175 Madison Avenue- Draft Plan of Condominium and Rental Housing Conversion Applications – Final Report

Date: August 2, 2013
To: Toronto and East York Community Council
From: Director, Community Planning, Toronto and East York District
Wards: Ward 20 – Trinity-Spadina
Reference Number: 12 287682 STE 20 CD and 12 287691 STE 20 RH

SUMMARY

A Draft Plan of Condominium application (12 287682 STE 20 CD) has been made to create a 7 unit residential condominium by converting the existing 7 rental apartment units at 175 Madison Avenue.

A Rental Housing Demolition and Conversion application (12 287691 STE 20 RH) under Section 111 of the City of Toronto Act (Chapter 667 of the Municipal Code) has also been submitted to permit the conversion of this rental apartment building with high-end-of-market rents.

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:

City Council approve the application (12 287691 STE 20 RH) to convert the existing 7 unit apartment building at 175 Madison
Avenue to condominium pursuant to Municipal Code Chapter 667 subject to the conditions of Draft Plan of Condominium set forth in Attachment 3 to the report (August 2, 2013) from the Director, Community Planning, Toronto and East York District;

2. City Council authorize Draft Approval of the Plan of Condominium (12 287682 STE 20 CD) for 175 Madison Avenue, prepared by Land Survey Group, OLS on September 4, 2012, and date stamped January 21, 2013, subject to the conditions set forth in Attachment No. 3 to the report (August 2, 2013) from the Director, Community Planning, Toronto and East York District, and authorize the Chief Planner and Executive Director to permit such red line revisions as may be deemed appropriate;

3. City Council require the owner to fulfil the conditions of Draft Approval of Condominium set forth in Attachment No. 3 to the report (August 2, 2013) from the Director, Community Planning, Toronto and East York District, 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 7 unit apartment building into a residential condominium. The conversion does not seek any changes to the existing built form of the 3 ½ storey walk-up residential apartment building. The applicant is solely seeking a conversion in tenure.

Site and Surrounding Area
The subject site is located on Madison Avenue, north of Bloor Street and south of Dupont Avenue. This 4654.45 square metre parcel of land consists of a 3 ½ storey building constructed in 1893. In 2004, variances were approved by the Committee of Adjustment, and building permits were issued to allow the building to be renovated so as to contain 7 two-bedroom units. Each of the 3 above-grade floors contain 2 units, while the basement has one unit. The rents for these units are considered high-end of market according the
City's Official Plan, with all rents being in excess of $2,000 a month. Currently the building provides six parking spaces. Vehicular access is provided for from a rear lane that connects to Bernard Avenue.

Surrounding the site are:

North, South and West: residential dwellings ranging from 2 to 3-storeys in height.

East: a rear lane that spans from the rear yard of 175 Madison to Bernard Avenue.

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 provision of Section 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 interests as referred to in Section 2;

b) whether the proposed subdivision is premature;

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…;

e) the dimensions and shapes of the proposed lots; and

f) 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 interests such as…

j) the adequate provision of a full range of housing;…

l) 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 area required to be consistent with the PPS.

Housing policies in the PPS requires 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.

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.

**Official Plan**

The Official Plan for the City of Toronto designates the subject site Neighbourhoods. Neighbourhoods are physically stable areas providing for a variety of lower scale residential uses. The stability of the physical character of Neighbourhoods is one of the keys to Toronto’s success. Policies and development criteria aim to ensure that physical changes to established neighbourhoods are sensitive, gradual and generally "fit" the existing physical character. The Official Plan states that development in established Neighbourhoods will respect and reinforce the existing physical character of the neighbourhood.

Section 3.2.1 of 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. . . ."

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 if the 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...

The detailed policies contained in the Official Plan 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 rental stock are permitted to occur. Although rental
housing has not, in Council's opinion returned to a healthy state, Policy 3.2.1.8 (a), as
mentioned above, provides for consideration of the conversion of rental units to
condominium, where all of the rents exceed mid-range and are deemed high-end of
market. According to the information provided by the applicant, all of the rental units
have high-end rents, and therefore this policy exception applies.

Zoning
This site is zoned R2 Z1.0 under By-law 438-86, as amended. This is a residential
zoning designation that allows for a gross floor area of up to 1.0 times the lot area. The
maximum permitted height is 12 metres.

A rezoning application is not required to permit the proposed conversion of the apartment
building to a residential condominium.

The new City of Toronto By-law 569-2013 does apply to the subject site.

Site Plan Control
Site plan control is not required.

City of Toronto Act, Section 111
Section 111 of the City of Toronto Act, 2006 authorizes Council to regulate the
demolition and conversion of residential rental properties in the City. By-law No. 885-
2007 (also known as the Rental Housing Demolition and Conversion By-law), which
established Chapter 667 of the Municipal Code, implements the City's Official Plan policies protecting rental housing.

The By-law makes it an offence to demolish or convert to condominium the whole or any part of a residential rental property where there are six or more dwelling units, unless approval has been granted for a Section 111 permit for the demolition or conversion. City Council may refuse an application, or approve the application with conditions.

Where an application for Official Plan Amendment or rezoning triggers an application under Chapter 667 for rental demolition or conversion, typically City Council considers both applications at the same time. Unlike Planning Act applications, decisions made by the City under By-law 885-2007 are not appealable to the OMB. The applicant has submitted an application for a Section 111 permit pursuant to Chapter 667 of the City of Toronto Municipal Code for the conversion of the existing rental units.

**Heritage Preservation**
The dwelling at 175 Madison Avenue is within the Annex Heritage Conservation District, which is designated under Part V of the Ontario Heritage Act and is listed in the City's Inventory of Heritage properties. The existing dwelling was built in 1893 and was listed as a heritage property in 1974.

**Reasons for the 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 175 Madison Ave from a rental apartment building to residential condominium must be considered under the criteria set forth in Section 51(24) of the Planning Act.

A proposal to convert rental properties containing six or more dwelling units to condominium requires City Council's approval under Section 111 of the City of Toronto and its implementing by-law 885-2007.

**Agency Circulation**
The application was circulated to all the 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 June 13, 2013. Several tenants were in attendance. Planning staff described the City's policies and practices when considering applications that involve the conversion of rental housing.

Questions were raised relating to tenants rights, process, and the right for the owner to sell the individual 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 owners require personal use of the unit for themselves or a member of their immediate family. However, after the current 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 automatic rent reductions. 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. At this point, no significant improvements have been proposed by the applicant.

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 in 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 6 residential parking spaces satisfies our estimate of the Zoning By-law requirements. The proposed parking supply is acceptable.

Planning Assessment
As previously discussed, all of units within 175 Madison Avenue have rents which are high-end. As Policy 3.2.1.8 (i) of the Official Plan allows for consideration to be given for buildings with high-end rents, this application satisfies the policy exception.

The Official Plan policies have been development 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 applications conformity with the relevant provincial legislation and policies, and the City’s Official Plan policies, approval for Draft Plan of Condominium and under Chapter 667 of the Municipal Code is recommended on the basis that the conditions of Draft Plan of Condominium Approval set in Attachment No. 3 are satisfied.

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SIGNATURE

Gregg Lintern, MCIP, RPP
Director Community Planning
Toronto and East York District

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ATTACHMENTS
Attachment 1: Application Data Sheet
Attachment 2: Draft Plan of Condominium
Attachment 3: Conditions of Draft Plan Condominium Approval
Attachment 1: Application Data Sheet

APPLICATION DATA SHEET

Application Type: Condominium Approval
Details: Rental Conversion
Application Number: 12 287682 STE 20 CD
Application Date: November 30, 2012
Municipal Address: 175 MADISON AVE
Location Description: PL M170 LT A **GRID S2003
Project Description: Proposal to convert existing residential building containing 7 rental dwelling units into a condo. Also see Rental Housing Demolition & Conversion 12 287691.

Applicant: ARMSTRONG HUNTER & ASSOCIATES
Agent: INSTORE SOLUTIONS INC
Architect: 268 Royal York Road
Owner: Toronto, Ontario M8V 2V9

PLANNING CONTROLS
Official Plan Designation: Neighbourhoods Site Specific Provision: 
Zoning: R2 Z1.0 Historical Status: Designated
Height Limit (m): 12 Site Plan Control Area:

PROJECT INFORMATION
Site Area (sq. m): 564.45 Height: Storeys: 3.5
Frontage (m): 15 Metres: 0
Depth (m): 38.48
Total Ground Floor Area (sq. m): 190.7
Total Residential GFA (sq. m): 771.3
Parking Spaces: 6
Total Non-Residential GFA (sq. m): 0
Loading Docks: 0
Total GFA (sq. m): 771.3
Lot Coverage Ratio (%): 33.8
Floor Space Index: 1.37

DWELLING UNITS
Tenure Type: Condo
Above Grade Below Grade
Rooms: 0 Residential GFA (sq. m): 771.3 0
Bachelor: 0 Retail GFA (sq. m): 0 0
1 Bedroom: 0 Office GFA (sq. m): 0 0
2 Bedroom: 7 Industrial GFA (sq. m): 0 0
3 + Bedroom: 0 Institutional/Other GFA (sq. m): 0 0
Total Units: 7

CONTACT: PLANNER NAME: Jennifer Renaud, Assistant Planner
TELEPHONE: 416-392-7554
Attachment 2: Draft Plan of Condominium
1.0 Lapsing Provision

1.1 If the plan of condominium (Declaration and Description) is not registered within 5 years of the date of draft plan approval, then this approval shall lapse and be null and void.

2.0 General Conditions

2.1 The Owner shall provide to the Chief Planner and Executive Director (hereinafter referred to as "Chief Planner" and includes his/her delegate), confirmation that the taxes have been paid in full (statement of account or Tax Clearance Certificate).

2.3 The plans submitted for final approval and registration must be in accordance with the approved draft plans specified.

2.4 The Owner shall file with the Chief Planner a complete copy of the final version of the Declaration and Description to be registered which includes the following schedules:

(a) a statement from the declarant's solicitor that in his or her opinion, based on the parcel register or abstract index and the plans and drawings recorded in them, the legal description is correct and the easements mentioned in the schedule will exist in law upon the registration of the Declaration and Description

When the Owner files a copy of the Declaration with the City of Toronto, it shall be accompanied with a letter of undertaking, stating that, "This is our undertaking to register the Declaration in the same form and content as was provided to you, subject to any changes the Land Registrar may require. This is also our undertaking to provide you with a registered copy of the Declaration once it is registered. If the Land Registrar requires any amendments to the Declaration, we will advise you."

2.5 All parking spaces, including visitors parking spaces will be clearly delineated on the condominium plan to be registered and the Declaration shall contain a clause clearly specifying that residential parking shall form part of the common elements and neither be sold to unit owners or be considered part of the exclusive use portion of the common elements

2.6 The Owner shall ensure that there are separate water meters for the different components if the building or shall include wording in the Declaration that the
services to be shared and will designate who will be responsible to the local water authority (not to the City of Toronto in case of a change in the future) for payment in full of the water bill.

2.7 The Owner shall file with the district Director of Community Planning, fully executed copies of the following certificates satisfactory to the said Director:

(a) certification from the applicant's solicitor with response to the creation of necessary easements;

(b) certification from the applicant's surveyor with respect to the identification of necessary easements;

(c) certification from the applicant's engineer with response to the identification of necessary easements.

3.0 Specific Conditions for Condominium Conversion

Comprehensive Reserve Fund Study

3.1 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 3.3 below, to the satisfaction of the Chief Planner. The table required pursuant to condition 3.3(a) below shall be contained in the disclosure statement pursuant to Section 72(3)(e) of the Condominium Act.

3.2 The physical analysis of the comprehensive study described in conditions 3.1 and 3.3 herein shall be conducted by a professional engineer registered as such and holding a certificate of authorization within the meaning of the Professional Engineers Act.

3.3 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 3.5 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.”

3.4 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 3.3(b) (i), (ii) and (iii) above as detailed in the comprehensive study, and provide to the Chief Planner a certificate from the persons carrying out the study confirming all of the said repairs and replacements have been satisfactorily completed.

**Reserve Fund**

3.5 Prior to the registration of the plan of condominium (Declaration and Description), the Owner shall provide to the satisfaction of the Chief Planner 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 it 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 3.1 and 3.3 above, and

(b) the amount required pursuant to the *Condominium Act, 1998.*

**Additional Disclosure to Purchasers**

3.6 In the event the Owner 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 solicitor’s 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 3.3(a) above as updated, pursuant to condition 3.7 below, and signed by the person who carried out the financial analysis component of the comprehensive study required in condition 3.1 above to reflect the amount to be contributed to the reserve fund and being held in trust pursuant to condition 3.5 above, and

(b) that such updated table include the statement required in condition 3.3(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.

**Contents of Declaration**

3.7 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 3.3(a) above at the same time as the corporation is required to conduct a reserve fund study, 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 3.3(a) above;
The condominium corporation shall attach to any status certificate a copy of the most current table pursuant to condition 3.3(a) above.

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.

Conditions 3.3(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.

The Declaration shall contain a clause stating that the provisions in the Declaration dealing with conditions 3.7(a) to (d) above, inclusive shall not be amended without the written consent of the approval authority, under the Condominium Act, 1998.

**Tenant Matters (Rent Increases, Rights and Notification)**

The Owner 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 Owner shall enter into a Condominium Agreement satisfactory to, and at the discretion of, the City Solicitor whereby the Owner agrees to ensure that all tenants of the building residing in units on or before the date of registration of the condominium, are entitled to the right of security of tenure and the right of first refusal as referred to in section 51 of the Residential Tenancies Act, 2006, and that such rights will continue to be offered by the current Owner and subsequent purchasers despite any changes to such Act.

Prior to the registration of the plan of condominium (Declaration and Description), the Owner shall provide the Chief Planner written confirmation that written notice has been provided to all existing tenants that,

(a) Registration of the condominium is imminent;

(b) The Owner has provided sitting tenants a copy of condition 3.9 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.