

# DRAFT

## Rental Housing

### Demolition or Conversion Guidelines

A user guide to understanding By-law 2023-102 to regulate the demolition and conversion of residential rental properties in the Town of Oakville.

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## Introduction

On July 10, 2023 Town Council passed By-law 2023-102 known as the Town of Oakville Rental Housing Protection By-law under Section 99.1 of the *Municipal Act*. The purpose of this by-law is to manage the impact of redevelopment on the existing rental housing inventory in Oakville.

These guidelines have been developed to aid Landlords, Tenants and the development community in understanding the process for demolition or conversion where there are existing residential rental units on a property. This document should be reviewed when completing the Declaration of Use and Screening Form, and the Demolition or Conversion Application.

The intent of By-law 2023-102 is to:

1. preserve the existing rental housing supply;
2. preserve the affordable rental housing supply;
3. increase purpose-built rental housing;
4. improve the existing rental housing stock;
5. obtain an enhanced Tenant Protection Package beyond the requirements of the Residential Tenancies Act 2006 as amended for existing tenants; and
6. formalize a consistent process in processing such applications which achieves an appropriate Rental Housing Protection Package in the particular circumstances of an application by way of issuance of a Section 99.1 Permit with conditions, which conditions are secured by an executed registered agreement binding on the existing owner and future owners of the subject site;

## **Purpose**

These Guidelines for Rental Housing Demolition or Conversion (Guidelines) provide an overview of how to proceed when an application is made for a demolition or conversion of a residential rental property, either independent of or in conjunction with a development application. They support the administration of the Rental Housing Protection By-law 2023-102 (By-law) approved and in effect on July 10, 2023.

## **Authority**

The By-law was approved under the authority of Section 99.1 of the *Municipal Act*, 2001. This allows municipalities to regulate the demolition and conversion of residential rental properties containing six or more units. Applications to demolish or convert more than six dwelling units will require a Section 99.1 permit. In most cases, a Section 99.1 Permit will require Council approval. This by-law is consistent with the Town's Livable Oakville Official Plan Policy 11.1.2, which promotes balance in housing tenure and discourages conversions of existing rental accommodation to condominium or other forms of ownership.

## **Background**

Purpose-built rental housing is an important part of the town's housing supply. The loss of affordable rental housing that is affordable to low and moderate income households, or less than 1.75 times average market rent has become a growing concern in recent years. As the town continues to experience growth there is an ongoing need to protect rental housing to ensure that diverse housing options remain in Oakville

According to the Canadian Mortgage and Housing Corporation (CMHC), there are 5,211 residential units in the primary rental market as of October 2022. This includes bachelor, one-bedroom, two-bedroom, and three-bedroom or greater units.

## Objectives

Rental housing provides stable housing options for low and middle income households when home ownership is not financially feasible or where rental tenure is preferred. The objectives of the Rental Housing Protection By-law are to:

- protect the existing supply of purpose-built rental units so there is no net loss of rental units;
- be flexible in the application of the By-law so as not to stagnate the rental market; and,
- support the revitalization of areas in the Town where appropriate.

These Guidelines provide a range of options for applicants to meet the objective of no net loss of rental units and affordable rental units as a result of a redevelopment proposal by demolition or conversion.

## When does the By-law apply?

The Declaration of Use and Screening Form is required for all demolition or conversion proposals that contain rental dwelling units. Where the screening form identifies a proposal to demolish or convert to condominium tenure or a non-residential use rental properties containing six or more dwelling units, the By-law applies. This includes apartments or townhouses that were initially built as rental housing.

The By-law does not apply to a Residential Rental Property that:

1. Contains less than six Dwelling Units; or
2. Is a condominium governed by the *Condominium Act*, 1998; or
3. Is organized as a Life Lease Project; or
4. Is described in section 5 (Exemptions from Act) of the *Residential Tenancies Act*, 2006 other than subsection 5(c) (a member unit of a non-profit housing co-operative); or
5. Is described in Section 7 (Exemptions related to social housing) of the *Residential Tenancies Act*, 2006

## Application Process & Information Required

An application to demolish or convert residential rental properties where there are six or more dwelling units will trigger the need for a municipal review.

The application form can be found on the Town's website under Planning and Development.

Demolition and conversion applications are evaluated on a case-by-case basis. As outlined under s. 7 of the By-law, applications for the demolition or conversion of rental units shall include the following information:

1. Description of the proposed Demolition or Conversion;
2. The number of existing Dwelling Units;
3. The number of existing and proposed Rental Units by unit type, including number of bedrooms, unit gross floor area, unit locations, unit amenities, unit rents;
4. The rents roll(s) including utilities for the Residential Rental Property, categorized by unit type;
5. A list containing the names and mailing addresses of the tenants of the Residential Rental Property;
6. Identification of any Related Applications;
7. A proposal for the replacement or retention of the Rental Units proposed for Demolition or Conversion;
8. A proposal for the replacement or retention of the affordable Rental Units proposed for Demolition or Conversion;
9. A proposal for tenant engagement by the owner or applicant, including consultation, education and assistance with finding

alternative accommodation on vacating the Rental Unit at the time of Demolition or Conversion;

10. Proposal for assistance that is enhanced over that required by the *Residential Tenancies Act, 2006* for displaced tenants on vacating the Rental Unit at the time of Demolition or Conversion including a right-of-return to a similar unit type, of similar size, of similar rent, of similar location, with similar amenities, as may be applicable in the circumstances;
11. Any additional information or documentation required to evaluate the application, as specified by the Commissioner; and
12. The applicable fees.

The application process will determine the number of rental units that are protected under the By-law, the number of affordable rental units that are protected under the by-law, and the types of conditions that may be imposed on a Section 99.1 Permit. Applicants will be required to fill out a form that includes data on existing unit types and rents (Attachment A).

Section 99.1 Permits may be granted based on conditions to retain or replace the number of rental units and the number of affordable rental units to be secured by an agreement registered on title.



## Evaluation of Application

The evaluation of applications is undertaken by the Town's Planning Services department, regardless of whether a planning application is also required for the proposed redevelopment of the site.

The evaluation process will rely on CMHC data for vacancy rates and existing rents to determine when the replacement or retention of rental units and affordable rental units is required. This data will be updated yearly and contained in the application form.

The decision to approve applications that demolish / convert less than six rental units is delegated to the Commissioner of Community Development.

The decision to approve applications that demolish / convert six or more units is made by Council.

## Process for Conversion

The following is a step-by-step process for the conversion of rental housing:

1. It is recommended for the applicant to discuss their proposal with planning staff to be informed of Town's Rental Housing Protection By-law and Demolition Control By-Law and the requirements to retain the present number of residential rental units and the present number of affordable residential rental units.
2. The applicant must provide a Complete Application which includes information on rental rates and number, type, and size of rental units, consultation with tenants and proof that tenants are aware of the application and their rights.

3. The application is circulated for review to identify and confirm the number of units to be retained as rental and recommended terms.
4. The applicant will review the comments and confirm their proposal and acceptance of conditions.
5. Staff will prepare a report for Council (or delegated authority) for recommendation and includes any conditions for an approved permit.
6. Applicant and staff collaborate to clear conditions (i.e. Agreements to retain affordable rental units executed, etc.)
7. Permit issued by Commissioner once all condition satisfied or secured.

## **Process for Demolition**

The following is a step-by-step process for the demolition of rental housing:

1. It is recommended for the applicant to discuss their proposal with planning staff to be informed of Town's Rental Housing Protection By-law and Demolition Control By-Law and the requirements to retain the present number of residential rental units and the present number of affordable residential rental units.
2. The applicant must provide a Complete Application which includes information on rental rates and number, type, and size of rental units, consultation with tenants and proof that tenants are aware of the application and their rights.
3. The application is circulated for review to identify and confirm the number of units to be replaced as rental and recommended terms.

4. The applicant will review the comments and confirm their proposal and acceptance of conditions.
5. Staff will prepare a report for Council (or delegated authority) for recommendation and includes any conditions for an approved permit.
6. Applicant and staff collaborate to clear conditions (i.e. Agreements to replace affordable rental units executed, etc.)
7. Permit issued by Commissioner once all condition satisfied or secured.

### **Notice and Communication Strategy**

In the event the site has existing tenants, notice to tenants is a required step in the application process. To maximize communication opportunities of any proposed conversion or demolition, the following strategy must be followed:

1. The applicant shall provide notice to tenants within seven calendar days of the application being submitted. The notice shall consist of:
  - Signage in common areas such as the lobby and/or mail room that contains:
    - Purpose and effect of the proposal
    - Contact information for applicant and town staff
    - Date of information meeting for tenants
  - Distribution of letters to tenants containing:
    - Purpose and effect of the proposal
    - Contact information for applicant and town staff
    - Date of information meeting for tenants

2. The applicant shall conduct an information meeting for tenants on-site or in close proximity to the subject lands, and provide a minimum of 20 calendar days' notice of such meeting.
3. The applicant shall provide staff with minutes of the information meeting which will include the number of tenant attendees, issues raised, and confirmation of the number of letter notices issued within seven calendar days of the meeting being held.
4. The Notice and Communication Strategy must be completed before the preparation of conditions.

## Conditions

The replacement or retention of purpose-built rental is at the discretion of the town, with the following situations being the benchmark for consideration:

- the Town's vacancy rate is less than 3% (current vacancy rate is 1%); or,
- existing rents for the units proposed to be converted or demolished are less than the affordable rate of 1.75 times average market rent (see table below for rents by unit type).

When neither of the above situations is present, a permit for demolition or conversion may be issued without conditions for replacement or retention of the rental units.

However, when vacancy rates are below a balanced market threshold of 3% and/or rent levels are below 1.75 times average market rent, a permit for demolition or conversion may be issued subject to appropriate

conditions for replacement or retention of rental units to be secured by an agreement registered on title.

In neither case should the proposed demolition or conversion result in a decrease in the 3% threshold and/or rent levels are below 1.75 times the average market rent.

Conditions for replacement or retention of rental units to be imposed by the town are exclusively listed in Section 12 D of the By-law, and may also include, but are not limited to:

- the replacement of units on or off site;
- site or building improvements for the betterment of existing or retained tenants;
- financial compensation for displaced and/or evicted tenants;
- provision for new rental units off site and within the neighbourhood of the impacted rental units; and/or
- a specific term for which the rental units and rates are required to be provided.
- cash-in-lieu, where a cash-in-lieu reserve is available

Public consultation may be required for each application which includes information for existing tenants as well as abutting properties in accordance with *Planning Act* requirements.

## Transition

Where a related site plan application, pursuant to the *Planning Act*, was submitted to the Town as of July 10, 2023, conditions of a Section 99.1 permit may be scoped commensurate to the status of the site plan application provided the following criteria are met, up to and including no conditions:

1. The site plan application did not already provide for replacement of rental units as of July 10, 2023; and,
2. less than 6 existing rental units were occupied as of July 10, 2023.