

STAFF REPORT ACTION REQUIRED

500 Avenue Road - Final Report Rental Housing Conversion and Draft Plan of Condominium Applications

Date:	April 15, 2008			
To:	Toronto and East York Community Council			
From:	Acting Director, Community Planning, Toronto and East York District			
Wards:	Ward 22 – St. Paul's			
Reference Number:	07 283839 STE 22 CD and 07 283842 STE 00 RH			

SUMMARY

These applications were made after January 1, 2007 and are subject to the new provisions of the *Planning Act* and the *City of Toronto Act*, 2006.

A Rental Housing Demolition and Conversion application (07 283842 STE 00 RH) under Section 111 of the *City of Toronto Act* (Chapter 667 of the Municipal Code) has been made to permit the conversion of this 84-unit high-end apartment building located at 500 Avenue Road.

A Draft Plan of Condominium application (07 283839 STE 22 CD) has been made to create an 85-unit residential condominium by converting the existing 84 apartment units to condominium and constructing an additional residential unit within the existing structure. Hallways, elevators, parking areas, and landscaped areas will form part of the common areas.

This report reviews and recommends the approval of the application to permit the conversion and authorizes the Chief Planner and Executive Director to approve the Draft Plan of Condominium subject to specific conditions.



RECOMMENDATIONS

The City Planning Division recommends that:

- 1. City Council approve the application (07 283842 STE 00 RH) to convert the existing 84-unit rental apartment building at 500 Avenue Road to condominium pursuant to Municipal Code Chapter 667 subject to the conditions of Draft Plan of Condominium set forth in Attachment No. 4:
- 2. City Council authorize Draft Approval of the Plan of Condominium (07 283839 STE 22 CD) for 500 Avenue Road, prepared by R. Avis, OLS on November 16, 2007, and date stamped December 6, 2007, subject to the conditions set forth in Attachment No. 4, and authorize the Chief Planner and Executive Director to permit such red line revisions as he/she may deem appropriate;
- 3. City Council require the owner to fulfill the conditions of Draft Approval of Condominium set forth in Attachment No. 4, including the execution and satisfactory registration of any agreements deemed necessary by the City Solicitor, prior to the City's consent for final registration and authorize the City Solicitor to prepare any necessary agreements to secure the conditions, as the City Solicitor deems necessary;
- 4. City Council authorize the City Solicitor to make such stylistic and technical changes to the Conditions of Draft Approval of Condominium as may be required; and
- 5. City Council authorize and direct City Officials to take necessary actions to give effect thereto.

Financial Impact

The recommendations in this report have no financial impact.

ISSUE BACKGROUND

Proposal

The applicant is seeking to convert an existing 84-unit apartment building into a residential condominium. The proposal also calls for the construction of one additional condominium unit (for a total of 85), and a common/party room in space currently used as accessory office space.

Other than the construction of the additional unit and common/party room, no renovations, improvements, repairs or changes to the building are proposed to be undertaken in conjunction with the condominium conversion process.

Site and Surrounding Area

The subject site is located on the southwest corner of Avenue Road and Heath Street West. This 4,153 square metre parcel of land consists of a 13-storey, 84-unit apartment building built in the late 1950s. The building also contains a fitness room and accessory office space on the main floor (see Attachment No. 1 for further project data).

A total of 108 parking spaces are provide on-site, including 96 tenant spaces (89 below-grade, and 7 above-grade) and 12 above-grade visitor spaces. Vehicular access is provided for off Avenue Road and Heath Street West.

Land uses surrounding the subject property consist of the following:

North: Heath Street West, Apartment Corridor

South: Apartment Corridor

East: Avenue Road, Apartment Corridor

West: Low-rise, established residential neighbourhood

LEGLISLATIVE AND POLICY FRAMEWORK

The following provides a description of the planning legislation that must be reviewed in this application.

Condominium Act

The *Condominium Act* states that the provisions of Sections 51, 51.1 and 51.2 of the *Planning Act* that apply to a plan of subdivision also apply to plans of condominium.

Planning Act

Section 51(24) of the *Planning Act* sets forth the criteria that the City must consider in determining whether to allow the draft plan of subdivision [condominium]. Specifically, and relevant to this application, this section requires that:

"in considering a draft plan of subdivision [condominium], regard shall be had, among other matters, to the health, safety, convenience and welfare of the present and future inhabitants of the municipality and to:

- a) the effect of the proposed subdivision on matters of provincial interest as referred to in Section 2;
- b) whether the proposed subdivision is premature or in the public interest;
- c) whether the proposed plan conforms to the official plan and adjacent plans of subdivision, if any;
- d) the suitability of the land for the purposes for which it is to be subdivided...;
- f) the dimensions and shapes of the proposed lots; and

g) the restrictions or proposed restrictions, if any, on the land proposed to be subdivided or the buildings and structures proposed to be erected on it and the restrictions, if any, on adjoining land"

Section 2 of the *Planning Act* includes that:

"the... council of a municipality... in carrying out their responsibilities under this Act, shall have regard to, among other matters, matters of provincial interest such as...

- j) the adequate provision of a full range of housing;....
- the protection of the financial and economic well-being of the Province and its municipalities;...and
- p) the appropriate location of growth and development."

Provincial Policy Statement and Provincial Plans

Issued under the authority of Section 3 of the *Planning Act*, the Provincial Policy Statement, 2005 (PPS) provides policy direction on matters of provincial interest related to land use planning and development. The PPS sets the policy foundation for regulating the development and use of land. The key objectives include: building strong communities; wise use and management of resources; and, protecting public health and safety. City Council's planning decisions are required to be consistent with the PPS.

Housing policies in the PPS require planning authorities to provide for an appropriate range of housing types and densities to meet the requirements of current and future residents, and the provision of housing in locations with appropriate levels of infrastructure and services. Council is required to make decisions on planning matters that are consistent with the PPS.

The Growth Plan for the Greater Golden Horseshoe provides a framework for managing growth in the Greater Golden Horseshoe including: directions for where and how to grow; the provision of infrastructure to support growth; and protecting natural systems and cultivating a culture of conservation.

City Council's planning decisions are required by the *Planning Act*, to conform, or not conflict, with the Growth Plan for the Greater Golden Horseshoe.

City of Toronto Act, Section 111

Approval to convert residential rental property is required under Section 111 of the new *City of Toronto Act*. By-law 885-2007 established Chapter 667 of the Municipal Code was approved by City Council on July 19, 2007, retroactive to January 1, 2007 for most related applications under the *Planning Act*.

This By-law (885-2007), also known as the Rental Housing Demolition and Conversion By-law, implements the City's Official Plan policies protecting rental housing. The By-

law prohibits demolition or conversion of rental housing units without a permit issued under Section 111 of the *City of Toronto Act*.

Official Plan

The Official Plan for the City of Toronto designates the subject site *Apartment Neighbourhoods*. *Apartment Neighbourhoods* are made up of apartment buildings and parks, local institutions, cultural and recreational facilities, and small-scale retail, service and office uses that serve the needs of area residents.

The Official Plan contains a number of policies respecting housing and the need to preserve and increase the City's supply of rental housing. Relevant Official Plan policies include:

Policy 3.2.1.1:

"A full range of housing, in terms of form, tenure and affordability, across the City and within neighbourhoods, will be provided and maintained to meet the current and future needs of residents. A full range of housing includes: ownership and rental housing, affordable and mid-range rental and ownership housing..."

Policy 3.2.1.8:

"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:

- a) all of the rental housing units have rents that exceed mid-range rents at the time of application, or
- 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:
 - i) rental housing in the City is showing positive, sustained improvement as demonstrated by significant net gains in the supply of rental housing including 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 Canada Mortgage and Housing Corporation, has been at or above 3.0% for the preceding four consecutive annual surveys;

- 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, or in a geographic sub-area or a neighbourhood of the City; and
- iv) all provisions of other applicable legislation and policies have been satisfied."

The above policies recognize the need for a broad, comprehensive approach to determine whether the City's supply and availability of rental housing has returned to a healthy state, and can meet the requirements of current and future residents before losses in the rental stock are permitted to occur.

In policy 3.2.1.8 (i), above, the Official Plan provides for consideration of the conversion of rental units to condominium, where all of the rents exceed mid-range and are deemed high-end. According to the information provided by the applicant, all of the rented units have high-end rents, and therefore this policy exception applies.

Zoning

The site is zoned R4 Z2.0 under By-law 438-86, as amended. This is a residential zoning designation that allows a number of uses, including an apartment building having a gross floor area of up to 2.0 times the lot area. The maximum permitted height is 10 metres.

Rezoning is not required to permit the proposed conversion of the apartment building to a residential condominium.

Site Plan Control

Site plan control is not required.

Reasons for Application

Section 9(2) of the *Condominium Act* provides that Section 51 of the *Planning Act* applies to an application for Plan of Condominium approval. The proposed conversion of 500 Avenue Road from an apartment building to residential condominium must be considered under the criteria set forth in Section 51(24) of the *Planning Act*.

Proposals requiring a permit to convert rental properties containing six or more dwelling units to condominium require a decision by Council under the Rental Housing Demolition and Conversion By-law (885-2007). The By-law prohibits demolition or conversion of rental housing units without a permit issued under Section 111 of the *City of Toronto Act*.

Under City of Toronto By-law 229-2000 (Chapter 415-17 of the Municipal Code), as amended by By-law 885-2007, the authority for the giving of draft condominium approvals, under section 50 of the *Condominium Act*, is delegated to the Chief Planner

except for applications involving the conversion of six or more rental housing units. Thus, the authority to grant draft condominium approval for this application rests with Council.

Agency Circulation

The application was circulated to all appropriate agencies and City divisions. Responses received have been used to assist in evaluating these applications.

COMMENTS

Tenant Consultation Meeting

Planning staff held a tenant meeting on March 5, 2008. Several tenants were in attendance as well as the Ward Councillor's Executive Assistant. Planning staff described the City's policies and practices when considering applications that involve the conversion of rental housing.

To provide a comfortable environment for tenants to ask questions and/or raise concerns, the owner and his representatives were not present for the first part of the meeting. Once all issues were discussed, the applicants were invited to join the meeting to address some of the questions raised.

Questions were raised relating to tenant rights, noise concerns and the right for the owner to sell individual units. If approved, the owner will have the right to sell individual residential units. However, in this case, the owner has stated that it is not his intention to sell units where the current tenants chose to continue renting, and have expressed no interest in purchasing the unit themselves.

Security of Tenure

Under Section 51 of the *Residential Tenancies Act*, where a building containing rental units is converted to condominium, sitting tenants cannot be evicted on the basis that either the landlord or new condominium owner require personal use of the unit for themselves or a member of their immediate family. However, after the in-situ tenant vacates the unit, any future tenant that moves in following the condominium registration would not be entitled to the security of tenure provisions and could be evicted on the basis of personal use. The result is that over time as tenant turnover occurs, there would be an eventual loss of security of tenure rights following a conversion to condominium.

Rental Housing - Other Issues

The conversion of this rental building to condominium would result in the property being reclassified from the "multi-residential" to the "residential" tax class. The tax rate associated with the residential class is considerably lower than that applied to existing multi-residential, rental buildings. A shift in the rate, on its own, would lead to a decrease in the property tax bill.

On the other hand, condominiums are assessed using a different method than rental properties (i.e. market value vs. income approach) which typically results in units

experiencing much higher assessed values. This higher assessed value can offset, at least to a small degree, the difference in the residential and multi-residential tax rates and the associated impact on the property tax bill.

Under the *Residential Tenancies Act*, if the property taxes for a building go down by a specified amount, tenants are entitled to an automatic rent reduction. Conversely, a property owner may apply for an above guideline rent increase for extraordinary increases in property taxes, among other matters.

There is a related concern with some conversion proposals, that substantial capital expenditure work will be undertaken in order to make the buildings more attractive to prospective buyers. Although existing tenants may be expected to pay for this work in the form of above guideline rent increases, they may not directly benefit from the changes to the building.

To provide greater protection for tenants against the possibility of rent increases due to either increases in property taxes or costs associated with certain renovations or alterations, a condition of draft plan of condominium approval has been included. Specifically, the applicant has agreed to not pass on, in the form of rent increases to tenants residing the building on or before the date of registration, any costs associated with an increase in property taxes due to a change in the assessed value of the property or costs associated with readying the building for condominium.

Parking

The proposed retention of 108 parking spaces consisting of 96 spaces for residents plus 12 spaces for residential visitors satisfies our estimate of the Zoning By-law requirement and exceeds the estimated demand for 97 spaces, including 12 spaces for visitors, based on studies of other condominiums in the City. The proposed parking supply is acceptable.

Planning Assessment

As previously discussed, all of units within 500 Avenue Road have rents which are highend. As Policy 3.2.1.8 (i) of the Toronto Official Plan allows for consideration to be given for buildings with high-end rents, this application meets the intent of the policy.

The Official Plan policies have been developed in the broader context of Section 51(24) of the *Planning Act* and the Provincial Policy Statement, 2005. It is considered that the proposal will not negatively affect the health, safety, convenience and welfare of the present and future inhabitants of the City as referred to in Section 51(24). Specifically, the conversion is not inconsistent with the matters of provincial interest or considered to be premature or against the public interest. It is unlikely that the conversion of a building of this type would affect the supply and availability of affordable and mid-range housing in the City or this area of the City.

Given the application's conformity with the relevant provincial legislation and policies, and the City's Official Plan policies, approval under Chapter 667 of the Municipal Code is recommended on the basis that the conditions of Draft Plan of Condominium Approval set out in Attachment No. 4 are satisfied.

Streetscape

The owner is advised of the need to make separate applications to the General Manager of Transportation Services for permits to carry out any works involving the construction in, or occupancy of, the Avenue Road and/or Heath Street West public rights-of-way.

CONTACT

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SIGNATURE

Raymond David, Acting Director Community Planning, Toronto and East York District

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ATTACHMENTS

Attachment 1: Application Data Sheet

Attachment 2: Draft Plan of Condominium (Sheet 1 of 2) Attachment 3: Draft Plan of Condominium (Sheet 2 of 2)

Attachment 4: Conditions of Draft Plan of Condominium Approval

Attachment 1: Application Data Sheet

Application Type Condominium Approval Application Number: 07 283839 STE 22 CD

Details Standard Condominium Application Date: December 3, 2007

Municipal Address: 500 AVENUE ROAD

Location Description: PL 407E LT1 PT LT2 **GRID S2206

Project Description: Convert existing rental apartment building with 84 dwelling units (1 additional unit

proposed) to Condominium tenure.

Applicant: Architect: Owner:

MCCARTHY TETRAULT KENAIR APARTMENTS

LIMITED

PLANNING CONTROLS

Official Plan Designation: Apartment Neighbourhoods Site Specific Provision:

Zoning: R4 Z2.0 Historical Status:

Height Limit (m): 10 Site Plan Control Area: Y

PROJECT INFORMATION

Site Area (sq. m): 4153.5 Height: Storeys: 13

Frontage (m): 68.11 Metres: 38.4

Depth (m): 61.95

Total Ground Floor Area (sq. m): 1009.25 **Total**

Total Residential GFA (sq. m): 15433.09 Parking Spaces: 108
Total Non-Residential GFA (sq. m): 0 Loading Docks 0

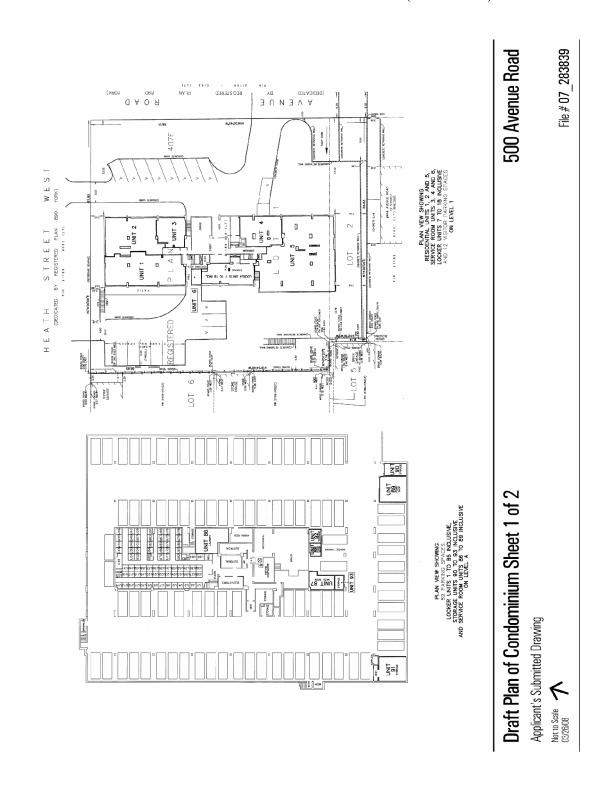
Total Non-Residential GFA (sq. m): 0
Total GFA (sq. m): 15433.09

Lot Coverage Ratio (%): 24.3
Floor Space Index: 3.715

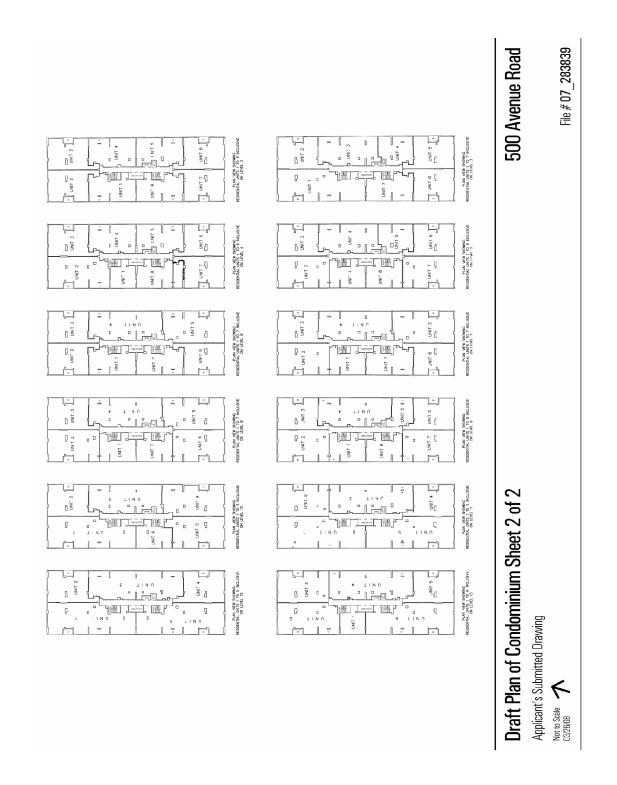
DWELLING UNITS FLOOR AREA BREAKDOWN (upon project completion)

Tenure Type:	Condo		Above Grade	Below Grade
Rooms:	0	Residential GFA (sq. m):	15433.09	0
Bachelor:	3	Retail GFA (sq. m):	0	0
1 Bedroom:	10	Office GFA (sq. m):	0	0
2 Bedroom:	37	Industrial GFA (sq. m):	0	0
3 + Bedroom:	35	Institutional/Other GFA (sq. m):	0	0
Total Units:	85			

Attachment 2: Draft Plan of Condominium (Sheet 1 of 2)



Attachment 3: Draft Plan of Condominium (Sheet 2 of 2)



Attachment 4: Conditions of Draft Plan of Condominium Approval

The owner shall meet the following conditions prior to the City's consent for final registration of the plan of Condominium:

- 1. The plan of condominium (Declaration and Description) shall be registered within 3 years from the date Council authorizes this Draft Plan of Condominium unless extended by up to an additional 2 years by Council, otherwise the approval shall lapse and be of no further force and effect.
- 2. The owner shall, prior to the registration of the plan of condominium (Declaration and Description), at its own expense not to be passed on to the tenants of the building, carry out and complete a comprehensive reserve fund study, as defined in s. 27 of O. Reg 48/01 made under the *Condominium Act*, 1998 as a "comprehensive study", including the matters required in condition 4 below, to the satisfaction of the Chief Planner and Executive Director.
- 3. The physical analysis of the comprehensive study described in conditions 2 and 4 shall be conducted a professional engineer registered as such and holding a certificate of authorization within the meaning of the *Professional Engineers Act*.
- 4. In addition to the requirements under the regulations made under the *Condominium Act*, 1998,
 - (a) the financial analysis component of the comprehensive study shall include a simple, easily read table setting out, by unit type, the recommended dollar amount of contributions to the reserve fund that will be required to be paid annually by each individual unit owner for each year covered by the study (not less than 30 years) based on the reserve fund required to be established by the owner in accordance with condition 4(b) below.
 - (b) the physical analysis component of the comprehensive study shall include in addition to the component inventory and assessment of each item within the component inventory, a detailed list of,
 - (i) the repairs and components to be replaced as a result of outstanding work orders issued by the City of Toronto,
 - (ii) the repairs and components to be replaced in order to bring the building into compliance with c. 629, Property Standards, of the City of Toronto Municipal Code, and

- (iii) any other repairs and components to be replaced which in the opinion of the consultant(s) carrying out such study should be completed by the owner prior to registration of the plan of condominium (Declaration and Description) against the lands; and
- (c) in addition to their signatures, the persons conducting the comprehensive study in respect of the property shall include the following statement in the study:

"Notwithstanding that our fee for this study will be paid by the Owner (or Condominium Corporation as the case may be) and that we have prepared this study for the Owner (or Condominium Corporation as the case may be), we acknowledge that the Condominium Corporation which will be created upon registration of the plan of condominium and the purchasers and prospective purchasers of units within the building are relying upon this study and the opinions and findings expressed herein, and consent and agree to such reliance."

- 5. The owner shall, prior to registration of the plan of condominium (Declaration and Description), at its own expense, complete each of the repairs and replace each of the components set out on the lists compiled pursuant to conditions 4(b) (i), (ii) and (iii) above as detailed in the comprehensive study, and provide to the Chief Planner and Executive Director a certificate from the persons carrying out the study confirming all of the said repairs and replacements have been satisfactorily completed.
- 6. Prior to the registration of the plan of condominium (Declaration and Description), the owner shall provide to the satisfaction of the Chief Planner and Executive Director a letter from its solicitor confirming that the amount required to be contributed to the reserve fund is being held in trust, and that the solicitor has received instructions to contribute such funds to the reserve fund once its has been established.

The owner shall contribute to the reserve fund, once established, for the benefit of the condominium corporation to be created, an amount not less than the greater of,

- (a) the amount recommended in the comprehensive study required in conditions 2 and 4 above, and
- (b) the amount required pursuant to the *Condominium Act*, 1998.
- 7. In the event the Owner of the Site has entered into one or more agreements to convey any of the proposed units, the owner shall, prior to the registration of

the plan of condominium (Declaration and Description) provide its solicitors confirmation that the disclosure statement required to be delivered to every person who purchases a unit or a proposed unit pursuant to Section 72 of the *Condominium Act*, 1998, did in addition to the matters specified in such Act,

- (a) include a copy of the table required to be prepared in condition 4(a) above as updated and signed by the person who carried out the financial analysis component of the comprehensive study required in condition 2 to reflect the actual reserve fund established by the owner pursuant to condition 6 above, and
- (b) that such updated table include the statement required in condition 4(c) above, or

alternatively, if the Owner has not entered into any agreement to convey one or more units, the owner shall provide its solicitors confirmation such is the case.

- 8. The Declaration shall contain wording satisfactory to the City Solicitor to ensure the following conditions:
 - (a) The condominium corporation shall, at its expense update the table required pursuant to condition 4(a) above on an annual basis commencing with the first reserve fund study conducted by the condominium corporation after the registration of the condominium, so as to reflect the actual reserve fund maintained by the corporation, and shall send a copy of each updated table to each unit owner and to the corporation's auditor as part of the notice required pursuant to Section 94(9) of the *Condominium Act*, 1998 as well as retaining a copy for its records.

Nothing herein shall be interpreted as requiring the original author of the table to author the subsequent tables required by this condition but the table shall be prepared by a person authorized by the regulations under the *Condominium Act*, 1998 to carry out the financial analysis component of a reserve fund study and each updated table shall include the statement required in condition 4(a) above;

(b) Prior to entering into an agreement of purchase and sale respecting the sale of a unit, the unit owner shall provide a copy of the most recent table delivered to them pursuant to condition 4(a) above to the prospective purchaser, failing which the purchaser of such unit may rescind the agreement of purchase and sale before accepting a deed to the unit being purchased that is in registerable form;

- (c) On receipt of a request from a prospective purchaser of a unit, the condominium corporation shall, within 10 days of the request being made, provide a copy of the most recent reserve fund study.
- (d) Conditions 4(a), (b) and (c) above shall cease to apply on the date that is one year following the date the condominium corporation has,
 - (i) conducted its first comprehensive reserve fund study (a "comprehensive study") and,
 - (ii) sent the required notice to the owners and copies to the auditor arising from such study in accordance with Section 94(9) of the *Condominium Act. 1998*.
- 9. The Declaration shall contain a clause stating that the provisions in the Declaration dealing with conditions 8(a) to (d) above, inclusive shall not be amended without the written consent of the approval authority, under the *Condominium Act*, 1998.
- 10. The owner of the Site shall provide a tax certificate which confirms that all municipal taxes have been paid in full.
- 11. The owner of the Site agrees not to pass on, in the form of rent increases to tenants of the building residing in units on or before the date of registration of the condominium, any costs associated with the renovations or alterations of the building to comply with the conditions herein and which are related to converting the buildings or readying the buildings for condominium, or any increase in property taxes due to a change in the assessed value of the property identified in this application which may occur due to the condominium registration.

The costs of renovations or alterations not to be passed on in the form of rent increases to tenants, includes but is not limited to the following building improvements that are proposed as part of the conversion plans:

- replacement of Fitness Facility exercise equipment
- replacement of corridor ventilation system and the addition of cooling capability
- replacement of Concierge desk to accommodate new security equipment
- new Security System with camera surveillance
- Party Room amenity space
- new Lobby treatments
- 12. Prior to the registration of the plan of condominium (Declaration and Description), the owner shall provide the Chief Planner and Executive Director written confirmation that written notice has been provided to all existing tenants that,

- (a) Registration of the condominium is immanent;
- (b) The owner has provided sitting tenants a copy of Condition 11 above; and
- (c) That the owner has provided sitting tenants with a copy of the relevant provisions under the *Residential Tenancies Act*, 2006 concerning their security of tenure and right of first refusal.
- 13. The owner shall, prior to registration of the plan of condominium (Declaration and Description) and to the satisfaction of the Executive Director of Technical Services:
 - (a) The Declaration and Description shall contain wording clearly specifying that the residential visitor parking shall form part of the common elements and neither be used by or sold to residential unit owners, or be considered part of the exclusive use portions of the common elements, other than for the exclusive use of residential visitors to the residential condominium;
 - (b) The owner shall install and maintain clearly visible signs designating the 12 visitor parking spaces for the exclusive use of the residential visitors to the condominium; and
 - (c) The owner shall submit a separate application for review and approval of the General Manager of Transportation Services for the existing retaining wall encroachments in the Avenue Road public right-of-way, and enter into an encroachment agreement in respect of these encroachments.