renoviction.

This report includes six sections.

### **Section 1: Current legislative and regulatory landscape for renovations**

This section briefly explains regulatory renoviction information, touching on various pieces of legislation, as well as providing a summary of more recent municipal advocacy and a comparison of the status of other municipalities who have either implemented or have been directed to implement a renoviction by-law (Attachment-1).

### **Section 2: Summary of data collection, tenant engagement insights, and landlord considerations**

Action 2.1.1 of the HAS included direction on collecting data to guide policy development. This section provides a summary of the data received from the LTB and the Legal Clinic of Guelph and Wellington, as well as highlights recent feedback that was received from conversations with tenant support organizations, advocates, and through engagement on the development of the HAS. This section balances the tenant perspectives by introducing consideration from landlords' perspectives as it could relate to the implementation of a renoviction by-law.

### **Section 3: Renoviction by-law costing and administrative information**

A recommendation in this report is to come back to Council in Q1 2027 with updated policy guidance as it relates to a renoviction by-law and a rental replacement by-law. However, staff recognize there is interest in knowing some of the anticipated costs and administrative considerations associated with a renoviction by-law, based on the experience of other municipalities who have implemented one. This section provides some of that information.

### **Section 4: Summary of the definition and purpose of a Vacant Home Tax**

This report then moves into providing context around a VHT, including its purposes, a summary of other municipalities that have a VHT in place, and a list of exemptions.

### **Section 5: Vacant Home Tax enforcement and declaration program considerations**

Based on the information provided in Section 4, this section outlines some considerations for a VHT in Guelph including program approaches, tax rates, fines and penalties, anticipated staff and administrative costs, and next steps.

### **Section 6: Update on the Affordable Housing Seed Funding Program**

The final section of this report identifies the first two successful recipients of the Affordable Housing Seed Funding program.

### **Section 1: Current legislative and regulatory landscape for renovations**

Renovictions, a term that merges “renovation” and “eviction”, are an emerging threat in Ontario and across the country. The tactic most often employed by landlords acting in bad faith is to issue a legal notice (e.g., N13) to end tenancy for the purpose of demolishing, repairing, or converting a rental unit. Following the completion of the renovation work, and vacating of the unit by a tenant, the unit is re-listed on the market for a significantly higher price, and tenants are forced to move as the financial strain of the new rental rate is too great. Renovictions are a way in which bad faith landlords seek to shrink the number of affordable housing units and raise rents for more profit. However, in some cases, renovictions could also result in increasing the overall housing supply (e.g., converting one unit into two or more units).

A renoviction by-law has the potential to protect against a landlord issuing a legal notice (N13) in bad faith by requiring landlords to obtain a renovation license supported by engineering reports and building permits. Penalties may also be imposed through a renoviction by-law for non-compliance. As Table 1 summarizes, a renoviction by-law could implement a variety of measures that would protect an existing tenant from financial duress due to being either temporarily or permanently displaced.

Table 1- A Summary of What a Renoviction By-law can and cannot do

What a renoviction by-law can do	What a renoviction by-law cannot do
<ul style="list-style-type: none"> <li>Require landlords to obtain proper documentation and approvals from the City to complete proposed renovations</li> </ul>	<ul style="list-style-type: none"> <li>Assist displaced tenants with securing new affordable units (rental replacement by-law in tandem is best practice)</li> </ul>
<ul style="list-style-type: none"> <li>Require landlords to comply with the Residential Tenancies Act to ensure that displaced tenants have first right to move back into renovated unit, at previously determined rental rate</li> </ul>	<ul style="list-style-type: none"> <li>Stop cash for keys deals</li> </ul>
<ul style="list-style-type: none"> <li>Require an educational component to ensure tenants are aware of their legal rights under the Residential Tenancies Act</li> </ul>	<ul style="list-style-type: none"> <li>Stop landlords from issuing notices for legitimate renovation work and subsequently raising rents</li> </ul>
<ul style="list-style-type: none"> <li>Impose fines on landlords acting in bad faith, in upwards of \$100,000</li> </ul>	<ul style="list-style-type: none"> <li>Stop landlords from neglecting repairs</li> </ul>
<ul style="list-style-type: none"> <li>Ensure financial compensation and alternative accommodations are provided to displaced tenants as renovation process is underway.</li> </ul>	

It is important to note that a renoviction by-law will not be able to stop all bad faith landlords from evicting tenants. Landlords can still use additional notices (i.e., N7 Notice to End Tenancy for damages) as guise to evict under false pretense while also circumventing the legal procedures for evictions under the province's Residential Tenancies Act (RTA). This is an example of a situation where advocating for stronger provincial legislation to prevent circumventing legal procedures is important.

### **A summary of applicable legislation**

The following parts of this report are brief explanations of the various pieces of legislation that may support tenants who may receive a notice of eviction.

#### **Residential Tenancies Act**

Under the Provincial RTA, landlords have the right to evict tenants if there are plans for major repairs or renovations that require a building permit and vacant possession. The RTA does offer protections and compensation afforded to the tenant and permits the tenant to return to the unit following renovations at the same rent as would have been permitted prior to renovations.

Tenants do have recourse to the LTB with respect to allegations of breach by landlords, but some feel that this is not enough to prevent abuse and seek to have

municipalities pursue further measures to curb renovations. Currently, the RTA does not include appropriate policies to stop landlords from circumventing the RTA for the purpose of evicting and raising rents to unaffordable rates – this is where the City has been advocating to the Province.

While the RTA does provide some protection for tenants in the case of renovations (e.g., notice requirements, compensation, and the right of first refusal), there is growing recognition that in the absence of updated Provincial legislation, a more layered localized approach in the form of a municipal renovation by-law (often coupled with a rental replacement by-law) is needed to provide for stronger enforcement mechanisms.

### **Bill 97, Helping Homebuyers, Protecting Tenants Act, 2023**

Under the Helping Homebuyers, Protecting Tenants Act, 2023, the Province released the government's Helping Homebuyers, Protecting Tenants Plan. The Bill strengthened regulations around the termination of tenancy agreement for renovation purposes and/or bad faith evictions. Bill 97 has achieved Royal Assent (i.e., the Act becomes law in principle), but certain provisions have not yet been proclaimed (i.e., brings the law into effect).

The changes (yet to be proclaimed) under Bill 97 included the following to support tenants:

- To initiate a renovation, landlords must provide a report prepared by a qualified person, attesting that the proposed repairs or renovations are so extensive they necessitate vacant possession of the unit.
- Landlords are required to keep tenants informed about the renovation progress, including the estimated completion date and any changes to this date.
- Providing the tenant with notice when the unit is ready for re-occupancy and providing a minimum of 60 days for the tenant to exercise their right-of-first refusal.
- Fines for unlawful eviction under an N13 have doubled from \$50,000 to \$100,000 for individuals, and from \$250,000 to \$500,000 for corporations.

### **Municipal Act, 2001 S.O. 2001, c. 25**

The Municipal Act, 2001 grants municipalities broad powers to govern and outlines the powers and responsibilities that municipalities may exercise. In Ontario there are different forms of municipal government, depending on whether they operate within a single-tier or two-tier government structure. The City of Guelph is a single-tier municipality and has the authority to pass licensing by-laws and require business licenses, such as a renovation by-law.

Although located within the geographic boundary of Wellington County, the City of Guelph is not part of the upper-tier municipal government – Wellington County. Despite this, the City of Guelph and Wellington County share responsibility for the provision of housing across the housing continuum in Guelph; these responsibilities are delineated by the Housing Services Act, 2011.

### **Housing Services Act, 2011**

The Housing Services Act, 2011, governs the community-based planning and delivery of social housing and homelessness services. The Act clarifies roles and responsibilities of municipalities for housing and provides the flexibility to set local priorities and policies. The Housing Services Act also defines Consolidated Municipal

Service Managers (CMSMs), who are responsible for delivering and administering affordable and social housing as well as other social service programs for consolidated geographic areas. Wellington County is the CMSM for the City of Guelph, and they oversee a variety of services including emergency shelters, transitional housing, supportive housing and rent-g geared-to-income (RGI). Wellington County is funded, in part by the City of Guelph, to provide the above services and programs. These supports would operate in tandem with any renovation by-law.

### **Building Code Act, 1992, S.O. 1992, c.23**

The Building Code Act regulates construction, renovation, demolition, and building changes across Ontario. The Act upholds the Ontario Building Code, which sets out technical and procedural standards across Ontario for building projects. The Ontario Building Code Act identifies where a building permit is required, typically when a project exceeds an identified threshold or size and involves new construction, renovations, additions, demolitions, or changes to a building's use. This is linked to the RTA, which permits eviction for renovations and other work where the required work meets the threshold of requiring a building permit.

The Building Code Act further empowers municipalities to establish Property Standards By-laws. Guelph's Property Standards By-law regulates the maintenance and occupancy of all properties within the City of Guelph. Included is a wide range of standards including heating requirements, structural standards, sanitation, safety and security, and occupancy standards.

### **Planning Act, R.S.O. 1990, c. P.13**

The Planning Act sets out the ground rules for land use planning in Ontario. The Act permits municipalities to make decisions that determine the future of communities, prepare planning documents like official plans and zoning by-laws that respect land use, and which advocate the creation and preservation of affordable housing. The City has used a variety of these tools, including:

- the implementation of a [Demolition Control By-law](#) to prevent the premature loss of housing stock, among other things;
- creation of an [Affordable Housing Community Improvement Plan](#) to incentivize affordable housing development;
- amendments to the Official Plan and Zoning By-law to permit development of up to four housing units on low-density properties; and,
- implementation of a Community Planning Permit By-law in the Stone-Edinburgh area, requiring affordable housing in taller buildings.

### **Municipal Advocacy**

In 2024, staff brought forward advocacy efforts related to bad faith evictions to the Association of Municipalities Ontario (AMO) conference as part of the City's advocacy plan. The City was advocating for strengthened legislation which would place the responsibility on landlords to justify the need for major renovations and ensures that tenants are appropriately supported. Staff also recommended that the RTA be strengthened as proposed under Bill 97, Helping Homebuyers, Protecting Tenants Act, (2023).

### **Municipal scan of renovation by-laws**

As part of this report, staff completed a scan of communities that have undertaken renoviction programs and by-laws that aim to protect tenant rights and housing stability. This helps form a preliminary view of the approach that has been taken and helps determine the cost of such programs. Renoviction by-law programming information from other municipalities can be found in Attachment-1 Summary of Renoviction By-Laws.

## **Section 2: Summary of data collection, tenant engagement insights, and landlord considerations**

The following sections of this report provide information on the increases in N12 and N13 notices over the course of ten years, as provided by the LTB, and a summary of the relevant consultation completed for the HAS. Staff also engaged and consulted with several organizations to gather insight, data, and perspectives on the prevalence of renovictions within Guelph and across the province, including:

- the Guelph Wellington Community Legal Clinic,
- the Advocacy Centre for Tenants Ontario (ACTO),
- the Association of Community Organizations for Reform Now (ACORN) Canada, and,
- Guelph and Wellington Task Force for Poverty Elimination

### **Data collected from the Landlord Tenant Board**

In partial fulfillment of HAS action 2.1.1, staff requested and obtained data from the LTB. The data obtained from the LTB primarily references two types of Notices:

- N12 – Notice to End your Tenancy Because the Landlord, a Purchaser or a Family Member Requires the Rental Unit
- N13 – Notice to End your Tenancy Because the Landlord Wants to Demolish the Rental Unit, Repair it or Convert it to Another Use

These notices are required by a landlord before filing an eviction order. Tenants may request a hearing at the LTB if they feel a landlord has given a notice of termination in bad faith. Tenants are not required to vacate their unit prior to a hearing, however mutual agreements can be made between the landlord and tenant, including “cash for keys” deals whereby tenants are incentivized to vacate their unit for a sum of money.

As detailed in Table 2 below, over the last decade there has been a steady increase in the number of N12 and N13 notices issued in Guelph. As of July 2025, the number of N13 notices issued had already doubled from previous years. This data helps to affirm the qualitative data and anecdotal information staff received through public engagement included and summarized in this report. However, staff cannot extrapolate from this data on how many of these notices have resulted in renovictions nor how many tenants are affected – this data is not collected.

Table 2 -Landlord Tenant Board N12 and N13 Issuances (2015-2025)

<b>Year</b>	<b>N12 Notices Issued from January 1, 2015, to July 31, 2025</b>	<b>N13 Notices Issued from January 1, 2015, to July 31, 2025</b>	<b>Total number of N12 and N13 Notices issued from January 1, 2015 to July 31, 2025</b>
2015	19	1	20
2016	17	1	18
2017	25	1	26
2018	11	14	25
2019	22	10	32
2020	31	3	34
2021	48	4	52
2022	54	1	68
2023	71	10	81
2024	55	16	71
2025 <sup>1</sup>	28	32	60

**Feedback from Housing Affordability Strategy engagement sessions**

There were several engagement activities to support the development, validation, refinement and final version of the HAS that was adopted by Council in December 2024. Engagement estimates reached some of the highest levels that the City has achieved, with staff estimates reaching around 5,000 individuals participating to varying degrees in the crafting of the HAS. Activities were made available to the public over a variety of mediums to achieve broad participation, including open houses, surveys, and the HAS Focus Group (HASFG). Because of the variety of engagement activities, like hosting an Open House at the Royal City Mission, staff heard from many under-represented groups who have previously not attended City engagement events.

The most in-depth feedback came through the HASFG, a working group of representatives from business and public organizations as well as interested residents including people with lived experience. This group met five times to discuss and prioritize key themes, targets, and actions.

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<sup>1</sup> Number of N12 and N13 cases issued by Landlord Tenant Board to July 2025

One of the major themes coming out of various engagement activities was the urgent need to preserve existing affordable housing stock. Over several instances, participants shared feeling stuck because of their current housing situation or fear of what the future might bring, particularly concerning eviction or further increases in housing costs. Several participants noted an experience or the threat of homelessness either for themselves, their loved ones or anyone in Guelph. Several instances from individuals with lived experience shared having previously lost housing or currently having precarious housing.

Other participants shared concerns about the rapid increase in rental costs, particularly the rise in costs in the same unit between tenants, the mental health toll with the instability of the housing market, the lack of affordable housing, and the need for stronger regulation around housing.

In response to this feedback, staff brought forward HAS Action Item 2.1.1 – preserving affordable housing stock, as a draft action item. Draft actions were reviewed with participants at later engagement sessions and participants consistently shared recommendations for renoviction and rental replacement by-laws. Participants “voted” for these action items through survey and open house mechanisms. Staff, and ultimately Council, recognized the importance of using this feedback to shape and prioritize the actions in the HAS, which is how Action 2.1.1 was finalized in the HAS.

**Feedback from the Legal Clinic of Guelph and Wellington County**

Following consultation with the Legal Clinic of Guelph and Wellington, staff were informed that a high number of renoviction related cases were being handled by legal clinic staff. Legal clinic staff noted that demand has been outpacing legal clinic resourcing for several years. Table 3, below, indicates the N13 related cases that legal clinic staff have been working on, dating back to 2020. The number of cases has been trending upwards since 2020, with mid-2025 data showing an increase from previous years. Legal clinic staff also noted that the number of cases represented in the table below are only a small fraction of the reality, as these cases are only the ones that connected with the clinic.

Table 3 - N13 Related Cases

<b>Year</b>	<b>Number of unique cases</b>
2020	83
2021	132
2022	158
2023	228
2024	217
2025	143 <sup>2</sup>

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<sup>2</sup> Number of N13 Cases to July 2025.

## **Feedback from the Advocacy Centre for Tenants Ontario**

Staff met with representatives from the ACTO to discuss the issue of both renoviction and demoviction. ACTO works to advance tenant rights, including for individuals and families in both the private market and those who may be living in shelter or unsheltered. ACTO advances tenant rights through systemic litigation and coordinates a tenant duty counsel program which provides legal information and assistance to self-represented tenants appearing at the LTB.

During this engagement, it was noted by ACTO staff that they have seen a significant increase in the number of renoviction cases across Ontario, and thus an increase in tenants who need legal services to protect their rights. ACTO staff noted that many tenants who use their services are unaware of their rights but are also afraid to assert their rights in fear of not being able to find another place to live. This results in tenants voluntarily leaving their unit when pressured by landlords acting in bad faith and accepting what is known as a cash for keys arrangement. These types of arrangements are common according to ACTO staff and are typically the easiest path forward for landlords looking to evict current tenants and raise rents. A renoviction by-law will not protect against cash for keys deals, however a good by-law would also require an educational component to ensure tenants are aware of their legal rights under the RTA as the LTB is a complaint driven process.

## **Feedback from the Association of Community Organizations for Reform Now**

As part of further engagement, staff met with a representative from the Ontario branch of the ACORN which is the Provincial chapter of ACORN Canada. ACORN Canada has over 177,000 members organized into 30 neighborhood chapters, in 10 regions, across six provinces. ACORN members look to empower tenants and promote change by providing the tools and resources for tenants who have been treated unfairly by landlords acting in bad faith. This group relies heavily on advocacy efforts to promote change at a national, provincial, and municipal level. ACORN has been successful in many neighboring municipalities through strong campaigns to promote renoviction and demoviction by-laws to support tenants.

During this engagement, the representative from Ontario ACORN noted that a strong renoviction by-law could take away financial incentive for landlords to evict tenants and ensure that tenants were aware of their rights through enhanced municipal oversight, as existing provincial legislation was deemed insufficient to prevent unlawful evictions.

## **Feedback from the Guelph and Wellington Task Force for Poverty Elimination**

Through engagement with the Guelph and Wellington Task Force for Poverty Elimination, staff heard that tenants facing renovictions often experience significant stress, housing instability, and difficulty finding affordable alternatives. Drawing on engagement with community partners and people with lived experience of homelessness and tenancy, the collaborative emphasized that a renoviction and a rental replacement by-law is needed to help preserve existing affordable rental stock, reduce tenant displacement, and support housing stability in the community.

## **Insights and considerations from landlords' perspectives on renoviction by-law programs**

The feedback presented above is from the perspective of tenants. However, there are also perspectives regarding the introduction of a renoviction by-law from landlords that must also be considered when contemplating advancing this program of work. Perhaps most importantly is the suggestion that increased regulations around renovations and enhanced licensing can work to undermine other housing-related programs and incentives whose purpose is to increase rental housing stock through increased investment. This supports the point stated earlier in Section 1 whereby evictions due to necessary renovations could result in increasing the overall house supply (e.g., converting one unit into two or more units). The following insights, compiled from a municipal scan of reports on this topic, highlight the perspectives of landlords as it relates to the potential introduction of a renoviction by-law.

### **Burden on independent or small-scale landlords**

Smaller scale landlords with less financial capital than larger corporations may be discouraged from creating rental properties due to the potential burden of unforeseen costs they may have to absorb due to licensing programs like a renoviction program. This may, in turn, lead to a reduction in the development of secondary rental units.

### **Increased number of rental units that are unsuitable for living**

Renoviction programs may incentivize landlords acting in bad faith to let units fall into a state of disrepair and unsuitable living conditions to avoid renovating units given the lack of increased rental revenue after the tenant has moved out. This may disproportionately impact vulnerable tenants unaware of their rights under applicable legislation. Furthermore, in cases where landlords are acting in good faith, a licensing program for renovictions may cause delays and costs for renovations where vacant possession is truly required, potentially hindering improvements to existing housing stock.

### **Increased costs and administrative effort**

The burden of additional administration and process for obtaining a renoviction by-law permit may create further administrative burden for a landlord. These processes could lead to further costs that may be passed down to tenants through rental fees, potentially further increasing cost of unit rentals and contributing to the broader cost of living.

### **Opportunity cost of program implementation**

An argument could be made for the allocation of funds to another program or initiative, like a marketing campaign informing tenants of their rights under existing legislation. These efforts may foster similar results to a renoviction program but still may not protect vulnerable tenants against landlords acting in bad faith. The opportunity cost of implementing a renoviction program should be weighed against benefits of other initiatives that may support tenants and the preservation of affordable housing stock.

### **Overlapping responsibilities between a renoviction Program and Bill 97**

As identified in Section 1, Bill 97 has not yet been proclaimed, but includes various provisions that strengthen tenant protections from bad faith evictions. It is

expected that some provisions of Bill 97 will require conditions from a landlord already required under a potential renoviction program. To avoid overlapping requirements with an implemented municipal program, it will be necessary to review any areas of conflict or overlap between the municipal by-law and provincial legislation. For example, municipal renoviction programs may require documentation from a professional to support justification of a permit, like the provincial RTA, potentially duplicating efforts.

### **Section 3: Early information on renoviction by-law costs and administration considerations**

As previously stated, this report recommends coming back to Council in Q1 2027 with recommendations on renoviction and rental replacement bylaws, once staff have completed a full review of HAS action 2.1.1. However, staff recognize that there is interest in having an understanding of the potential operational and staffing costs, as well as existing workplan considerations associated with implementing a renoviction by-law. As such, this information is provided in this section.

If the City were to license all rental properties, the City would face substantial administrative demands. The Administration/Licensing and Bylaw divisions would also need to expand to manage the licensing process, including application intake, renewals, inspections, and enforcement. This would involve hiring additional by-law officers, inspectors, and administrative staff. Regular inspections would be necessary to ensure compliance with safety and zoning standards, increasing the workload for building and fire departments. A centralized data system would also need to expand to track property status, inspection outcomes, and complaints, requiring investment in secure and scalable technology.

In addition to operational logistics, the City would need to develop a comprehensive legal and policy framework to support the program. This includes drafting a by-law that outlines licensing criteria, penalties, and appeal processes, as well as conducting stakeholder consultations. Public education campaigns would be essential to inform landlords and tenants of their rights and responsibilities. Cost recovery through licensing fees could help fund the program, but care must be taken to avoid disproportionately impacting tenants, especially vulnerable populations.

Should Council direct staff to move forward with a by-law, staff would need to ensure that the licencing process does not unfairly burden small landlords or lead to unintended consequences like reduced rental supply.

#### **Potential licensing requirements**

Based on the scan of municipal renoviction by-law approaches, Hamilton's approach is the most targeted and potentially least administratively burdensome. Hamilton's Renovation License and Relocation By-law 24-055, effective January 1, 2025, does not require all rental properties to be licensed. Instead, it specifically targets rental units where landlords intend to carry out renovations that require vacancy for renovation work and unit upgrades. This is the approach that staff would consider, should Council direct staff to move forward with the creation and implementation of a renoviction by-law. It is important to note that the number of renter households in Guelph is just over 1/4 of Hamilton's. Guelph has approximately 17,000 rented households, in comparison to 64,000 in Hamilton.

## **Staffing expansions and budget**

An early look at the potential projected annual cost for staffing related to a renoviction bylaw suggests needing investments in two dedicated staffing resources for enforcement and administration, as well as partial staffing resources for tenant and legal support. As previously stated in this report, other municipalities that have implemented or are being directed to implement a renoviction by-law also have a rental replacement by-law in force and effect; a coupling of these by-laws is likely to best support tenants who are being evicted by bad-faith landlords. A rental replacement by-law would also require annual administrative and staffing costs that have yet to be identified.

## **Applications and cost recovery**

Applications and cost recovery mechanisms are not feasible in this context because the primary objective of a renoviction by-law is to protect tenants from displacement and housing insecurity. Charging fees or requiring complex applications could discourage compliance or shift financial burdens onto tenants, undermining the intent of the policy. Instead, the focus must remain on ensuring transparency, accountability, and tenant rights throughout the renovation process. While there will be some revenue generated through the renoviction by-law, staff do not foresee these revenues offsetting the cost to implement or maintain a renoviction by-law program.

## **What comes off workplan**

If staff are directed to pursue a renoviction by-law, this would also mean that either the rental e-scooter by-law review would need to be paused and removed from the 2026 work plan or additional resources would be required to continue both projects in 2026.

Based on the above information, staff recommend continued advocacy to the Province for legislative changes to the RTA to ensure that the issue of renovations is being addressed consistently across Ontario. In addition, staff recommend further direction from Council to continue to collect data on, and monitor the implementation of, municipal renoviction bylaws and return to Council in Q1 2027 with an updated report and recommendations about both a renoviction bylaw and rental replacement bylaw.

Should Council wish to move forward with a renoviction by-law before Q1 2027, staff have provided the following alternative motion to replace the second staff recommended motion:

Alternative motion #2 - That staff be directed to begin development of a framework for a renoviction by-law in 2026, subject to the inclusion of \$311,000 in estimated expenditures, in the 2026 budget update.

## **Section 4: Summary of the definition and purpose of a Vacant Homes Tax**

Real estate speculation has had a negative impact on the supply of affordable homes in recent years. Many municipalities in Ontario have seen homes vacant while individuals are waiting for market appreciation, or planning future renovations, therefore limiting the supply of otherwise usable housing. This is also the case in Guelph. As a response, staff are exploring the opportunity to implement a municipal VHT through a complaint-based system to disincentivize long-term

vacancies in Guelph. As seen through comparator municipalities, a VHT can be an effective tool to maximize housing potential.

Ontario's Fair Housing Plan of 2017 announced a measure that permitted designated municipalities to impose a tax on vacant homes with the intent to encourage owners to rent or sell empty properties to increase the supply of available housing in a community.

Building on this, the 2024 Ontario Budget released on March 26, 2024, Ontario expanded the scope and support for municipalities to return more vacant homes to the housing market by:

- Extending authority broadly to all single and upper-tier municipalities to impose a tax on vacant homes, effective immediately.
- Releasing a Provincial Policy Framework that will support municipalities by setting out best practices for implementing a VHT.

Authority to impose an optional tax on vacant residential units is provided under Part IX.1 of the Municipal Act, 2001. A by-law must be passed by Council and contain the following criteria:

- The tax rate to be used;
- Conditions of vacancy that, if met, make a unit subject to the tax;
- Exemptions from the tax;
- Rebates of the tax;
- Audit and inspection powers; and
- The establishment and use of dispute resolution mechanisms.

The Province released its Provincial Policy Framework on April 4, 2024 (Attachment-2). The policy sets out recommended exemptions and the definition of vacancy. Prior to the change in the 2024 Ontario Budget, previously only three municipalities had implemented the VHT with the required Ministry approval. Currently five municipalities – Toronto, Ottawa, Hamilton, Sault Ste. Marie, and Windsor - have since implemented a VHT. A comparison of these municipal VHT programs is included in Attachment-3.

### **What is the Vacant Home Tax**

The VHT is not intended to generate revenue, rather, the intent of a VHT is to change behaviour and in doing so, entice property owners to not have a vacant residential unit - thereby increasing the housing supply. If the program is successful, the amount of VHT collected annually will likely decrease and could result in an annual operating deficit after offsetting administrative costs of the program. Where any excess revenue is gathered from the program, it is recommended that it be transferred to the Affordable Housing reserve (119) that would be used to advance the City's affordable housing initiatives.

If Council approves the implementation of a VHT, staff will seek to implement the tax in 2026. The tax will be implemented using the rules and structure outlined in the following sections.

The Provincial Policy Framework (Attachment-2) highly recommends public consultation on the implementation of the tax. The HAS consultation sessions have already identified community support for the implementation of a VHT. Staff will consider further consultation processes on the mechanics of the program.

## **Definition of Vacant**

For the purpose of this program staff recommend the following definition:

- A vacant property will be defined as any residential unit in the Residential Tax class unoccupied for more than 183 days in a taxation year

## **Exemptions to the Vacant Home Tax**

Based on the guidance for exemptions from the Government of Ontario via the Provincial Policy Framework (Attachment-2), staff recommend the following exemptions, including additions specific to Guelph:

- Principal Residences
- Residential units that are actively under construction, renovation, or redevelopment as supported by permits issued by the City's building department, including demolition permits
- Residential units that are otherwise uninhabitable for reasons beyond the Owner's control
- Residential units that are vacant for a period of up to 2 years following the death of the registered owner in the year
- Residential units that are vacant for a period of up to 2 years following due to the registered owner being admitted to care (hospitalization, long-term care)
- Residential units that are listed for lease or sale for a period of up to 1 year
- Transfer of ownership of property during the year
- Residential units that are vacant due to Court order/proceedings
- Multi-residential properties (more than six units)
- Residential units that are managed or considered social or affordable housing and are in receipt of funding from the City or the County of Wellington.
- Newly constructed unit that has not been on the assessment roll for a full calendar year

VHT by-laws typically include appeal and dispute resolution mechanisms to allow property owners to dispute a VHT charge. City staff will review these instances on a case-by-case basis and attempt to resolve them through a program appeal process. Residential homeowners can thereby provide proof of exemption, if they meet one of the exemption conditions that is provided in a VHT by-law.

## **Section 5: Vacant Home Tax enforcement and declaration program considerations**

Enforcement and declaration have ranged between the five municipalities that have implemented a VHT. There are two different types of these programs implemented:

### Mandatory declaration

A mandatory declaration approach requires that all residential owners be required to declare annually if their unit is vacant or occupied. Toronto, Ottawa and Hamilton have implemented this approach but have received significant negative feedback citing extensive administrative burden on both residential homeowners and municipal staff.

### Complaint-based

A complaint-based approach operates on a methodology of individuals submitting tips to the municipality of a suspected vacant property for staff to investigate, with an option for self-declaration. This approach allows municipal staff to register

complaints on properties identified by staff in their duties, such as By-Law Enforcement, Taxation, and Building, or by the public, possibly meeting these criteria.

After review of Windsor’s and Sault Ste. Marie’s program and the administrative requirements of both programs for staff and homeowners, staff recommend pursuing a complaint-based approach to VHT. The efficiency and effectiveness of this type of program are considered to outweigh a mandatory declaration system.

**Tax rates**

The rate of tax charged for an implemented VHT is from one per cent to four per cent of the subject property’s assessed value. With only five municipal comparators having implemented a VHT, all with various levels of average assessment, there is not enough data to determine what rate accomplishes the best outcomes for the program. The intent of the program is to encourage owners to move vacant residential property to homes available for occupancy, so the rate charged should be looked at as punitive. Further, assessed values through the five municipalities are starkly different thus driving the overall tax on the vacant unit.

It is difficult to predict the number of vacant homes in the residential class within the City. Staff in By-Law Enforcement have been maintaining a list of vacant properties noted from their inspections and other reviews. Residential class properties on this list total approximately 30. It is not known how many would qualify for exemptions nor what the exemptions would be for the program at this time. In addition, we know other properties will be identified, a high-level conservative estimate of 50 properties and the \$300,000 average assessment of the properties identified were used to provide budget scenarios.

The estimated budget scenarios below are based upon a conservative estimate of 50 properties and provide a slightly better than breakeven point with a two per cent tax. A one per cent tax rate would present the program costs exceeding the revenue by \$125 thousand, while a two per cent tax rate presents a program surplus of \$25 thousand and a three per cent tax rate shows a program surplus of \$175 thousand. Staff recommend that any surplus be allocated to the Affordable Housing reserve (119) to support future housing initiatives.

Staff are recommending the implementation of the VHT program with a vacant home tax rate of two per cent.

Table 2 - Estimated Annual VHT Program Revenue by Tax Rate

<b>Proposed tax rate</b>	<b>1%</b>	<b>2%</b>	<b>3%</b>
Program revenue*	\$150,000	\$300,000	\$450,000
Net surplus (deficit) after administration	\$(125,000)	\$25,000	\$175,000

\*Assuming a conservative scenario of 50 properties with an assessment value of \$300,000

## **Fines and penalties**

Where it is determined that false information or declaration has been deliberately made to avoid the VHT, staff are recommending a range of penalties from \$250 to \$10,000 based on degree of non-compliance to be charged in addition to the VHT for the year.

## **Program administration and budget**

Current staffing levels within the Revenue and Treasury division of the Finance department cannot absorb the added duties required to administer a VHT program. To implement a complaint-based VHT program, it is estimated that two permanent additional staff resources would be required to administer the program on an ongoing basis including any billing, collections, rebate process, verification, random audits and dispute resolution.

Additional operating resources would be required, including other program expenses including technology, postage, website for online reporting, and other administrative costs. Depending on when the program is rolled out, a 2026 in-year complement increase may be required with funding recommended from future VHT revenues. Once the program is running and the actual administrative requirements for Finance and other supporting departments are known, there may be additional resources required. The current estimated program expenses are \$275,000 annually.

Table 6 – Estimated Annual VHT Program Expenditures

<b>Expense Category</b>	<b>Total</b>
Staffing requirements	\$225,000
Program expenses	\$50,000
<b>Total expenses</b>	<b>\$275,000</b>

Whether or not these costs are fully recoverable from the tax depends on the tax rate set and the number of properties that qualify for the tax. There is a possible levy impact on the broader tax base if VHT revenue is less than the overall administrative costs. Once the program is implemented, it will be internally reviewed on a regular basis to determine if changes are required.

## **Next steps for advancing the Vacant Home Tax program**

Should Council direct staff to draft and implement a VHT program, there are several steps that would need to occur to finalize the key program components, including:

- further review of VHT programs implemented in other municipalities to identify best practices and lessons learned;
- agreement on the criteria to be used for determining vacancy;
- agreement on the exemptions from the tax;
- establish audit and inspection responsibilities/procedures; and
- establish dispute resolution mechanisms

Additionally, assessing and identifying the full suite of potential unintended consequences to proactively address risks and promote equity in program design and implementation is needed.

## **Interaction with the City of Guelph's Demolition Control By-law (2024)-20923**

While related, a potential VHT By-law and Demolition Control By-law (2024)-20923 are expected to work in tandem with each other to achieve goals of encouraging occupancy of residential units. A demolition permit typically requires that an owner submit building plans for a new residential property on the same site. Furthermore, the owner must typically construct and substantially complete the residential property within two years from the date of permit issued. Where an owner fails to meet these conditions, and more, the owner may receive a \$20,000 fine.

A property owner may choose to apply for a demolition permit to provide exemption from the VHT. However, the demolition and subsequent creation of new units must comply with the conditions included in the demolition permit, including the typical two-year completion requirement. If the newly constructed unit remains vacant following construction, the VHT would once again apply.

### **Rental Replacement By-Law**

As staff engaged with organizations and individuals on the potential implementation of a renovation by-law, a consistent theme emerged whereby a strong renovation by-law is accompanied by a rental replacement by-law to further protect tenants. As this was also included in action 2.1.1, staff will continue to explore the options around the possibility of implementing a rental replacement by-law and recommend reporting back to Council in Q1 2027.

### **Affordable Housing Seed Funding Grant program update**

The City's Affordable Housing Seed Funding Program was developed to address the funding gap for registered and charitable non-profits to assist with predevelopment costs by providing grants of up to \$25K per proposed development. Eligible funding is made available for several predevelopment costs such as feasibility studies, site surveys, and planning fees for new affordable housing, conversions, and renovations. The program officially launched in May with the first round of evaluations taking place in the summer. Thresholds Homes and Supports and Upbuilding Non-Profit Homes (Guelph) Inc. each received \$25,000 to assist with predevelopment costs, helping their efforts in increasing the affordable housing stock in Guelph. One additional applicant has been approved for funding, and a final round of application reviews is scheduled for December.

This program is currently support through the Affordable Housing reserve (119), [with \\$100,000 approved through Council](#) in March 2025.

### **Financial Implications**

This report's recommendation associated with a renovation bylaw does not currently have any financial implications as it recommends that staff come back to Council in Q1 2027 with updated information and potential budget considerations on both a renovation and rental replacement by-law. However, if Council provides direction to proceed with a renovation by-law as part of the 2026 budget, it is anticipated that the annual cost for staffing is an estimated \$311,000. Revenue from this by-law remains unknown. Due to this, the full amount of the estimated cost would need to be budgeted as a property tax supported expenditure in the initial years, with potential future adjustments based on revenue trends over time.

The effectiveness and elements of the program would be reviewed internally on a regular basis.

With respect to a VHT program, actual revenue and expenses for the implementation are difficult to predict, however, staff have made a best estimate of the program resources required as well as providing some potential revenue scenarios at the one, two, and three per cent tax rates. Based on these estimates, a two per cent tax rate may provide a revenue neutral option; however, that could change over time if the VHT is successful in its objective of reducing the number of uninhabited vacant homes in the city. Therefore, if implemented, the level of resourcing required for the program will be monitored over time as well.

If a VHT is implemented, and a surplus of revenue over program expenses does occur for the program, staff recommended that it be transferred to the Affordable Housing reserve (119) for the purposes of supporting the City's affordable housing-related initiatives.

### **Consultations and Engagement**

Community consultations and engagement are detailed in the body of the report.

### **Attachments**

Attachment-1 Summary of Renoviction By-Laws

Attachment-2 Provincial Policy Framework on the Municipal Vacant Home Tax

Attachment-3 Summary of Municipal Vacant Home Tax By-laws

### **Departmental Approval**

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