

City of Greater Sudbury

Rental Conversion Policy Review

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Prepared by:



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1.0 Introduction

Rental housing plays a vital role in the housing continuum in a community. Many jurisdictions, including the City of Greater Sudbury, have adopted policies that prevent the conversion of rental housing to condominiums if the rental vacancy rate is less than a certain rate.

Adopting condominium conversion policies helps ensure an adequate supply of rental housing to meet the needs in the community. It also helps ensure an organized process for the conversion of residential rental units to condominium ownership when conditions are suitable while providing measures to mitigate hardship for tenants of rental properties that are the subject of conversion applications. While regulating condominium conversions based on a specific vacancy rate is a common practice and has been found to be effective in many jurisdictions, the City of Greater Sudbury has found that there may be a need for more flexibility and broader considerations in implementing this policy.

The overall goal of this report is to examine the City's current policy on condominium conversions to determine whether revisions are required to allow for a more flexible and broader approach to the policy.

2.0 Rationale for a Rental Conversion Policy Review

2.1 Provincial Policy Context

There are a number of provincial policy documents that call for the provision of a range of housing types and tenures to meet the housing needs of all residents. These include the:

- Ontario Long Term Affordable Housing Strategy
- Housing Services Act
- Ontario Housing Policy Statement
- Provincial Policy Statement
- Planning Act
- Residential Tenancies Act
- Condominium Act
- Municipal Act

A summary of these policy documents can be found in Appendix A. These policy documents support the protection of rental housing as an affordable housing option through their requirement for the provision of a full range of housing types and tenures. In particular, the Municipal Act gives municipalities the power to prohibit the demolition and conversion of residential rental properties and to impose conditions as a requirement for obtaining a building permit.

With regard to tenant protection, the Residential Tenancies Act protects tenants in a condominium conversion by giving them the right to remain in the unit even after the conversion and tenants have the right of first refusal when the unit is up for sale. On the

other hand, tenants may be forced to leave when major renovations are underway.

2.2 Role of Rental Housing

Rental housing fulfills a number of roles in the housing market.

- Rental housing provides a flexible form of accommodation that supports an active and mobile lifestyle for single individuals and non-family households.
- Rental housing offers individuals, such as seniors or persons living with disabilities, who are unable to cope with the day-to-day upkeep of their homes, relief from the burden of maintenance and repair as well as a greater potential for social interaction with neighbours.
- Rental housing is also often the first step in affordable housing for young adults and people starting out, allowing them to save for homeownership.
- Rental housing is also a good option for students, new immigrants and workers who only require short-term accommodation in a community.

In addition to meeting the lifestyle needs of many individuals and families, rental housing is typically more affordable than ownership housing. Monthly payments tend to be lower and there is no need for a down payment other than the first and last months' rent. Also, tenants do not have to worry about maintenance and repair costs and the cost of at least some utilities is often included in the rent. While home ownership is the ideal for many individuals and families, it may not always be appropriate for all, particularly individuals and families who are still saving for a down payment or

individuals who are unable to afford the additional costs of home ownership, such as maintenance and property insurance costs. As such, it is important for a community to have a full range of housing options, including rental housing, which fulfills the needs of certain groups.

2.3 Demand and Supply of Rental Housing in the City of Greater Sudbury

Rental Universe

The recent need and demand analysis undertaken for the Housing and Homelessness Plan shows that the overall number of rented units in Greater Sudbury has decreased by nearly 2,000 units between 1996 and 2011. This rental universe includes units in both the primary and secondary rental markets so the decrease in number of units may be partly due to units in the secondary rental market being converted back to ownership units. In term of the primary rental market, the number of private apartment units in the Greater Sudbury CMA increased by only 1.75% or 192 units in the period from 2001 to 2012.

Renter Households

The need and demand analysis also shows that one-person and non-family households are most likely to rent with 57.2% of one-person households living in rented accommodation in the City of Greater Sudbury in 2011. Considering that the proportion of one- and two-person households has increased from 61.1% of all households in 2001 to 64.9% in 2011, this suggests a need for appropriate housing options for smaller households, including rental housing options. In

addition, non-family households are contributing to a larger share of the City's households and these households tend to choose rental housing.

The analysis also shows that senior- and youth-led households are more likely to fall in the lower income groups. In 2010, 40.2% of senior households had household incomes in the lowest three deciles. There were also 68.0% of households led by individuals younger than 25 years in the lower three deciles of incomes. These two groups are more likely to rent compared with other households which suggest a need to ensure an adequate supply of rental housing, particularly affordable rental housing for these population groups.

Vacancy Rates

The following chart shows the vacancy rates in the City of Greater Sudbury by unit type for 2012 and 2013. The overall vacancy rate for Greater Sudbury CMA in 2013 was 3.4%, increasing from 2.7% in 2012 and 2.8% in 2011. In general, a vacancy rate of 3.0% indicates a healthy rental housing market, with a balance of supply and demand.

The total vacancy rate for 2013 suggests that there is a greater supply of rental housing than is required but an examination of the rental vacancy trends in the different zones of the municipality indicates otherwise. The data indicates that the demand for rental housing varies in the different neighbourhoods throughout the City. The data also shows that there are significant variations in terms of vacancy rates by unit type. This suggests that the location and unit size may need to be taken into consideration when looking at the

overall condition of the private rental market in the City. *A map showing the different zones in the Greater Sudbury CMA is included in Appendix D.*

Table 1: Private Apartment Vacancy Rates by Zone¹ and Unit Type: Greater Sudbury CMA; 2012-2013

Zone	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom+		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Zone 1	1.0%	6.1%	1.8%	1.2%	1.0%	1.7%	0.9%	0.0%	1.3%	1.6%
Zone 2	0.8%	4.3%	1.6%	1.6%	1.4%	2.0%	0.8%	2.3%	1.4%	2.1%
Zone 3	**	2.5%	4.1%	3.9%	3.7%	5.7%	**	**	4.3%	4.7%
City of Sudbury (Zone 1-3)	3.2%	3.5%	3.0%	2.7%	2.2%	3.5%	5.0%	2.5%	2.7%	3.1%
Zone 4	5.8%	5.5%	5.2%	**	1.0%	4.7%	**	**	2.2%	4.9%
Greater Sudbury CMA	3.5%	3.7%	3.2%	2.9%	2.0%	3.7%	4.5%	3.3%	2.7%	3.4%

Source: CMHC Rental Market Report: Greater Sudbury, Fall 2013

2.4 City's Current Policies on Rental Housing

The City of Greater Sudbury's Official Plan currently prohibits the conversion of rental housing to condominium tenure unless the rental vacancy rate is at 3.0% or above. The City's Official Plan states that it is the City's objective to meet Greater Sudbury's housing needs by encouraging the provision of an adequate supply of affordable, ownership, rental and special needs housing in Living Areas. It also states that the housing policies aim to maintain a balanced mix of ownership and rental housing.

2.5 Recent Rental Conversion Applications

Recent applications to convert rental housing units to condominium units in the City of Greater Sudbury include the following:

¹ Zone 1 – Lockerby (includes the entire area south of Ramsey Lake); Zone 2 – New Sudbury (includes New Sudbury and Minnow Lake); Zone 3 – Old Sudbury (includes West End, Gatchell and Cooper Cliff); Zone 4 – Remainder of Metropolitan Area (includes Valley East, Rayside-Balfour), Nickel Centre, Walden and Onaping Falls

- 27 apartment units in 2011
- 65 apartment units in January and February 2014
- 183 rental town house units in April 2014

The recent conversion applications as well as the results of the need and demand analysis have led the City to review its current rental conversion policy and the ability of this policy to help ensure an adequate supply of rental housing in the City.

2.6 Local Context

Interviews with local developers as well as municipal staff from other municipalities suggest that the main motivation for landlords/property owners to convert rental units is to increase the value of the building or units. It also allows the property owner to sell some units or the entire property to free up capital for other investments. One developer also suggested that the cost of maintaining rental housing was an issue.

With regard to the difference between the tax rates for a multi-residential rental building compared to a condominium, the results of interviews with municipal staff suggest a slight advantage for the developer/property owner in the short-term but this evens out in the longer term. In the City of Greater Sudbury, a conversion of an existing multiple residential building from rental to condominium ownership would change the municipal tax rate from the multiple residential rate of 3.028% to the residential rate of 1.47%. However, any municipal tax advantage of the lower residential rate would be offset by the increase in the total tax owing on the combined value of all of the new condominium units at the

residential rate. As a result, there is a limited advantage from a municipal property tax perspective to converting units from a single ownership to condominium ownership if the property owner retains ownership of the units and continues to rent them out.

3.0 Conversion Policies in Other Municipalities

3.1 Summary of Conversion Policies

A number of municipalities in Canada have identified specific policies to regulate the conversion of rental housing to condominium ownership. The following matrix provides a summary of the main elements included in conversion policies in selected municipalities. The detailed condominium conversion policies can be found in Appendix C.

	Rental Vacancy Rate Threshold	Timeframe for Vacancy Rate	Vacancy Rate Threshold After Conversion	Use of CMHC Data to Monitor the Rental Market	Property and Building Standards	Vacancy Rate Threshold by Unit Type and Location	Additional Requirements to Protect Affordable Housing
City of Abbotsford	✓	✓		✓			✓
City of Burlington	✓	✓		✓	✓	✓	
Municipality of Clarington	✓	✓	✓	✓		✓	
City of Hamilton	✓	✓	✓	✓		✓	✓
City of North Bay	✓	✓		✓			✓
City of Ottawa	✓	✓		✓		✓	✓
City of Regina	✓					✓	
Municipality of Sault Ste. Marie					✓		
City of St. Thomas	✓	✓		✓	✓		✓
City of Thunder Bay	✓			✓			
City of Toronto	✓	✓		✓			✓
City of Waterloo	✓	✓		✓	✓		✓
Region of Waterloo	✓	✓					✓

3.2 Lessons Learned

The scan of rental conversion policies in different municipalities has identified a number of key elements that should be taken into consideration in the development of a revised condominium conversion policy for the City of Greater Sudbury. These include the following:

- Most of the municipalities examined identified a vacancy rate threshold that had to be met before a conversion application was considered. This threshold was 2% or 3% for all municipalities.
- Most of the municipalities required that the vacancy rate be at the identified threshold for a certain timeframe before rental conversion applications were considered. This time frame ranged from one year (two successive CMHC rental surveys) to four years (four annual CMHC rental surveys).
- Most of the municipalities examined used CMHC rental market survey statistics to monitor average rents, vacancy rates and other data related to the local rental housing market.
- A number of municipalities examined required that the building in question meet all the requirements of the property standards by-law, the Ontario Building Code, and any other applicable standards. In addition, some municipalities required a structural report as well as other reports prepared by qualified professionals ensuring that all building elements, including but not limited to mechanical, electrical, heating and cooling, plumbing and electrical components, were of sound working order, which are requirements under the Condominium Act. These

requirements were part of the policies of Burlington, Sault Ste. Marie, St. Thomas, and Waterloo (City of).

- The condominium conversion policy of some municipalities included requirements for a specific rental vacancy threshold for the overall municipality as well as for the housing market zone within which the subject building is located. This was included in the policies of Burlington, Hamilton, Ottawa, and Regina.
- Another element of some of the municipal rental conversion policies examined was a rental vacancy rate threshold for the dwelling type/unit size that would be converted. This was included in the policies of Burlington, Clarington, Hamilton, and Ottawa.
- Some municipalities included provisions that limit conversions if there is an impact on the affordable rental housing supply. Conversions would be permitted only if the conversion resulted in affordable ownership units, the units were replaced by units with affordable rents, or a contribution to an affordable housing reserve fund was made. The municipalities that included this requirement are Abbotsford, Hamilton, North Bay, Ottawa, St. Thomas, Toronto, and Waterloo (City and Region).

In addition to the scan of municipal rental conversion policies, four municipalities were chosen for a more in-depth examination of their policies and the implementation of these policies. These municipalities were selected based on having relatively higher rental vacancy rates as well as having other requirements in their policies in addition to the rental vacancy rate threshold. Interviews with representatives of these municipalities identified further

suggestions to be considered in developing a rental conversion policy for the City of Greater Sudbury. These included the following:

- Including a requirement to meet property standards bylaws and the requirements of the Ontario Building Code, and the submission of reports from qualified professionals stating that the subject building is in proper working order before approval is granted. It was found that this requirement helped ensure that the building met all life, safety and health standards and was liveable for the remaining tenants and new condominium owners.
- Avoiding the criteria that permits conversions if a certain percentage of tenants (whether 50% or 75%) agree to the conversion. It was found that this was difficult to implement and required considerable effort from the municipality. The municipal representative interviewed also expressed some concern about the transparency of the process and whether tenants were completely aware of their rights.
- Incorporating a rental vacancy threshold that has to be met even after the conversion. For example, the City of Hamilton requires that a 2% vacancy rate remain even after the conversion. This is important particularly for a municipality with limited stock and where conversions could have a significant effect on the overall rental universe. For example, several conversions that occurred in 2007 and 2008 in the City of Regina resulted in the vacancy rate decreasing from 3% to 0.6%.
- Balancing the protection of rental housing with gaining more affordable ownership housing as well as with

upgrading older buildings to make these more liveable for both tenants and new homeowners.

With regard to a process for multiple applications, none of the municipal staff interviewed were aware of a process that their municipality used as multiple applications had not been an issue so far. One municipal representative interviewed suggested that if all the criteria were met by all the applications, the decision to approve could be based on whether the applications reduced the vacancy rate below the identified threshold. Another interviewee suggested that if some but not all applications were approved, the others should be required to submit a new application if, and when, the criteria for a conversion were met.

All the municipalities had in place a policy to protect tenants. These ranged from meeting the requirements of the Residential Tenancies Act to additional consultations, anonymous surveys and several information sessions for tenants. None of the four municipalities interviewed had a specific process to monitor the effect of the conversion on the tenants of the subject property after the conversion. One municipal representative stated that tenant advocacy organizations had been consulted while their policy was being reviewed and none of these organizations had identified an issue with the condominium conversion policy.

One of the interviewees noted that while data from the CMHC rental market surveys is used, this municipality orders special run data from CMHC to correspond to the zones that the municipality identified rather than the zones identified by CMHC. This made the

data more relevant for the municipality without requiring additional resources to gather rental data through other methods.

4.0 Recommended Rental Conversion Policy for the City of Greater Sudbury

As previously discussed, the City of Greater Sudbury currently has a rental vacancy rate above 3% although this was not the case for the previous two years. Considering that, generally, private developers have more motivation to build condominiums rather than purpose-built rental housing and the significant subsidies required to build affordable rental housing, it is prudent for the City of Greater Sudbury to try and retain its rental housing stock, particularly its affordable rental housing stock. It should also be considered that older rental buildings, which generally have more affordable rents, are also more likely to be the subject of condominium conversions.

It is recognized that some condominium conversions may not affect the supply of affordable rental housing as the rent for these units are at the high end. In this case, less restrictive criteria may be considered for a condominium conversion, particularly if the conversion results in a more diverse housing supply or the revitalization of a neighbourhood.

Using a short time frame for evaluating the rental vacancy rate may be problematic as circumstances may change quickly. In addition, relying only on the overall vacancy rate for the City or CMA will not take into account the context in individual zones of the City or CMA. As such, the recommended policies include an overall vacancy rate threshold for permitting condominium conversions as well as a vacancy threshold for the unit size(s) and local housing market zone that will be affected by the conversion. The proposed vacancy rate threshold for the unit size and local housing market zone is lower

than the rental vacancy rate threshold for the whole municipality (2% compared to 3%) as it takes into account the availability of rental housing in the other housing market zones. The lower threshold also makes the criteria more feasible for condominium conversion applicants while still protecting the rental market stock of the City.

1. It is recommended that the City revise its current rental conversion policy in the Official Plan to include the following requirements for conversions of six or more dwelling units as per the requirements of the Municipal Act:
 - a) That the rental vacancy rate for the whole Municipality is 3% or higher for the preceding three years (three successive Fall rental market surveys as undertaken by CMHC);
 - b) That the rental vacancy rate for the specific unit size for the entire Municipality and the specific local housing market zone based on CMHC data, has been at or above 2% for the preceding three years;
 - c) That the proposed conversion shall not reduce the rental vacancy rate by unit type to below 2% for the entire Municipality and the specific local housing market zone²;

² The proposed methodology for calculating the vacancy rate after conversion is: 1) deduct the number of units to be converted (whether they are vacant or occupied) from the number of vacant units and universe as reported in the latest CMHC Rental Market Report for the Greater Sudbury CMA; 2) calculate the new vacancy rate by dividing the new number of vacant units (result of step 1) by the number of units in the universe (result of step 1). The result of step #2 should be more than 2% for the unit type and local housing market zone affected by the conversion for the application to be considered. This methodology assumes that the tenants of the proposed conversion will have to find rental accommodation elsewhere.

- d) That the subject property meets the requirements of the City's Property Standards Bylaw and the requirements of the Ontario Building Code and that any deficiencies be addressed prior to final approval;
- e) That the subject property be inspected by a qualified professional and a report be submitted to the City that addresses the following matters: a life and safety audit of the building(s); a structural report; a mechanical report; an electrical report; and a site servicing report. Any deficiencies or works required as noted in these reports be rectified prior to final approval;
- f) Written confirmation that the tenants of the subject property have been notified of the application for conversion to condominium tenure and of their rights under the Residential Tenancies Act or any successor legislation;
- g) That all provisions of other applicable legislation and policies have been satisfied.
- h) That an application for the conversion of residential rental property to condominium tenure will not be considered unless the application is complete and includes all required documents and reports. Applications for condominium conversion will be considered chronologically based on the date of submission of a complete application.
- i) That an application for the conversion of residential rental property to condominium tenure includes the number of units being converted by unit size and the average rent for each unit size.
- j) It is further recommended that if the existing market rent levels for the units proposed to be converted are equal to or less than 90% of the average market rent levels for the

entire Municipality and the specific local housing market zone for rental units of a similar unit size, Council may consider requiring that any of the following conditions are met:

- i) Replacement units be provided with rents at no more than 90% of average market rents for the entire Municipality and the specific local housing market zone for a period of ten years, increased annually by not more than the Provincial Rent Increase Guideline; or
- ii) The subject units be sold as affordable ownership units the purchase price of which is at least 10% below the average purchase price of a resale unit in the regional market area and that the current tenants of the subject units, if applicable, be given the right of first refusal to purchase the unit; or
- iii) A contribution is made to an Affordable Housing Fund established by the City at a rate based on a percentage of the average house price for a similar unit in the regional market area.

In addition, the following recommendations are made to support the implementation and monitoring of the Official Plan Policy for Condominium Conversions.

2. It is recommended that the City of Greater Sudbury pass a by-law, as per the Municipal Act or any successor legislation, that prohibits the conversion of residential rental properties with six or more dwelling units unless the requirements of the City's condominium conversion policy, as outlined in the Official Plan, are met.
3. It is recommended that the City of Greater Sudbury monitor the changing rental housing market conditions, including:
 - a) Vacancy rates, average rents and rental universe of private apartment units in the entire Municipality and the different local housing market zones through the annual (Fall) CMHC rental market survey; and
 - b) The number of rental conversions and the impact on affordable housing.
4. It is recommended that the City of Greater Sudbury consider the feasibility of working with CMHC to acquire annual local rental housing market data based on local housing market zones specified by the City if the current zones used by CMHC do not fully reflect the local context.
5. It is recommended that the City of Greater Sudbury administer a survey of tenants after a conversion has occurred to monitor the impact of the conversion on tenants.

Appendix A: Provincial Policy Context for Encouraging and Protecting Rental Housing

There are a number of Provincial policy documents that call for the provision of a range of housing types and tenures to meet the housing needs of all residents. This Appendix provides an overview of a number of policy documents and their impact on rental housing, in particular, the conversion of rental housing to condominiums.

Policy	Description	Impact on Rental Housing
Planning Act	This sets out the formal planning process in Ontario	<ul style="list-style-type: none"> Promotes the adequate provision of a full range of housing Section 37 allows municipalities to approve density bonusing and transfers of development rights, which can be important tools in supporting the development and protection of affordable rental housing Contains provisions for municipalities to make grants and loans for community improvement. "Community Improvement" includes the provision of affordable housing
Condominium Act	<p>This provides the legislation for which all forms of condominiums in Ontario are operated</p> <p>Adapted in 1998; underwent a review from fall 2012 to January 2014</p> <p>Version reviewed is current as of June 20, 2012</p>	<ul style="list-style-type: none"> Outlines several ownership concepts, new regulations for reserve funds and the responsibilities of directors. For owners who lease a unit, they must provide the corporation with the lessee's contact information within 30 days of entering an agreement. Similarly they must notify the corporation upon the termination of a lease agreement Condominium applications are subject to the provisions of Section 51 of the Planning Act Section 9(4) states that if an application for conversion of rented residential premises is made, the approval authority can require a qualified inspection of the property and report on any matters that may be of concern Section 9(6) states that the applicant can apply to the approval authority for an exemption from Section 51 and 51.1 of the Planning Act
Residential Tenancies Act	Replaces the Tenant Protection Act (TPA) and took effect on January 31st 2007	<ul style="list-style-type: none"> Landlords are required to give 120 days' notice for demolition, conversion or repairs unless the landlord has entered into an agreement of purchase and sale of a rental unit that is a proposed unit under the Condominium Act with the tenant of the subject rental unit If a landlord received an offer to purchase a unit which is still occupied by a tenant, the tenant has a right of first refusal to purchase the unit at the price and subject to the terms and conditions in the offer. <ul style="list-style-type: none"> The landlord will give the tenant 72 hours notice of an offer of purchase they receive before accepting the offer

Policy	Description	Impact on Rental Housing
		<ul style="list-style-type: none"> The landlord is required to compensate a tenant in an amount equal to 3 months' rent or offer the tenant another rental unit that is acceptable to the tenant if the rental unit is to be demolished or converted and if the residential complex has at least 5 residential units
Municipal Act	Amendments to Section 210 of the Municipal Act allow designated municipalities (i.e. service managers) to add 'housing' as a class of municipal facilities and complement the new municipal authority for housing under the Social Housing Reform Act	<ul style="list-style-type: none"> Sets out the responsibilities of municipalities in Ontario and the authorities through which these can be carried out Service Managers have the authority to stimulate the production of new affordable housing by providing: grants and loans for affordable housing, exemptions from or grants in lieu of development fees and charges, reducing or waiving property taxes, and providing land at less than market value Section 110 states that a municipality may enter into agreements for the provision of municipal capital facilities
Municipal Statute Law Amendment Act (Bill 130)	Received Royal Assent on December 20, 2006 and is included as Section 99.1 of the Municipal Act	<ul style="list-style-type: none"> Gives municipalities the authority to prohibit and regulate the conversion of residential rental properties with six or more dwelling units. This includes the power to pass a by-law to prohibit the conversion of residential rental properties without a permit and to impose conditions as a requirement of obtaining a permit A municipality cannot prohibit or regulate the demolition or conversion of a residential rental property that contains less than six dwelling units The municipality shall report statistics and other information concerning the demolition and conversion of residential rental properties to the Minister and shall do so at the times and in the form and manner specified by the Minister
Provincial Policy Statement (PPS) 2014	Effective April 30, 2014 and replaces the 2005 PPS	<ul style="list-style-type: none"> This requires municipalities to provide for an appropriate range and mix of housing types and densities to meet projected requirements of current and future residents of the regional market area Includes a definition for affordable rental housing, which is: <ul style="list-style-type: none"> A unit for which rent does not exceed 30% of gross annual household income for low and moderate income households or A unit for which the rent is at or below the average market rent of a unit in the regional market area The definition of 'residential intensification' within the PPS includes the conversion or expansion of existing residential buildings to create new residential units or accommodation, including accessory apartments, secondary suites and rooming houses

Policy	Description	Impact on Rental Housing
Housing Services Act	<p>Received Royal Assent on May 4, 2011</p> <p>It repeals the Social Housing Reform Act, 2000 and makes complementary and other amendments to the City of Toronto Act (2006), Municipal Act (2001), Planning Act, and Residential Tenancies Act (2006)</p> <p>Effective January 1, 2012</p>	<ul style="list-style-type: none"> • This provides for community-based planning and delivery of housing and homelessness services with general provincial oversight and policy direction • Requires that local housing and homelessness plans must address the matters of provincial interest and be consistent with Ministerial policy statements • Sets out the role of a Service Manager which is to carry out measures to meet the objectives and targets relating to housing needs in the local housing and homelessness plan. It also allows the Service Manager to establish, administer and fund housing and homelessness programs and services and to provide housing directly. • Amendments to the Planning Act include adding a reference to affordable housing to the matters of provincial interest under section 2 and a requirement for official plans to have policies that authorize the use of second residential units • Amendments to the Residential Tenancies Act include a new section that allows the Board to designate hearing officers
Ontario Long Term Affordable Housing Strategy	Released on November 29, 2010	<ul style="list-style-type: none"> • Consolidates housing and homelessness program to allow municipalities to use funding in a more flexible way to better meet the housing needs of individual communities • Requires Service Managers to develop comprehensive housing and homelessness plans in consultation with community partners and to report to the Minister and the public on a regular basis on the progress of these plans • Identifies affordable housing as a “matter of provincial interest” • Requires municipalities to establish policies that allow second units and allows municipalities to pass zoning by-laws that authorize the temporary use of garden suites for up to 20 years with the potential for three-year extensions • States that the province will work with municipalities and housing providers to improve the current wait list system for social housing by introducing new wait list information reporting requirements to better inform decisions and enabling greater tenant mobility across service manager area boundaries
Ontario Housing Policy Statement	Intended to provide additional policy context and direction to Service Managers to support the development of locally relevant plans	<ul style="list-style-type: none"> • Includes 7 policy directions for local housing and homelessness plans. These include directions to develop strategies to generate municipal support for an active and vital private ownership and rental market.

Appendix B: Average Vacancy Rates

The following table shows the total average vacancy rates for private apartments with at least three rental units for the municipalities with rental conversion policies outlined above.

Municipality	2013	2012	2011
Abbotsford (City)	3.0%	3.9%	6.1%
Burlington	1.9%	1.3%	1.0%
Clarington	1.5%	2.6%	0.9%
Greater Sudbury CMA	3.4%	2.7%	2.8%
Hamilton (City)	3.9%	4.2%	4.2%
North Bay (CA)	3.6%	2.7%	3.9%
Ottawa (City)	2.6%	2.2%	1.3%
Sault Ste. Marie (CA)	1.6%	1.5%	1.1%
St. Thomas	3.1%	2.9%	5.3%
Thunder Bay (CMA)	2.6%	1.1%	1.7%
Timmins (CA)	3.4%	0.8%	1.8%
Toronto (City)	1.6%	1.7%	1.4%
Waterloo (Kitchener-Cambridge-Waterloo CMA)	2.9%	2.6%	1.7%

Source: CMHC Rental Market Reports (Fall)

Appendix C: Conversion Policies in Other Municipalities

The review of official plans and other strategic policy documents in selected municipalities in Ontario and Canada found that many have an objective and/or policy in place with respect to the protection of the rental housing market. Some municipalities have identified specific policies to regulate the conversion of rental housing to condominium ownership. The following table provides an overview of the conversion policies in the selected municipalities.

Municipality	Policy Document	Rental Conversion Policy
City of Abbotsford	Strata Conversion Policy Approved by Council; Revision date: December 18, 2009	<ul style="list-style-type: none"> a) Council will not normally give favourable consideration to applications for conversion of existing rental residential premises containing 5 or more dwelling units at any time when the apartment vacancy rate in the City of Abbotsford, as determined by CMHC, is 2% or lower for a period of two successive CMHC rental surveys (one year), unless 75% of the building tenants desire and qualify to purchase a unit in the proposed strata titled building. b) Applicants shall develop a relocation plan that will, at a minimum, outline options available to tenants with respect to purchase options and relocation assistance. The applicant shall identify available market and non-market rental units within the Abbotsford market and provide that information to dislocated tenants. c) Applicants shall provide existing tenants with a right of first refusal to purchase prior to the applicant giving notice to tenants that they must vacate their unit. A right of first refusal means that tenants would have the first opportunity to purchase new units at fair market value based on an independent third party appraisal, less the customary commission payable by the developer at that time. d) Recognizing the impact strata conversions may have on the supply of affordable and/or rental housing in the City, applicants are encouraged to make a voluntary per-unit contribution to the City's Affordable Housing Fund at a rate based on a percentage (3%) of the average apartment value for sales in Abbotsford as established by Fraser Valley Real Estate Board monthly sales statistics.
City of Burlington	Burlington Official Plan, Part III, Policies 2.3.1, 2.3.2, 2.4.2	<p>2.3.1.b) To encourage the retention of existing rental housing and the construction of new rental housing. (OPA 55)</p> <p>2.3.2.f) The demolition or conversion to freehold or condominium ownership of residential</p>

Municipality	Policy Document	Rental Conversion Policy
	Approved by the OMB on October 24, 2008; text and maps updated December 2013	<p>rental properties containing six or more units should not be permitted unless the following conditions are met:</p> <ul style="list-style-type: none"> i) The rental vacancy rate by dwelling/structure type for the City of Burlington as defined and reported yearly through the CMHC Rental Market Survey has been at or above 3% for the preceding two-year reporting period; ii) The building for which conversion is proposed meets the requirements of the property standards by-law, the Ontario Building Code, and any other applicable law, or will be upgraded in accordance with these standards and requirements; iii) Where demolition occurs, replacement rental housing units are provided for those units that are demolished; iv) The negative economic and other impacts upon tenants are minimized; and v) The requirements of any applicable Provincial legislation or regulation, as amended, are met. <p>2.4.2.g) City Council shall establish guidelines and monitor the conversion of existing rental housing to other uses to protect tenants and rental housing stock. (OPA 55)</p>
Municipality of Clarington	Municipality of Clarington Official Plan, Chapter 6 – Housing, 6.3.15 August 2010 Office Consolidation	<p>The conversion of existing residential rental housing to condominium tenure is generally discouraged. However, conversion may be considered provided the following conditions are satisfied:</p> <ul style="list-style-type: none"> a) The rental vacancy rate for the whole of the Municipality is 3% or higher for two successive surveys, as determined in the bi-annual rental vacancy survey undertaken by CMHC; b) The rental vacancy rate for the specific bedroom types affected by such conversion is 2% or higher; c) The approval of such conversions to condominium tenure does not result in the reduction of the vacancy rate below 3% and 2% respectively, in accordance with (a) and (b) above; and d) There is an agreement between the owner and the Municipality to satisfy financial and other conditions.
City of Hamilton	Urban Hamilton Official Plan	3.2.5.1 To protect the adequate provision of a full range of housing, conversion to

Municipality	Policy Document	Rental Conversion Policy
	<p>Volume 1, Section 3.2.5</p> <p>Approved by the OMB on August 16, 2013</p>	<p>condominium of rental apartment or townhouse buildings or groups of buildings comprised of six or more units shall be permitted if any one of three general criteria are met, outlined as a), b) and c) below:</p> <ul style="list-style-type: none"> a) All the following criteria are met: <ul style="list-style-type: none"> i) The rental vacancy rate by dwelling unit and structure type for the City and the respective local housing market zone, as identified on Schedule G – Local Housing Market Zones and based on CMHC data, has been at or above 2% for the preceding 24 months; and ii) The proposed conversion shall not reduce the rental vacancy rate by dwelling unit and structure type to below 2% for the City and the respective local housing market zone; and iii) The existing market rent levels for the units proposed to be converted are not significantly (approximately 10%) below the average market rent levels for the City and the respective local housing market zone for rental units of a similar dwelling unit and structure type and size; and iv) For vacant rental units, the last market rent levels charged prior to vacancy for the units proposed to be converted were not significantly (approximately 10%) below the average market rent levels at the time for the City and the respective local housing market zone for rental units of a similar dwelling unit and structure type and size; or b) At least 75% of the current tenants support the conversion to condominium, as demonstrated to the satisfaction of the City; or c) The subject building or group of buildings is a protected heritage property on the date of application <p>3.2.5.2 In considering a request for extension of an approval for conversion to condominium rental housing, the City shall apply Policy B.3.2.5.1.</p> <p>3.2.5.2 Notwithstanding Policy B.3.2.5.1, the City may approve an application to convert rental housing to condominium tenure, where it is demonstrated to the satisfaction of the City that:</p> <ul style="list-style-type: none"> a) Repair or retrofitting is immediately required to meet health and safety standards;

Municipality	Policy Document	Rental Conversion Policy
		<p>and</p> <p>b) Income received from rent and available from government funding programs, including rent increases permitted under provincial legislation, is not capable of supporting the work required.</p> <p>Social Housing</p> <p>3.2.5.8 The City recognizes the necessary role of social housing in meeting the housing needs of residents without the resources to participate in the private housing market.</p> <p>Notwithstanding Policy B.3.2.5.1 and Policy B.3.2.5.6, conversion to condominium and/or demolition/redevelopment of social housing units shall be permitted provided the following criteria are satisfied:</p> <ul style="list-style-type: none"> a) Full replacement of all rent-geared-to-income units; b) A tenant relocation and assistance plan addressing the provision of alternative accommodation for tenants at similar rents, including rent-geared-to-income subsidies, right-of-first-refusal to occupy one of the replacement subsidized units, and other assistance to mitigate the potential for hardship; and c) Conversion shall be consistent with pertinent provincial legislation.
City of North Bay	City of North Bay Official Plan; Office consolidation version 1.0 approved January 2012	<p>2.1.13 Condominium Conversion Policy</p> <p>2.1.13.1 The conversion of existing rental units to condominium may be permitted, provided that the rental vacancy rate for the City has been at or above 3% for two successive surveys, as reported by Canada Mortgage and Housing Corporation in the bi-annual rental vacancy survey.</p> <p>2.1.13.2 A conversion may be permitted, where the rental vacancy rate is below 3%, where one or more of the following conditions are satisfied:</p> <ul style="list-style-type: none"> a) The developer has a signed agreement with 50% or more of the existing tenants to purchase their unit as provided for in the Condominium Act 1998, as amended; b) all of the resulting condominium units provide affordable ownership as defined by the Provincial Policy Statement 2005 or any successor policy documents; c) the existing market rents of the units proposed for conversion are above the

Municipality	Policy Document	Rental Conversion Policy
		<p>average market rent levels for the City of North Bay, as reported yearly by the CMHC Rental Housing Market Survey for rental units of a similar dwelling/structure and bedroom type; or</p> <p>d) It can be demonstrated that the resulting conversion will have no net reduction on the availability of affordable housing, as defined by the Provincial Policy Statement 2005 or any successor policy documents.</p> <p>2.1.13.3 When an application has been made for condominium approval, all requirements of the Condominium Act 1998, as amended, shall be adhered to with regard to notification of tenants, rights to purchase by tenants, and the necessary certifications as described by Architects, Engineers and Ontario Land Surveyors.</p> <p>2.1.13.4 Where no parkland dedication was made at the time the building was constructed, a park dedication should be made in accordance with Section 51.1 of the Planning Act, R.S.O. 1990, as amended.</p> <p>2.1.13.5 For the purposes of this Section, condominium conversions may be exempted from the public notification requirements of the Planning Act as permitted by Section 9 of the Condominium Act 1998, as amended, and receive a Certificate of Exemption where the site of the conversion has already undergone a full planning process by way of a Planning Act approval. Certificate of Exemption will only be issued by the City when all conditions of Council's approval of the Certificate of Exemption have been satisfied.</p>
City of Ottawa	City of Ottawa Official Plan Consolidation Volume 1, Section 4.5 – Housing	<ol style="list-style-type: none"> 1. The conversion of rental housing with six or more rental units to condominium ownership or to free hold ownership as a result of applications such as, but not limited to, applications for severance of properties, is premature and not in the public interest unless the following two criteria are satisfied: (Amendment #76, August 4, 2010) <ol style="list-style-type: none"> a. The rental vacancy rate by dwelling/structure type for the City of Ottawa as defined and reported yearly through the CMHC Rental Housing Market Survey has been at or above 3% for the preceding two-year reporting period; b. The existing market rent units proposed for conversion are at or above the

Municipality	Policy Document	Rental Conversion Policy
		<p>average market rent levels for the corresponding CMHC survey zone in the City of Ottawa, as reported yearly by the CMHC Survey for rental units of a similar dwelling/structure and bedroom type.</p> <ol style="list-style-type: none"> 2. The City shall notify tenants in units approved for a conversion of their rights under the Provincial Tenant Protection Act or any successor legislation. 3. Heritage buildings individually designated under Part IV of the Ontario Heritage Act and Category 1 and 2 buildings designated under Part V of the Act, which contain rental units, are exempt from the rental conversion policy. 4. The maintenance and rehabilitation of the existing housing stock will be ensured through enforcement of the property standards by-law and support for residential rehabilitation assistance programs. 5. The City will study the use of demolition control throughout the urban areas as a means of maintaining the supply of affordable rental housing. (Amendment #13, September 8, 2004).
City of Regina	Bylaw 2012 – 14 Office consolidation including amendments to February 27, 2014 Condominium Approval Section 19-22	<p>For condominium conversions with 5 to 50 units, the following conditions have to be met:</p> <ol style="list-style-type: none"> a) The Property owner has provided the Development Officer with: <ol style="list-style-type: none"> i) The completed Condominium Conversion application form; ii) All required supporting documentation as required by the Bylaw; iii) The application fee; b) The CMA vacancy rate is 3% or more; c) The Zone vacancy rate is 3% or more; d) There are no outstanding property taxes owing on the Property; e) The property is not subject to any agreements that: <ol style="list-style-type: none"> i) Restrict the owner from converting the Property into condominiums ii) Require the owner to maintain the property as rental property; iii) Restrict the owner from dividing or re-dividing the property into one or more condominium units; f) Where applicable, there is a recommendation from the Municipal Heritage Advisory Committee for those Designated Heritage Properties that are the subject of Condominium Conversion and for which the Development Officer referred to the Municipal Heritage Advisory Committee; g) The plan to remedy the Life Safety Requirements deficiencies noted in section 6 is acceptable to the City; and

Municipality	Policy Document	Rental Conversion Policy
		<p>h) The property is suitable for conversion into a condominium in that it meets the current requirements of all applicable statutes, regulations, codes and bylaws as of the Application Date.</p> <p>The criteria for applications with 51 units or more is the same as the above with the added requirements that the Regina Planning Commission review the report of the Development Officer and make a recommendation to City Council.</p>
Municipality of Sault Ste. Marie	<p>Office consolidation December 2012 (DRAFT);</p> <p>Municipality has been using this framework even though it is not currently adopted as Official Plan policy</p>	<p>6.4.3 Condominium Act Approvals</p> <p>Where existing building(s) are to be converted to condominiums, the proponent may request Council's permission to exempt the condominium application from the Plan of Subdivision process outlined under Section 51 of the Planning Act. Such permission must be requested in writing, prior to applying for any Condominium Act approvals. Such exemptions do not include exemption from any rezoning, official plan, or committee of adjustment applications that may result as part of the application.</p> <p>Where existing buildings are to be converted, the proponent shall also notify existing tenants of City Council's meeting to consider a proposal under the Condominium Act.</p> <p>Where an existing building is to be converted to a condominium, the Municipality shall be satisfied that:</p> <ol style="list-style-type: none"> 1. The proposed use conforms to this Plan as well as the City's Zoning By- law, as amended. 2. The building is structurally sound, which will require a structural report prepared by a qualified professional. 3. Aspects of the existing building(s) that are to become common elements are of sound working order, including but not limited to mechanical components such as heating, cooling, plumbing and electrical components. This will require various reports identifying all common elements and outlining any repairs or replacements that may be required in the foreseeable future, as well as projected costs. Such reports must be prepared by a professional who is qualified to assess the respective common elements.

Municipality	Policy Document	Rental Conversion Policy
		<ol style="list-style-type: none"> 4. There is an appropriate reserve fund, based upon an assessment of projected repair or replacement costs associated with all common elements, to ensure that the resulting Condominium Corporation is not encumbered by any reasonably foreseeable repair or replacement costs associated with any common element. Such an assessment must be completed by a qualified professional. 5. Where deficiencies are identified, they must be remediated to the satisfaction of the Municipality prior to final approval.
City of St. Thomas	<p>Official Plan of the City of St. Thomas, Official Plan Amendment No. 66</p> <p>Passed by Council on October 18th, 2010</p> <p>Section 6.2.28</p>	<p>The City shall consider proposals for condominium conversions based on the following policies:</p> <ol style="list-style-type: none"> i) Applicant shall consult with the municipality prior to submission of an application. ii) The conversion of an existing rental building to a condominium shall be discouraged when the City has had a vacancy rate above 3% for more than four years based on CMHC data as updated annually. iii) The conversion of a rental building shall be discouraged when it will have a negative effect on the supply of rental housing, especially rental housing affordable to the 60th percentile of tenants. The impact of a withdrawal of rental housing from the rental market on the supply of rental units may be examined on a City-wide or sub-area basis and by unit type and by bedroom count. iv) The application for condominium conversion shall include the following: <ul style="list-style-type: none"> • A list containing the names and addresses of the tenants in the rental property; • Rents in the property listed by unit number and type; • Written confirmation that the tenants in possession of the unit have been notified of the application for a plan of condominium; • Written confirmation of the number of rental units in which tenants have indicated in writing they wish to purchase their unit as a condominium; • Estimates of the selling price of the units. v) The City will require an applicant to have a qualified person inspect the property and report to the city. The report shall address the following matters: a life and safety audit of the building(s); a structural report; a mechanical report; an electrical report; and a site

Municipality	Policy Document	Rental Conversion Policy
		<p>servicing report. The property owner prior to the registration of the condominium agreement will rectify any deficiencies or works to be completed as noted in the above reports.</p> <p>vi) The City will require that a public meeting be held with affected tenants so they are informed of their rights under relevant landlord and tenant legislation.</p> <p>vii) The City will use the Municipal Property Maintenance By-law to ensure minimum health and safety standards are maintained in rental housing.</p> <p>viii) The City will work with CMHC officials to encourage rental property owners to upgrade their housing using funding available through the Rental Residential Rehabilitation Program.</p>
City of Thunder Bay	City of Thunder Bay Official Plan 2014 DRAFT 1	<p>6.5 Preservation of Rental Housing Objectives</p> <p>To protect the City's supply of rental accommodations by not permitting the conversion of rental residential properties to condominium or co-operative tenure during times when the vacancy rate for all rental units, as determined by the Canada Mortgage and Housing Corporation, is 3.0% or less.</p>
City of Timmins		<p>Discussions with Planning Staff indicate that the City of Timmins has had few, if any, applications for conversion of rental housing to condominium, as condominium forms of housing are very rare in the area. As a result, the City has not found the need to develop a policy to regulate condominium conversions.</p>
City of Toronto	Toronto Official Plan December 2010 Office Consolidation Section 3.2.1 Housing	<p>As long as there is no new supply to meet the demand for rental housing, our existing stock of affordable rental housing is an asset that must be preserved. In this sense, rental housing is not unlike our heritage buildings – we need to do all we can to prevent losses.</p> <p>6. New development that would have the effect of removing all or part of a private building or related group of buildings, and would result in the loss of six or more rental housing</p>

Municipality	Policy Document	Rental Conversion Policy
		<p>units will not be approved unless:</p> <ul style="list-style-type: none"> a) All of the rental housing units have rents that exceed mid-range rents³ at the time of application, or b) In cases where planning approvals other than site plan are sought, the following are secured: <ul style="list-style-type: none"> i) At least the same number, size and type of rental housing units are replaced and maintained with rents similar to those in effect at the time the redevelopment application is made; ii) For a period of at least 10 years, rents for the replacement units will be the rent at first occupancy increased annually by not more than the Provincial Rent Increase Guideline or similar guideline as Council may approve from time to time; and iii) An acceptable tenant relocation and assistance plan addressing the right to return to occupy one of the replacement units at similar rents, the provision of alternative accommodation at similar rents, and other assistance to lessen hardship, or c) In Council's opinion, the supply and availability of rental housing in the City has returned to a healthy state and is able to meet the housing requirements of current and future residents. This decision will be based on a number of factors, including whether: <ul style="list-style-type: none"> i) Rental housing in the City is showing positive, sustained improvement as demonstrated by significant levels of production of rental housing, and continued projected net gains in the supply of rental housing; ii) The overall rental apartment vacancy rate for the City of Toronto, as reported by the CMHC, has been at or above 3% for the preceding four consecutive annual surveys; iii) The proposal may negatively affect the supply or availability of rental housing

³ Mid-range rents are the total monthly shelter costs which exceed affordable rents but fall below one and one-half times the average City of Toronto rent, by unit type, as reported annually by CMHC.

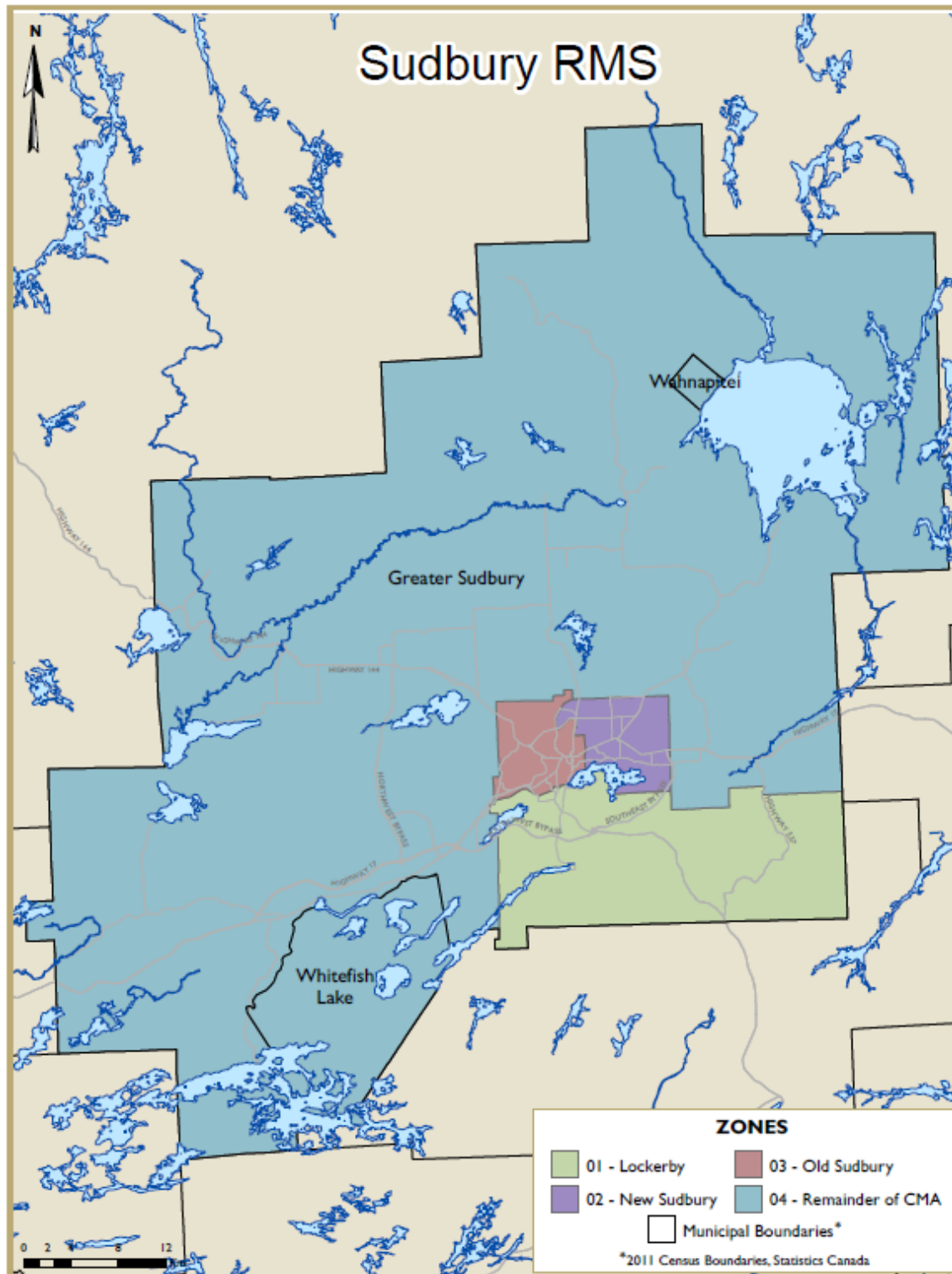
Municipality	Policy Document	Rental Conversion Policy
		<p>or rental housing sub-sectors, including affordable units, units suitable for families, or housing for vulnerable populations such as seniors, persons with special needs, or students, either in the City, or in a geographic sub-area or a neighbourhood of the City; and</p> <p>iv) All provisions of other applicable legislation and policies have been satisfied.</p> <p>8. The conversion to condominium, or the severance or subdivision, of any building or related group of buildings, containing six or more rental housing units will not be approved unless:</p> <p>a) All of the rental housing units have rents that exceed mid-range rents at the time of the application, or</p> <p>b) In Council's opinion, the supply and availability of rental housing in the City has returned to a healthy state and is able to meet the housing requirements of current and future residents. This decision will be based on a number of factors, including whether:</p> <p>i) Rental housing in the City is showing positive, sustained improvement as demonstrated by significant levels of production of rental housing, and continued projected net gains in the supply of rental housing;</p> <p>ii) The overall rental apartment vacancy rate for the City of Toronto, as reported by the CMHC, has been at or above 3% for the preceding four consecutive annual surveys;</p> <p>iii) The proposal may negatively affect the supply or availability of rental housing or rental housing sub-sectors including affordable units, units suitable for families, or housing for vulnerable populations such as seniors, persons with special needs, or students, either in the City, of in a geographic sub-area or a neighbourhood of the City; and</p> <p>iv) All provisions of other applicable legislation and policies have been satisfied.</p>
City of Waterloo	City of Waterloo Official Plan Adopted by City Council in April 2012; approved by	<p>15) Residential Condominium Conversion Policy</p> <p>When reviewing a development application to create a plan of condominium which would</p>

Municipality	Policy Document	Rental Conversion Policy
	<p>Regional Council in November 2012</p> <p>Section 10.1.2 Supporting a Range of Housing</p>	<p>result in the conversion of a rental residential building to condominium ownership:</p> <ul style="list-style-type: none"> a) Where the rental housing is considered to be affordable, Council shall only support such application where: <ul style="list-style-type: none"> i) The rental vacancy rate for comparable units is at or above 3% for the preceding three years; or ii) The conversion will address and result in the creation of affordable housing for affordable home ownership; or iii) The conversion will rectify existing health and safety issues through the completion of building renovations/retrofits, the cost of which would necessitate an increase in rent levels above the affordability threshold; and, iv) The owner/applicant submits a detailed inspection report, to the satisfaction of the City of Waterloo and Region of Waterloo, on the physical condition of the property by a qualified architect or engineer. b) Where the rental housing is not considered to be affordable, Council shall have regard for the criteria outlined in 10.1.2(15)(a) prior to taking a position with regard to whether to support the proposed conversion; c) In all cases, Council shall consider: <ul style="list-style-type: none"> i) Whether the proposal conforms to the Zoning By-Law, and applicable performance standards are achieved or are proposed to be achieved prior to condominium registration; ii) Whether the proposal complies with the current Urban Design Manual, based on a review by the Site Plan Review Committee; iii) Whether the proposal satisfied legislation or criteria established by the Provincial government that may be applicable; iv) Whether the building for which conversion is proposed meets the requirements of the Property Standards By-law and the requirements of the Ontario Building Code and Ontario Fire code, or securities and any necessary agreements are in place to ensure such necessary upgrades are undertaken to achieve the said standards and requirements; v) Whether all applicable easements affecting the condominium lands are provided;

Municipality	Policy Document	Rental Conversion Policy
		<p>and,</p> <p>vi) Whether the proposal impacts the ability to maintain a reasonable supply of residential rental units within the Planning District and the appropriate distribution of residential rental units through the community.</p> <p>16) Statistical data used for calculating vacancy rates, rent charges, and dwelling/structure types will be determined by the CMHC.</p>
Region of Waterloo	<p>Regional Official Plan Adopted by Regional Council on June 16, 2009 Chapter 3, Section 3.A.4 on Affordable Housing</p>	<p>A development application to create a plan of condominium, which would result in the conversion of rental affordable housing to condominium ownership, may only be permitted where:</p> <ul style="list-style-type: none"> a) The rental vacancy rate for comparable units for the Area Municipality, or the Kitchener Census Metropolitan Area, if not available for the Area Municipality, has been at or above 3% for the preceding three years; or b) The conversion will address and result in the creation of affordable housing for affordable home ownership; or c) The conversion will rectify existing health and safety issues through the completion of building renovations/ retrofits, the cost of which would necessitate an increase in rent levels above the affordability threshold; and d) The owner/applicant submits a detailed inspection report on the physical condition of the property by a qualified architect or engineer to the satisfaction of the Region.

Appendix D: Map of the Greater Sudbury CMA

The following map shows the different zones as reported in the CMHC Rental Market Report.



Source: CMHC Rental Market Report: Greater Sudbury CMA, Fall 2013