

RH3.1 Attachment 5

ATTACHMENT 5: OVERVIEW OF RENTAL HOUSING STOCK WITH FEWER THAN SIX UNITS

Introduction

While available sources of information preclude a complete overview of the rental stock in buildings with fewer than six (6) units, information on the existing stock of *purpose-built* rental housing in buildings with fewer than six (6) dwelling units, including the number of purpose-built rental units that have been permanently removed from the rental stock over the last 10 years, is highlighted.

Number of Rental Units in Buildings with Fewer than Six Units

The available data on rental housing in buildings with fewer than six (6) dwelling units is primarily limited to the City's primary or purpose-built rental stock. Canada Mortgage and Housing Corporation (CMHC) defines primary rental housing as housing in privately initiated, purpose-built rental apartment and row house structures of three (3) units or more. CMHC enumerates occupied and vacant purpose-built rental units in Toronto on an annual basis through its fall Rental Market Survey (RMS) and publishes estimates of the number of purpose-built rental units in structures with fewer than six (6) rental units but at least three (3) rental units.

As of 2019, Toronto's rental stock in purpose-built rental apartment buildings with three (3) to five (5) units was comprised of 9,960 units, accounting for approximately 3.7 percent of the City's purpose-built rental stock.

Unfortunately, CMHC's RMS does not capture the City's secondary rental stock, which is the primary source of rental housing in buildings with fewer than six (6) dwelling units. Secondary rental consists of all rental housing that is not 'purpose-built', such as rented condominiums, rented single- and semi-detached houses, as well as rented apartments and dwelling rooms within houses.

Currently, the only available data source on Toronto's non-condominium secondary rental stock in smaller buildings is Statistics Canada's Census program. The Census does not disseminate data on the number of dwelling units in a residential structure but does classify dwellings according to their structural type, from which it is possible to estimate the number of rental units in buildings with fewer than six (6) dwelling units.

The 2016 Census enumerated exactly 47,000 occupied rental units in single-detached houses, semi-detached houses, duplexes, and other single-attached houses (for example, an apartment attached to a church or store) in the City of Toronto. An additional 18,915 occupied rental units were enumerated in row house (townhouse) structures. Row house buildings may contain fewer than (6) dwelling units or six (6) or more dwelling units, so it not possible to ascertain the number of rental row house units in buildings with fewer than six (6) dwelling units.

The figures from the Census, combined with CMHC's RMS data on the purpose-built rental apartment stock, suggest that the City of Toronto had, at a minimum, between 56,457 and 75,536 occupied rental units in residential structures with fewer than six (6) dwelling units in 2016, representing between 11 and 14 percent of the occupied rental stock. These figures exclude rental units that were vacant and intended and/or had previously been used for residential rental purposes, as well as houses that contained three (3) to five (5) rental units.ⁱ

Average Rent of Units in Buildings with Fewer than Six Units

The available data on average rents in buildings with fewer than six (6) dwelling units is also limited to the City's purpose-built rental stock. The data illustrates that average rents are lower across all unit types in smaller buildings, particularly for bachelor and one-bedroom rental units.

Number of Rental Units Lost in Buildings with Fewer than Six Units

Rental housing may be removed from the City's rental stock when one (1) or more rental units are demolished, converted to condominium, or converted to a non-residential use (i.e. a storefront).

There are two sources of data on removals from the City's rental stock. The first is applications approved for demolition, conversion, or severance pursuant to Chapter 667 of the Toronto Municipal Code. Rental housing approved for removal under Chapter 667 includes rental units that have been lawfully removed by way of application and approval, but excludes demolitions that have taken place by property owners without the benefit of all necessary permits. They also exclude demolitions where there were fewer than six (6) dwelling units on the rental property, as such demolitions are not required to submit an application to the City under Chapter 667.

The second source of data on removals is CMHC's RMS. CMHC tracks purpose-built rental apartment and row structures that have been either temporarily or permanently removed from the rental stock, based on their status in previous surveys.¹ The benefit of the RMS data is that it captures all rental buildings that have been permanently removed from the purpose-built rental stock, irrespective of whether a removal was carried out unlawfully and/or the property contained fewer than six (6) dwelling units. However, because the RMS only enumerates purpose-built rental structures, the data does not capture removals from the secondary rental stock.

Between 2010 and 2019, at least 468 rental units in buildings with fewer than six (6) dwelling units were permanently removed from the City's rental stock. 404 (86.3%) of these units belonged to the City's purpose-built rental stock, while the remaining 64 units

¹CMHC will classify a rental building as permanently removed if the building has been completely demolished and no longer exists (this is typically confirmed by a site visit from one of CMHC's field enumerators) or the building has been converted to condominium. Temporary removals are buildings that have been condemned and/or deemed uninhabitable (i.e. due to health concerns or major fire) and can no longer be occupied for residential rental purposes. CMHC will retain such a building in their universe but temporarily remove it until it is either rehabilitated to be fit for occupancy or demolished.

(13.7%) were part of the secondary rental market. The City secured rental replacement for two (2) of these secondary rental units.

The figures on secondary rental units should be considered an absolute minimum, as they exclude secondary rental units on properties that contained fewer than six (6) dwelling units.

Number of Rented Apartments Converted to Single Family Homes

There is currently no existing source of data on the number of rental units in single-detached houses that have been converted into apartments and subsequently de-converted into single-occupancy residences (i.e. "deconversions"). This is because a converted house may be deconverted as-of-right under the *Residential Tenancies Act, 2006* if the landlord or a purchaser requires the house for personal use.

The only source of data on changes in the rental stock within single-detached houses is Statistics Canada's Census program. Census data can be used to examine the number of net new households formed and dissolved by tenure within previously existing housing stock over a specified time period in order to get a picture of deconversion activity in Toronto. Specifically, we can examine changes in the number of occupied dwelling units by tenure in residential structures constructed prior to 2006 in order to understand the net gain or net loss of rental and owner-occupied units between the 2006 and 2016 Censuses.

Between 2006 and 2016, Toronto lost 25,785 owner households but gained a total of 10,955 renter households in residential structures constructed prior to 2006 (for a net loss of 14,830 households, due to demolition of older stock and residential units left vacant). 9,135 (83.4%) of the new renter households were formed in single- and semi-detached houses, duplexes (which include single- and semi-detached houses with second units) and apartments in buildings with fewer than five (5) storeys. The latter include single- and semi-detached houses that have been converted into three (3) or more self-contained dwelling units.

While the Census figures do not indicate the precise number of rental units lost through deconversion, they do indicate that, between 2006 and 2016, more rental units were created through the conversion of previously owner-occupied housing into rental housing than were lost through the deconversion of rental housing to single-occupancy residences. In fact, between 2006 and 2016, more renter households were formed in single- and semi-detached houses and duplexes (8,615) than in new purpose-built rental housing (6,915).

ⁱ For example, the Census classifies rental units in single-detached houses as rented single-detached houses only if they are not attached to any other dwelling (if there is a basement suite, it is enumerated as a duplex). In instances where there are three (3) or more self-contained dwelling units in a single-detached house, they are enumerated as apartments in a building that has fewer than five storeys, which are not counted here.