

City of Mississauga
Corporate Report



<p>Date: February 17, 2025</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files: CD.06.REN</p>
<p>From: Andrew Whittemore, M.U.R.P., Commissioner of Planning & Building</p>	<p>Meeting date: March 5, 2025</p>

Subject

Rental Housing Protection By-law Update and Amendment

Recommendation

1. That the Rental Housing Protection By-law 0121-2018 be amended generally in accordance with Appendix 1 to the report titled "Rental Housing Protection By-law Update and Amendment" dated February 17, 2025 from the Commissioner of Planning and Building.
2. That staff be directed to conduct industry engagement as well as further review the Rental Housing Protection By-law in combination with future 2025 Canadian Mortgage and Housing Corporation ("CMHC") data releases and report back to Council by March 2026.
3. That all necessary implementing by-laws be enacted at a future City Council meeting.

Executive Summary

- The City of Mississauga's Rental Housing Protection By-law 0121-2018 (the "By-law") regulates the conversion or demolition of purpose-built rental units.
- The By-law has generally worked as intended by ensuring the replacement of existing relatively affordable rental units is considered as a part of redevelopment plans.
- There appears to be data quality concerns with the Canada Mortgage and Housing Corporation's most recent (2024) rental vacancy rate upon which the By-law relies.
- To address immediate concerns about data quality, staff recommend amending the By-law to a three (3) year period of rental vacancy rates, rather than only the current year.
- Staff also recommend undertaking a more fulsome review of the By-law, including industry engagement and a detailed review of the 2025 rental vacancy rate when available, in order to inform future amendment recommendations to the By-law.

Background

The By-law¹ was enacted on June 20, 2018 and came into effect on June 1, 2019 as a pilot project. It was a key action in the 2017 *Making Room for the Middle* Housing Strategy. At that time, the City of Mississauga (the “City”) was only the second in Ontario to enact a by-law addressing Rental Housing Protection. Since then, several other municipalities have introduced similar by-laws.

The By-law was enacted under section 99.1 of the *Municipal Act, 2001, S.O. 2001, c.25* (the “*Municipal Act*”) and associated policies were introduced in the City’s Official Plan. Accompanying Guidelines for Application Review Rental Housing Demolition or Conversion (the “Guidelines”)² were endorsed by City Council on June 5, 2019.

The By-law allows the City to require a section 99.1 permit (a “Permit”) for residential rental properties containing six (6) or more residential units where demolition or conversion from rental is proposed. When the current rental vacancy rate³ in the city is less than 3% and the rents for the existing rental units is less than 1.75 times average market rent⁴ (AMR), by unit type, a Permit may be approved subject to conditions, which may include, but are not limited to:

- Requirements to replace rental units proposed for demolition, or retention of proposed converted units as rental units, at similar rents for a defined term (e.g. rental unit retained or replaced for 20 years at a similar rent for 10 years)
- Requirements securing tenants’ right to return to the replaced or retained rental units, at similar rents
- Requirement to enter into an agreement with the City, registered on title, securing conditions

When the current rental vacancy rate in Mississauga is 3% or higher or the rents for the existing rental units is 1.75 times AMR or greater, a Permit shall be approved without conditions.

Subsequently, Demolition Control By-law 0045-2019⁵ was enacted under section 33 of the *Planning Act*, R.S.O. 1990, c. P.13 (the “*Planning Act*”) on March 27, 2019 to prevent the

¹ <https://www.mississauga.ca/wp-content/uploads/2019/06/21143656/Rental-Housing-Protection-By-law-0121-2018.pdf>

² <https://www.mississauga.ca/wp-content/uploads/2024/02/guidelines-for-application-review-rental-housing-demolition-conversion.pdf>

³ “Vacancy Rate” means the Private Row (Townhouse) and Apartment Vacancy Rate for the City of Mississauga, as reported by the CMHC in the most current annual survey.

⁴ Average Market Rent (AMR) is produced annually by CMHC and considers the rents of all units in the primary rental market (purpose-built rental), including the current rent that existing tenants pay in older and rent-controlled units. AMR is recognized to be a depressed value where the asking rent for available units is typically in the order of 1.75 times AMR.

⁵ <https://www.mississauga.ca/wp-content/uploads/2020/07/12102054/Demolition-Control-By-law-0045-2019.pdf>

issuance of demolition permits for residential properties without an associated *Planning Act* application.

To date, only two (2) Permits have been issued, resulting in a combined total of 13 retained units and loss of two (2) units. Due to this small sample size, staff have not reported back on the By-law as more data is needed to inform any recommended adjustments. The overall financial viability of purpose-built rental projects (with or without unit replacements) has only recently begun to improve and applications for Permits are expected to increase in 2025. Council's rental incentives approved in January 2025 are likely to further improve the viability of projects.

Comments

As described above, Mississauga's rental vacancy rate is a key component of the By-law. The 2024 rental vacancy rates were released by the Canadian Mortgage and Housing Corporation ("CMHC") in December 2024, earlier than is typical. At 3.9%, the City's overall 2024 rental vacancy rate is significantly higher than the 1.8% reported in 2023. As the rate is over 3%, the By-law's rental unit replacement policies would currently not apply.

It appears the vacancy rate increase was primarily driven by the change in 1-bedroom units in South Mississauga where the vacancy rate was reported to have increased from 1.4% to 8.3%. A change of that magnitude is very abnormal and unexpected. CMHC note that the data quality of this value has decreased by two (2) levels since 2023. Staff have contacted CMHC to see if there is a data or methodological error and have been advised that the issue is being investigated by their Data team. A smaller increase to the vacancy rate was anticipated. For example, for the Toronto Census Metropolitan Area as a whole, the rate increased from 1.4% to 2.5% between 2023 and 2024.

Given the concerns over data quality year over year, staff propose that the application of the 'Vacancy Rate' in the By-law be amended to align with the new draft Official Plan, which states that "The rental vacancy rate of 3 percent for the preceding three years as reported by the Canadian Mortgage and Housing Corporation shall be used." The scope of proposed amendments to the By-law is generally described in Appendix 1.

These amendments would allow the City to continue to apply conditions to Permits even where there are short-term or unexplained anomalies in the rental vacancy rate for an individual year. Presently, no other municipalities rely on the rental vacancy rate of only the current year. Two by-laws do not utilize the rental vacancy rate as a threshold at all. More commonly, municipalities rely on the rental vacancy rate over a two to four year period in their by-laws and official plan policies. Further details are provided in Appendix 2.

Staff are proposing that the By-law and Guidelines be amended and apply to any applications filed on or after January 1, 2025 to ensure the By-law continues to apply as intended.

Next Steps

If approved, the proposed amendments to the By-law will be brought forward on the next City Council agenda.

Staff propose that industry engagement be initiated in 2025 and that CMHC's 2025 rental vacancy rate data be taken into consideration in order to inform whether any further amendments to the By-law are warranted. An update on staff's findings will be presented to General Committee in Q1 2026.

Additionally, concerns have been raised about the By-law's lack of tenant protection beyond the requirements of the *Residential Tenancies Act, 2006, S.O. 2006, c. 17*. While this issue is beyond the scope of this report, a separate 'Renovictions' By-law is currently under consideration, led by Legal Services staff, with a report to Council expected later in 2025.

Strategic Plan

Rental Housing Protection aligns with two Belong strategic goals (Ensuring Affordability and Accessibility; Supporting Aging in Place) and the action to attract and keep people in Mississauga through an affordable housing strategy.

Financial Impact

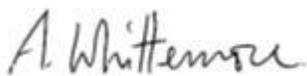
There are no financial impacts resulting from the recommendations in this report.

Conclusion

Staff propose that the Rental Housing Protection By-law be amended to address data quality issues with the latest CMHC rental market report. Staff also propose to engage with the industry over the next year followed by a thorough review of CMHC's 2025 rental vacancy rates, once released, and report back to Council with any further By-law amendment recommendations.

Attachments

- Appendix 1: Proposed Rental Housing Protection By-law Amendments
- Appendix 2: Rental Housing Protection By-law Municipal Scan



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