

To: Corporate Services Committee

From: Jacqueline Long, Interim Commissioner,
Corporate Services Department and H.R.

Report Number: CORP-15-62

Date of Report: May 21, 2015

Date of Meeting: May 25, 2015

Subject: Program Evaluation of the Residential Rental Housing
Licensing Demerit Point System

File: D-2200

1.0 Purpose

This report responds to City Council's April 7, 2014 direction to conduct a program evaluation of the Residential Rental Housing Licensing Demerit Point System ("R.R.H.L. D.P.S") two years following its implementation. The report also recommends implementing an annual review of licensees' by-law infraction records to allocate staff resources more efficiently and effectively.

2.0 Recommendation

That the Corporate Services Committee recommend to City Council:

1. That City Council pass a by-law to amend Licensing By-law 120-2005, as amended to discontinue the administration of the Residential Rental Housing Licensing Demerit Point System and implement an annual review of Residential Rental Housing Licensees' by-law infraction records as proposed in Section 5.6 of Report CORP-15-62; and,
2. That the notice provisions of the City's Notice By-law 147-2007 be waived for this minor change.

3.0 Executive Summary

Staff conducted a program evaluation of the R.R.H.L. D.P.S. at the direction of City Council to measure the efficiency and effectiveness of the program two years following its implementation. The program evaluation found that while the R.R.H.L. D.P.S. was achieving its intended goals of creating an objective system to manage licensees' compliance with relevant standards and determining the suitability of issuing a licence to an applicant, there was insufficient evidence to support the need for such a system to

manage “repeat offenders” of licensing standards. The two-year cost of operating the R.R.H.L. D.P.S. program is approximately \$56,600 or 1,536 staff hours. Based on an assessment of alternative models, staff have determined that implementing Alternate Model “A”, Annual Review of Licensees’ By-law Infraction Records, is a more cost effective and efficient method for managing licensees’ compliance with applicable licensing standards. This report recommends discontinuing the administration of the R.R.H.L. D.P.S. and implementing Alternate Model “A”.

4.0 Input From Other Sources

Information Technology Services was consulted in the preparation of this report.

5.0 Analysis

5.1 Background

Demerit point systems are an administrative tool for managing a licensee’s non-compliance with applicable regulations. The system examines a licensee’s historical record of non-compliance to objectively administer various consequences during the licensing period in addition to assisting staff to determine the suitability of issuing a licence to an applicant when they apply for a licence. The use of demerit point systems is most commonly associated with vehicle licensing regimes at the provincial level; however, staff are aware of two municipalities, the City of Toronto and the City of Vaughan, that have implemented variations of demerit point systems for their business licensing regimes.

At its June 21, 2012 meeting, the Corporate Services Committee directed staff to develop a demerit point system for the R.R.H.L. system of business licensing (Schedule “K” of Licensing By-law 120-2005) in an effort to manage licensees’ compliance with licensing conditions and other municipal by-laws. This direction was largely premised on Council’s desire to more effectively manage licensees who chronically contravened municipal by-laws and other health and safety standards. Such individuals are commonly referred to as “repeat offenders”.

The R.R.H.L. D.P.S. was established on January 28, 2013 following Council’s approval of By-law 9-2013.

5.2 Objectives of the R.R.H.L. D.P.S.

The objectives of the R.R.H.L. D.P.S. are as follows:

- (a) To track and manage “repeat offenders”
- (b) To manage licensees’ compliance with municipal by-laws and other health and safety standards
- (c) To create an objective measure for the purposes of determining the suitability of issuing a licence to an applicant

5.3 Administering the City's R.R.H.L. D.P.S.

Demerit points are issued to a licensee when an investigation by a Municipal Law Enforcement Officer ("Officer") determines that there is a contravention of the following by-laws detailed in Table 1.

Table 1 R.R.H.L. Demerit Point Schedule

By-law Infraction	Demerit Points
Licensing: operating without a licence	5
Licensing: operating contrary to regulations	3
Zoning: illegal use	3
Boulevard	2
Lot Maintenance	2
Noise	2
Nuisance	2
Property Standards	2
Unauthorized Parking	1
Waste	1
Zoning: recreational vehicles/trailers/boats	1
Zoning: sight obstructions	1

Demerit points are weighted by the severity of the contravention and range from one (1) point for less serious by-law infractions to five (5) points for more serious by-law contraventions. Points accumulate on a licensee's record for each additional contravention, and consequences are established at the seven (7) point and fifteen (15) point thresholds. Specifically, once a licensee accumulates seven (7) points, they receive a warning letter and are required to attend a meeting with the Director of Municipal Law Enforcement and Licensing Services (M.L.E.L.S.). At fifteen (15) points, a licensee's R.R.H. Licence is referred to the City's Hearings Officer for review. Demerit points remain on a licensee's record for a period of two (2) years.

A more detailed overview of the R.R.H.L. D.P.S. is provided in Staff Report CORP-12-244 (Attachment 1) and a Frequently Asked Questions reference document is appended as Attachment 2.

A total of fourteen (14) M.L.E.L.S. staff, representing approximately one-third of the staff in the Branch, are involved in the operation of the R.R.H.L. D.P.S. The administration of the R.R.H.L. D.P.S. is entirely a manual process, and it generally involves undertaking the following process:

- (a) Officers complete and submit demerit point tracking sheets to the Operations Coordinator for applicable enforcement activities involving licensed rental properties.
- (b) The Operations Coordinator confirms the information on the demerit point tracking sheet and provides the sheet to administrative staff.

- (c) Administrative staff manually track the milestones of various enforcement activities using three (3) software systems and issue demerit points as infractions are confirmed¹.
- (d) Administrative staff periodically update the statuses of demerit points and generate reports to identify properties that have reached the seven (7) or fifteen (15) point thresholds.
- (e) Licensing and Standards Examiners issue warning letters and arrange meetings with the Director, M.L.E.L.S. for licensees who have accumulated seven (7) demerit points. Licences for licensees who have accumulated fifteen (15) demerit points are referred to the City’s Hearings Officer.
- (f) Demerit point records are periodically audited by staff to ensure accuracy.
- (g) The balance of confirmed demerit points are reported to Council on a regular basis in M.L.E.L.S.’ quarterly reports.

5.4 Experience of R.R.H.L. D.P.S. Benefits and Challenges

Since implementing the R.R.H.L. D.P.S. in January 2013, only five (5) licensees have received warning letters and were required to meet with the Director, M.L.E.L.S. No R.R.H. Licences have been referred to the City’s Hearings Officer as no licensee has accumulated more than fifteen (15) demerit points. A demerit point balance report detailing the total number of licensed properties with confirmed demerit points is appended as Attachment 3.

Staff have compiled various benefits and challenges to administering the system throughout its two-year implementation. Staff’s findings are detailed in Table 2.

Table 2 Benefits and Challenges of the R.R.H.L. D.P.S.

Benefits	Challenges
<ul style="list-style-type: none"> • Establishes an objective measure to assist in determining the suitability of issuing R.R.H. Licences • Provides an opportunity for staff to educate licensees who may have difficulty complying with licensing standards in a relatively timely manner • The R.R.H.L. D.P.S. is an additional tool for the City to manage licensees’ compliance with relevant licensing standards 	<ul style="list-style-type: none"> • The R.R.H.L. D.P.S. requires a significant amount of staff resources to administer as the processes are all manual • The amount of staff resources to administer the R.R.H.L. D.P.S. will increase as the Rental Area is expanded • Administering the R.R.H.L. D.P.S. will become increasingly difficult as: <ul style="list-style-type: none"> ▪ the Rental Area expands ▪ different dwelling types (ex. apartments, duplexes, etc.) are subject to the R.R.H.L. D.P.S. • The R.R.H.L. D.P.S. is vulnerable to error

¹ Generally refers to an expiration of an appeal period, the payment of a penalty, or the affirmation of an administrative order or notice.

5.5 Program Evaluation of the R.R.H.L. D.P.S.

Staff assessed the R.R.H.L. D.P.S. program based on its ability to achieve its intended objectives as detailed in Section 5.2. The evaluation determined that while the R.R.H.L. D.P.S provides an objective system for issuing licences to applicants and managing licensees' compliance with licensing standards, the cost of administering the program is significant.

Approximately 768 staff hours amounting to an estimated staff cost of \$28,300 is required to administer the R.R.H.L. D.P.S. annually. This amounts to approximately 1,536 staff hours or \$56,600 over a two-year period. The significant staff cost is attributed to the fact that the operation of the system is entirely manual. The following are the principal issues that complicate the manual administration of the R.R.H.L. D.P.S.:

- Staff must manually track each enforcement file related to the demerit point system to ensure that demerit points have been confirmed. This requires staff to track demerit points using three (3) different software systems.
- Many enforcement files have different appeal processes that are managed using different software systems. Tracking enforcement files through their appeal processes is further complicated by the fact that they have different milestones (i.e., timeframe to submit an appeal) which are legislated in a number of Provincial Acts.
- A substantial amount of staff time is required to determine if the R.R.H.L. D.P.S. system is applicable to an enforcement activity in the Rental Area and whether or not points should be cancelled as a result of a change in ownership.
- Staff must audit demerit point statuses periodically to ensure the accuracy of their statuses (i.e., whether points are confirmed, cancelled, pending or expired).

It is anticipated that the cost of staff time required to administer the R.R.H.L. D.P.S. will increase as the Rental Area is expanded and a greater number of licensees are enrolled in the program.

It is also important to note that the R.R.H.L. D.P.S. did not confirm the presence of "repeat offenders" or licensees who chronically contravened municipal by-laws and other health and safety standards during the two-year period. As mentioned in Section 5.4, no R.R.H. Licences were referred to the City's Hearings Officer during the two-year period and an examination of the demerit point balance report (Attachment 3) indicates that the level of by-law contraventions were of an isolated nature.

The program evaluation has determined that the need to manage "repeat offenders" does not justify the significant staff cost of administering the program considering the R.R.H.L. D.P.S. did not confirm their presence. Furthermore, staff have sufficient tools in the form of Administrative Penalties and the Provincial Offence Act, 1990 processes to manage problematic licensees and can refer licences to the City's Hearings Officer to consider a request to revoke or attach conditions to a licence. Notwithstanding this, the evaluation of the R.R.H.L. D.P.S. has identified a number of alternative models which may achieve the same objectives of the R.R.H.L. D.P.S. in a more cost effective and efficient manner.

5.6 Alternative Models

Staff have identified the following alternative models for consideration:

(a) Alternate Model “A”: Annual Review of Licensees’ By-law Infraction Records

This option would re-establish staff’s previous approach to issuing an R.R.H. Licence. Prior to the implementation of the R.R.H.L. D.P.S., staff would annually assess the suitability of issuing a licence to an applicant based on their by-law infraction history on a case-by-case basis. If the applicant had a moderate number of confirmed by-law infractions, staff could issue a conditional licence which would require the licensee to comply with additional standards. If the applicant had a high number of confirmed by-law infractions, or a limited number of confirmed serious by-law infractions, staff could deny the applicant a licence. An applicant can appeal any licensing decision made by staff to the City’s Hearings Officer.

(b) Alternate Model “B”: Automated R.R.H.L. D.P.S.

Alternate Model “B” proposes to automate the existing R.R.H.L. D.P.S. to reduce the amount of staff time required to manually administer the current system. This option requires integrating three (3) different software systems, two (2) of which were developed by a third-party, to automatically track and issue demerit points as enforcement activities are undertaken. Alternate Model “B” would require staff to manually administer certain aspects of the system such as sending demerit point related correspondence and scheduling meetings with the Director, M.L.E.L.S or the City’s Hearings Officer.

5.7 Assessment and Recommendation

Staff assessed the R.R.H.L. D.P.S. in addition to the Alternative Models based on the following criteria:

- Their ability to meet the objectives identified in Section 5.2
- Benefits and challenges
- Cost effectiveness

The findings of the assessment are appended as Attachment 4.

Staff recommend implementing reinstating the Annual Review of Licensees’ By-law Infraction Records as proposed in Alternate Model “A” based on the findings of the assessment. The recommendation is premised on the following:

- There is insufficient evidence to indicate the presence of “repeat offenders”, and therefore, the significant costs of administering an Automated R.R.H.L. D.P.S. (Alternate Model “B”) or an active (existing R.R.H.L. D.P.S.) demerit point system is not appropriate at this time.
- Implementing Alternate Model “A” will allow the City to redeploy staff resources more efficiently and effectively in the form of increased enforcement and licensing activities.

- Staff periodically monitor licensees' infraction records and have various tools for managing "repeat offenders" should they exist.
- An Annual Review of Licensees' By-law Infraction Records is less susceptible to errors as administrative processes are centralized within one business unit: Licensing and Standards.
- It may not be possible to fully automate the R.R.H.L. D.P.S. as proposed in Alternate Model "B" as two (2) of the three (3) software systems are developed by third parties.
- Manual processes are still required to administer the R.R.H.L. D.P.S. despite the automation of the R.R.H.L. D.P.S. (Alternate Model "B").
- It is unlikely that an automated R.R.H.L. D.P.S. (Alternate Model "B") can be applied to other business licensing categories as established in the City's Business Licensing By-law 120-2005.

6.0 Financial Implications

The estimated financial implications for all options are detailed in Attachment 4. Financial implications for Alternate Model "B", Automated R.R.H.L. D.P.S. must be scoped if staff are directed to further study this option. Nevertheless, the costs in software licensing and development are likely to be significant considering that automating the R.R.H.L. D.P.S. requires integrating three (3) software systems, two (2) of which were developed by third parties.

7.0 Relationship to the Oshawa Strategic Plan

The recommendations in this report are consistent with the strategic goals: "Accountable Leadership: Ensure respect, responsiveness and transparency" and "Social Equity: Ensure an inclusive, healthy and safe community".



Jerry Conlin, Director,
Municipal Law Enforcement and Licensing Services



Jacqueline Long, Interim Commissioner,
Corporate Services Department and H.R.



Report

To:	Corporate Services Committee	Item:	CORP-12-244	Date of Report:	October 17, 2012
From:	Rick Stockman, Commissioner Corporate Services Department	File:	D-2200	Date of Meeting:	October 25, 2012
Subject:	<i>Residential Rental Housing Licensing: Demerit Point System Implementation</i>			<i>PUBLIC REPORT</i>	

1.0 PURPOSE

The purpose of this report is to respond to the Corporate Services Committee's direction regarding the development of a demerit point system to more effectively manage chronic or repetitive non-compliance with City by-laws, including the Residential Rental Housing Licensing (RRHL) By-law, by certain residential rental property owners operating from within the rental area

2.0 RECOMMENDATION

That the Corporate Services Committee recommend to City Council:

1. That the proposed demerit point system be adopted in the form and manner outlined in Report CORP-12-244; and,
2. That staff report on the effectiveness of a demerit point system approximately one year following implementation.

3.0 EXECUTIVE SUMMARY

- Not applicable

4.0 INPUT FROM OTHER SOURCES

4.1 General

- Information Technology Services
- City Clerk Services

4.2 Auditor General

- The Auditor General does not provide comments on reports of this nature.

5.0 ANALYSIS

5.1 Background

- The Corporate Services Committee directed staff to develop a demerit point system for the RRHL regime at its June 21, 2012 meeting.
- Staff consulted with various City branches and advised in Report CORP-12-211 (Attachment 1) that due to the absence of generic software and the cost of in-house development, an automated process would not be feasible or cost effective at this time.
- At its September 13, 2012 meeting, Committee considered the concerns and directed staff to develop a more simplified demerit point system and to report back by October 25, 2012.

5.2 Proposed “Modified” RRHL Demerit Point System

- The goal of the proposed RRHL demerit point system is to create an objective measure for the purposes of determining the suitability of issuing a license to an applicant and managing their compliance with the standards of that RRHL regime once a licence has been issued.
- The proposed RRHL demerit point system will be tracked by property, rather than by owner(s) as there is no existing mechanism to track by property owners. Applying the demerit points to the property where the problem(s) exist allows the City to address the source.
- A more sophisticated tracking system based on property owners rather than just property can be considered for the future if it is determined to be beneficial.
- Demerit points will be issued for certain confirmed by-law infractions detailed in Section 5.3.
- Demerit points will accumulate as the number of confirmed violations increase and remain on the licensed rental property’s record for a period of two years.
- When a property is found in violation of one or more City by-laws and the violation confirmed, a demerit point(s) will be issued and applied to the licensed rental property’s record regardless of whether compliance is achieved. A violation will be confirmed by any of the following means:
 - The expiry of the period for appealing against a conviction in the Ontario Court of Justice;
 - The confirmation of an administrative penalty; or
 - The confirmation of an administrative order.

- Table 1 details the point thresholds for each consequence.

Table 1
Demerit Point Thresholds and Consequences

Consequence	Demerit Point Threshold
Warning Letter	7 points
Licence Review by Hearings Officer	15 points

- a) **Warning letter and meeting with the Director of Municipal Law Enforcement and Licensing Services (MLELS)** – a warning letter is sent advising the licensee of their demerit point balance when it reaches 7 and giving notice that they are required to attend a meeting with the Director of MLELS. If the owner(s) fail to attend the meeting, the file will be referred to the Hearings Officer.
- b) **Licence review by Hearings Officer** – The licensee’s Residential Rental Housing Licence is referred for review by the City’s Hearings Officer once the demerit point total reaches 15 points. The potential outcomes of a Hearing are solely at the discretion of the Hearings Officer and is based on the evidence provided at the Hearing. Decisions could include:
 - Hearings Officer is satisfied that the owner(s) understand the need for ongoing compliance with City by-laws and no further action is required;
 - Conditions attached to licence are imposed (ie reduced licence time frame, reduced number of bedrooms which can be licensed, owner directed to hire a property maintenance company to manage the property condition); and
 - Licence revocation (generally not exceeding one year).

5.3 Demerit Point Schedule

- The severity of by-law infractions will be accounted for in the assignment of demerit points to each infraction in a manner where more serious by-law infractions are assigned a higher number of demerit points and a lower number of demerit points are attached to less serious by-law infractions.
- Table 2 outlines the by-law infractions the RRHL demerit points will apply to and the number of points attached to each infraction based on severity of the infraction.

Table 2
Demerit Point Schedule

By-law Infraction	Demerit Points¹
Licensing – operating without a licence	5 points
Licensing – operating contrary to regulations	3 points
Zoning – illegal use	3 points
Property Standards	2 points
Lot Maintenance	2 points
Boulevard	2 points
Noise	2 points
Nuisance	2 points
Waste	1 point
Zoning – RV/Trailers/Boats	1 point
Zoning – sight obstructions	1 point
Unauthorized Parking	1 point
¹ Unless otherwise noted, the listed demerit points apply to all offence and penalty sections of the corresponding by-law.	

5.4 Implementation: Proposed RRHL Demerit Point System

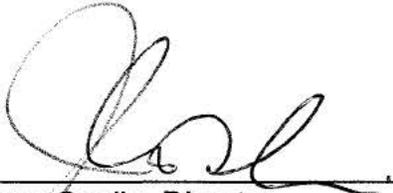
- Although the concept of the proposed RRHL demerit point system may appear simple, the fluid nature of enforcement activities and the use of a manual system to track demerit point balances will require a significant amount of staff analysis and coordination and impede staff’s ability to effectively provide on demand and accurate reports/updates to the proposed RRHL demerit point system.
- Demerit point statistics will be provided in MLELS’ quarterly reports.
- Staff will create a communication plan to advise all stakeholders in the rental area on the implementation and operation of the new RRHL demerit point system. Educating stakeholders on the implications of the RRHL demerit point system will improve the effectiveness of the demerit point system and encourage a greater level of compliance with City by-laws in the rental area.
- It is important to note that provincial privacy legislation restricts the release of demerit point reports/updates that are specific to a property to the public; and further, that staff may potentially be required to consult with the Provinces’ Privacy Commissioner in the form of a privacy impact assessment prior to the implementation of the RRHL demerit point system.
- It is recommended that staff report on the effectiveness of the demerit point system in approximately one year following implementation.

6.0 FINANCIAL IMPLICATIONS

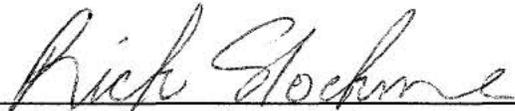
- There are no direct financial implications related to this report.

7.0 RESPONSE TO THE COMMUNITY STRATEGIC PLAN

- The recommended direction is consistent with Goal A (A Vibrant, Strong and Progressive Community), Goal B (A Green and Sustainable Community) and Goal C (A Caring and Responsive Community) of the City's Community Strategic Plan by supporting post-secondary institutions as a key economic strength, managing growth, using land wisely, enhancing safety, encouraging affordable housing and ensuring accountability.



Jerry Conlin, Director,
Municipal Law Enforcement and Licensing Services



Rick Stockman, Commissioner
Corporate Services Department

Attachment

To:	Corporate Services Committee	Item:	Date of Report:
		CORP-12-211	September 10, 2012
From:	Rick Stockman, Commissioner Corporate Services Department	File:	Date of Meeting:
		D-2200	September 13, 2012
Subject:	<i>Residential Rental Housing Licensing: Demerit Point System</i>		<i>PUBLIC REPORT</i>

1.0 PURPOSE

The purpose of this report is respond to the Corporate Services Committee direction to develop a demerit point system stipulating graduated consequences for managing licensee non-compliance with the Residential Rental Housing Licensing (RRHL) By-law.

2.0 RECOMMENDATION

That the Corporate Services Committee recommend to City Council:

That in accordance with CORP-12-211 dated September 10, 2012 staff examine alternative approaches to a demerit point system for managing "repeat offenders" such as amending the Licensing By-law 120-2005, and report back in the fourth quarter of 2012.

3.0 EXECUTIVE SUMMARY

➤ Not applicable

4.0 INPUT FROM OTHER SOURCES

4.1 General

- Legal Services
- Information Technology Services
- City of Toronto

4.2 Auditor General

- The Auditor General does not provide comments on reports of this nature.

5.0 ANALYSIS

5.1 Background

- The Corporate Services Committee reviewed Report CORP-12-113 responding to two motions regarding the enforcement and administration of the RRHL By-law at its April 19, 2012 meeting. At that meeting, Committee also directed staff to develop a demerit point system for the residential rental housing licensing regime and to report back to Committee at its June 21, 2012 meeting. City Council approved this direction at its April 30, 2012 meeting.
- Considering that demerit point systems in a municipal licensing context are a relatively new area, further research and consultation was required. Accordingly, at its June 21, 2012 meeting, Committee extended the timeframe for staff to report back to September 13, 2012.

5.2 Demerit Point Systems and the RRHL By-law

- Demerit point systems are an administrative tool for managing a licensee(s) non-compliance with regulations and standards. It examines a licensee's historical record of compliance or non-compliance to objectively administer various established consequences during the licensing period and to determine the suitability of issuing a licence to an applicant.
- A demerit point system quantifies infractions through the assignment of points based upon the occurrence of a conviction or the confirmation of an AMP and establishes point thresholds whereby exceeding a point threshold could result in a graduated consequence. Typically, graduated consequences include warnings (when lower point thresholds are triggered) and licence suspensions (when higher point thresholds are triggered).
- The success of an RRHL demerit point system largely depends on how well AMP's and POA's can be administered and tracked. Considering the number of RRHL licenses (approximately 300), AMP's issued and the fluid nature of enforcement activities and infraction affirmations, the use of software and technology is integral to administering a demerit point system in an accurate and equitable manner.

5.3 Limitations: Implementing and Administering an RRHL Demerit Point System

- Consultation with various City branches has identified technological and administrative challenges that limit the feasibility of implementing a demerit point system at this time. Specifically, within the City there is no consolidated software system by which debts (including AMP's), *Provincial Offences Act* convictions or administrative orders can be tracked to an individual.

- The City currently uses two systems – Oshawa Land Information (OLI) and MES, to track and manage by-law infractions and AMP issuance information.
- Both systems track differently – MES tracks by person and plate (only for AMP related matters) and OLI tracks by property. This creates a situation where staff may not have all the required information to assess or monitor demerit points.
- In order to sufficiently administer an RRHL demerit point system, both OLI and MES must be capable of the following:
 - Automatically tracking the various AMP's, *Provincial Offence Act* convictions and administrative orders *by the person to whom they relate*;
 - Consistently monitoring each person's demerit point records;
 - Must be linked and capable of communicating with each other; and
 - Must be able to notify staff if specific demerit point thresholds are triggered.
- The above technological capabilities do not currently exist in both OLI or MES and developing the capabilities would require substantial IT resources and would invariably bear additional costs.
- Another important shortcoming would be the City's inability to efficiently track *Provincial Offences Act* convictions which have been appealed and affirmed by provincial courts.
- Staff contacted the City of Toronto's Permit and Licensing Issuing Office, the only municipality known to have implemented a demerit point system, and identified that its system has been broadly applied as it covers the issuance of all licences. The system, however, requires a significant amount of technological and staff resources to develop, maintain and administer.
- Alternatively, a manual-tracking process for a demerit point system would be unreliable, cumbersome and inefficient to administer.
- The implementation of an RRHL demerit point system in Oshawa to address a limited number of "repeat offenders" would not be a cost effective solution given that it would require a significant amount of resources to develop, support, and administer. For this reason, an RRHL demerit point system is not recommended at this time.

5.4 Alternative Approach

- Although "repeating" cases of non-compliance do exist, they are limited and the City manages them on an ongoing and case-by-case basis.
- It is important to note that AMP's have been highly effective in achieving compliance with the majority of residential rental housing licences.

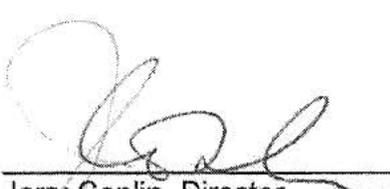
- For cases where the AMP has become "the cost of doing business", the By-law does provide the Director authority to refer the licence to the Hearings Officer to consider a request to revoke or modify a licence.
- Although this approach has been used in a small number of cases, a review of the existing By-law to strengthen the wording would be appropriate at this time.
- Staff recommend that alternative approaches for managing "repeat offenders" such as amending the Licensing By-law 120-2005 be investigated and that staff report back on alternative approaches in the fourth quarter of 2012.

6.0 FINANCIAL IMPLICATIONS

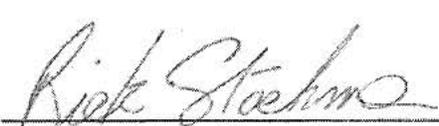
- There are no direct financial implications related to this report, however, should staff be directed to implement an RRHL demerit point system, an assessment of the potential financial implications would be required as costs associated with technological and administrative resources would likely be significant.

7.0 RESPONSE TO THE COMMUNITY STRATEGIC PLAN

- The recommended direction is consistent with Goal A (A Vibrant, Strong and Progressive Community), Goal B (A Green and Sustainable Community) and Goal C (A Caring and Responsive Community) of the City's Community Strategic Plan by supporting post secondary institutions as a key economic strength, managing growth, using land wisely, enhancing safety, encouraging affordable housing and ensuring accountability.



Jerry Conlin, Director
Municipal Law Enforcement and Licensing Services



Rick Stockman, Commissioner
Corporate Services Department

Residential Rental Housing Licensing Demerit Point System ("R.R.H.L. D.P.S.") Frequently Asked Questions

Question: What is the R.R.H.L. D.P.S. and what is its purpose?

Answer: The R.R.H.L. D.P.S. is a new administrative tool to monitor and manage an R.R.H.L. licensee's compliance with Schedule "K" of the Licensing By-law 120-2005 following the issuance of a licence.

Question: What is the origin of the R.R.H.L. D.P.S?

Answer: At its November 26, 2012 meeting, City Council directed staff to develop the R.R.H.L. D.P.S and the By-law implementing the R.R.H.L. D.P.S was approved on January 28, 2013.

Question: Who does the R.R.H.L. D.P.S apply to?

Answer: The R.R.H.L. D.P.S applies to properties licensed or seeking a licence in the R.R.H.L. area specified under Schedule "K" to Licensing By-law 120-2005.

Question: What by-law infractions do demerit points apply to and how are they weighted?

Answer: Demerit points apply only to specific by-laws listed in the schedule below and points are weighted based on the type of infraction.

By-law Infraction	Demerit Points
Licensing – operating without a licence	5
Licensing – operating contrary to regulations	3
Zoning – illegal use	3
Boulevard	2
Lot Maintenance	2
Noise	2
Nuisance	2
Property Standards	2
Unauthorized Parking	1
Waste	1
Zoning – recreational vehicles/trailers/boats	1
Zoning – sight obstructions	1

Question: When are demerit points issued?

Answer: For applicable by-law infractions inspected after January 28, 2013, demerit points are issued to a licensed property when the property is found in violation of one or more by-law infractions listed in the demerit point schedule and the infraction has been confirmed.

- A confirmed infraction means any of the following:
- The expiry of a period for appealing an administrative penalty (A.M.P.) or appealing a Provincial Offences Act (P.O.A.) ticket in the Ontario Court of Justice
- The payment or affirmation of an A.M.P. by a Hearings Officer
- The payment or affirmation of a P.O.A. ticket by the Ontario Court of Justice.
- The affirmation of an administrative order or notice

Question: How are demerit points issued?

Answer: Demerit point(s) are issued for each confirmed by-law infraction.

Question: Do demerit points affect rental properties that have never been licensed?

Answer: Yes. If a rental property is new to the R.R.H.L. process and has been found to be “operating without a licence”, demerit points will be issued to the property if and when a licence is issued.

Question: How long do demerit points remain on a licensed property’s record?

Answer: Demerit points remain on a licensed property’s record for a period of 2 years from the date they are issued.

Question: If I own multiple licensed properties, do demerit points issued to one property affect the others?

Answer: No. Demerit points only affect the licence of the property they are issued to; simply put, each property has their individual demerit point record.

Question: Do the previous property owner’s accumulated demerit points affect me if I purchase their property?

Answer: No. Once the City is notified that an ownership change has occurred, all demerit points accumulated by the previous owner are cancelled for that property.

Question: Are there any consequences for accumulating demerit points?

Answer: Yes.

At 7 points the property owner will receive a warning letter and must attend a meeting with the Director, Municipal Law Enforcement and Licensing Standards to discuss the reasons for the chronic inability to comply with City by-laws and to discuss the possible impacts on their R.R.H. Licence. Failure to attend a meeting with the Director may result in referring the R.R.H. Licence to a Hearing.

At 15 points the property owner's R.R.H. Licence is referred to a Hearing for review. Any decision regarding an R.R.H. Licence is solely at the discretion of the Hearings Officer.

Question: Where can I get more information on the R.R.H.L. D.P.S?

Answer: For more information on the R.R.H.L. D.P.S, please contact Municipal Licensing and Standards at (905) 436-3311.

Question: Where can I get more information on the Hearings process?

Answer: For information regarding the Hearings process, please contact Municipal Law Enforcement Services at (905) 436-3311.

**Confirmed R.R.H.L. Demerit Points
(Jan 28, 2013 to Jan 28, 2015)**

Range of Demerit Points	# of Licensed R.R.H.L. Properties with Confirmed Demerit Points¹
1	1
2	35
3	0
4	9
5	22
6	2
7 (Warning Letter)	5
8	0
9	0
10	0
11	0
12	0
13	0
14	0
15 (Licence Hearing)	0
Total # of Licensed R.R.H.L. Properties with Confirmed Demerit Points	65
Total # of Licensed R.R.H.L. Properties as of January 28, 2015	294

Note:

¹Lists the number of R.R.H.L. properties with the corresponding number of demerit between January 28, 2013 to January 28, 2015.

R.R.H.L. Demerit Point Schedule

By-law Infraction	Demerit Points
Licensing: operating without a licence	5
Licensing: operating contrary to regulations	3
Zoning: illegal use	3
Boulevard	2
Lot Maintenance	2
Noise	2
Nuisance	2
Property Standards	2
Unauthorized Parking	1
Waste	1
Zoning: recreational vehicles/trailers/boats	1
Zoning: sight obstructions	1

Assessment of the R.R.H.L. D.P.S. and Alternative Models

Option	Benefits	Challenges	Estimated Annual Cost ¹
<p>Current R.R.H.L. Demerit Point System</p>	<ul style="list-style-type: none"> Establishes an objective measure to determine the suitability of issuing R.R.H. Licences Provides an opportunity for staff to educate licensees who may have difficulty complying with licensing standards in a relatively timely manner The R.R.H.L. D.P.S. is an additional tool for the City to manage licensees' compliance with relevant licensing standards Licensee's infraction history is reviewed on a monthly basis 	<ul style="list-style-type: none"> No indication of need to address "repeat offenders" The R.R.H.L. D.P.S. requires a significant amount of staff resources to administer as the processes are all manual The amount of staff resources to administer the R.R.H.L. D.P.S. will increase as the Rental Area is expanded Administering the R.R.H.L. D.P.S. will become increasingly difficult as: <ul style="list-style-type: none"> the Rental Area expands different dwelling types (ex. apartments, duplexes, etc.) are subject to the R.R.H.L. D.P.S. The R.R.H.L. D.P.S. is vulnerable to error 	<p>\$28,300 +²</p>
<p>Alternate Model "A": Annual Review of Licensee's By-law Infraction Record</p>	<ul style="list-style-type: none"> Does not require a significant amount of staff resources to administer Allows City to deploy staff resources more efficiently and effectively (i.e. greater level of enforcement and licensing activities) Provides staff more flexibility in determining the suitability of issuing an R.R.H. Licence on a case-by-case basis (ex. issuance of conditional licence or referral of licence to Hearings Officer) Process is less vulnerable to error 	<ul style="list-style-type: none"> Licensee's infraction history is reviewed on an annual basis Does not establish an objective measure to determine the suitability of issuing R.R.H. Licences 	<p>\$ 0</p>

Option	Benefits	Challenges	Estimated Annual Cost ¹
<p>Alternate Model “B”: Automated R.R.H.L. Demerit Point System</p>	<ul style="list-style-type: none"> • Establishes an objective measure to determine the suitability of issuing R.R.H. Licences • Provides an opportunity for staff to educate licensees who may have difficulty complying with licensing standards in a timely manner • The R.R.H.L. D.P.S. is an additional tool for the City to manage licensees' compliance with relevant licensing standards. • Requires less staff resources to administer compared to the current R.R.H.L. D.P.S. • Less susceptible to error • Licensee's infraction history is reviewed on a live-basis 	<ul style="list-style-type: none"> • No indication of need to address “repeat offenders” • Full automation may not be possible as two (2) of the three (3) software systems are developed by third parties • May not align with City's Information Technology strategy • Potentially costly; system may become obsolete • Unlikely that Automated R.R.H.L. D.P.S. could be applied to other categories of business licensing • Manual processes are still required 	<p>To be determined. Cost is likely to be significant</p>

Notes:

¹ Represents additional staff hours, expressed in dollars, required to administer each respective option on an annual basis.

² Cost of administration will increase as the Rental Area is expanded to include additional rental properties and therefore licensees.