

Rental Regulation Study – Phase 1 EOLO SUBMISSION

EXECUTIVE SUMMARY (prepared August 30, 2019)¹

EOLO submits that landlord licensing would reduce the availability and affordability of rental accommodations, while having little, if any, positive effect on the quality of rental accommodations.²

According to the consultant's background report, the number of rooming houses has fallen from 400 in the 1990s to 192 in 2001, and to 91 today. Both the facts, and economic theory, strongly suggest that the fees, other costs, and landlord administrative work to comply with rooming house licensing have reduced rooming house supply. EOLO submits that rooming house licensing should be changed to a performance based system, in which those rooming houses with minimal service calls are released from the licensing system.

Rental housing licensing - Goals and Counter Arguments

1. People who do not follow the existing by-laws will not follow a new licensing by-law; therefore, landlord licensing by itself will not improve enforcement.
2. Landlord licensing would not alter the law governing access, and would not solve the challenges associated with gaining entry to rental units for the purpose of ensuring compliance with existing regulations when tenants do not cooperate with By-law Services.
3. If money is extracted from landlords to fund more property standards and other inspections, then that will tend to reduce rental housing supply and cause rents to rise to pay for those costs.
4. The Landlord and Tenant Board deals with a significant number of tenant-initiated cases relating to repair issues or complaints about landlord behaviour, and low-income tenants can obtain a waiver of the application fee. Therefore, tenants can and do enforce their rights under the current system.
5. A tenant who fears the outcome of a maintenance complaint to property standards, and thus does not cooperate with property standards, will likely feel the same about a licensing investigation.

For all those issues, there are better solutions to the perceived problems that do not require landlord licensing.³ The details are set out in the submission.

Other arguments against landlord licensing include:

6. Possible widespread discontinuation of small-scale apartment units (e.g. through reconversion to single family use for homeowners) to avoid the cost and hassle of licensing, thus reducing rental supply and driving up the rents tenants need to pay.

¹ The submission was made on June 26, 2019, without this Executive Summary, which was prepared on August 30. Footnotes 2, 3 and 4 update the points to reflect the consultant's apparent change from considering landlord licensing to considering a registration and inspection system.

² The same results would apply to a broad based registration and inspection system.

³ The same applies to a broad based registration and inspection system.

7. Higher rents, due to licensing fees justifying an above-guideline increase under the provincial rent control rules.
8. Possible City of Ottawa exposure to damage actions and other litigation.⁴
9. The risk landlord licensing brings of focusing on deficiencies and non-compliance of the sort that many responsible homeowners would innocently find in their own homes, rather than the problem cases that merit extra attention.

The call for landlord licensing as a cure-all comes most strongly from the long-standing homeowners around the universities. It is driven by a desire to keep the students out, even though that desire is masked in calls for making the conditions for students better (while keeping their numbers down). Instead, the City should safeguard tenants and rental housing by adopting rational, practical, minimal-risk solutions to target specific concerns.

With respect to short term rentals, EOLO's main concern is that any new rules not normalize short term rentals so that tenants feel entitled to rent rooms in their units (or their whole units) on a short term basis without landlord consent.

⁴ The City liability risk is avoided by substituting registration and inspection for licensing. Therefore, that one argument would not apply to a registration and inspection system.