



## City of North Bay Report to Council

Report No: CSBU-2024-001

Date: February 8, 2024

Originator: Adam Curran, M.E.S., MCIP, RPP

Business Unit:

Department:

Community Services

Planning & Building Department

Subject: Condominium Conversion Policy Review

Closed Session: yes  no

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### Recommendation

That City Council direct Planning Staff to hold a public meeting under the Planning Act for a proposed Official Plan Amendment to amend the City's Condominium Conversion Policy based on Schedule 'A' in Report to Council CSBU-2024-001 by Adam Curran, dated February 8, 2024.

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### Background

The City of North Bay's current Official Plan was approved by City Council on September 8, 2009, and received final approval by the Ministry of Municipal Affairs and Housing in January 2012.

In 2017, North Bay City Council adopted a workplan to begin the Official Plan review and update to ensure our current policies are in line with Provincial Policy. This work is still ongoing and has taken longer than anticipated because of a number of new Planning Act changes and the release of a draft version of the Provincial Planning Statement, 2023 (PPS, 2023).

Planning Staff is currently waiting on the adoption of the PPS, 2023 before bringing the Draft Official Plan Update to the public and council to ensure the policies reflect the most up to date Provincial Policy.

City Council passed Resolution 2023-417 on November 14, 2023 that directed Planning Services Staff to "*review the Official Plan Policy as it relates to condominium conversions taking into account current rental information*".

It is important to note that should Council move forward with an amendment to the Official Plan to update the Condominium Conversion policies, existing

current applications would be processed under the policies that are currently in place.

The purpose of this report is to provide a background on our current condominium conversion policies, other jurisdictions policy, current tools, and previous condominium conversions within the City.

Attached to the report are the proposed Draft policies for condominium conversions of the Official Plan (Schedule 'A').

The City's Official Plan and the Provincial Policy Statement, 2020, require that a community have an appropriate mix and range of housing, in terms of form, function, tenure, and affordability. Providing appropriate housing options is important to the health and well-being of the residents.

The housing continuum identifies different needs and types of housing, from homelessness to market ownership. In the City of North Bay, the District of Nipissing Social Services Administration Board is responsible for homelessness and affordable housing. The City of North Bay plays an important role in ensuring our policies and practices create an environment for different types of housing, ensuring appropriately zoned and serviced land to support housing across the whole continuum.

Rental housing stock is an important component to housing options within the community. In some circumstances the conversion of rental units to a condominium may be appropriate because of an opportunity to convert existing units into a reinvestment in housing stock and create affordable or attainable home ownership options.

The City of North Bay's current policy for condominium conversions is as follows:

#### "2.1.13 Condominium Conversion Policy

2.1.13.1 The conversion of existing rental units to condominium may be permitted, provided that the rental vacancy rate of 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.

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:

- 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 document;

- c) the existing market rents of the units proposed for conversion are above the 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
- 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.”

Figure 1, below, shows a comparison of the City’s current policies against several other Municipalities.

The categories reviewed are defined as follows:

*Rental Vacancy Rate Threshold:* Municipalities review the CHMC data on vacancy rates and create a threshold of when Condominium Conversions are permitted.

*Timeframe for Vacancy Rate:* Municipalities review CHMC data over a set period, for example 1 year or 2 years.

*Vacancy Rate Threshold after Conversion:* This considers the number of units that are subject to the Condominium Conversion, and how the conversion will affect the vacancy rate.

*Use of CMHC Data to Monitor the Rental Market:* Rely on CMHC data for the policy decisions for condominium conversions.

*Vacancy Rate Threshold by Unit Type and Location:* Reviews the overall vacancy rate and the particular type of unit that is proposed to be converted (bedroom numbers).

*Additional Requirements to Protect Affordable Housing:* Are there are policies within the Official Plan to protect affordable housing?

Municipality	Rental Vacancy Rate Threshold	Timeframe for Vacancy Rate	Vacancy Rate Threshold After Conversion	Use of CMHC Data to Monitor the Rental Market	Vacancy Rate Threshold by Unit Type and Location	Additional Requirements to Protect Affordable Housing
City of Burlington	✓	✓		✓	✓	
Municipality of Clarington	✓	✓	✓	✓	✓	
City of Hamilton	✓	✓	✓	✓	✓	✓
City of Regina	✓				✓	
City of Thunder Bay	✓			✓		
City of Toronto	✓	✓		✓		✓
City of Waterloo	✓	✓		✓		✓
City of Sudbury				✓		✓
<b>City of North Bay</b>	✓	✓		✓		✓

**Figure 1: Municipalities Condominium Conversion Requirements.**

As shown above in Figure 1, there are common themes in what is required in other Municipalities for Condominium Conversions, these include:

- Most municipalities identified a vacancy rate threshold, the standard was 2% or 3% and that this threshold has been above this threshold for a specified timeframe, typically 1 or 2 years.
- Some municipalities reviewed the vacancy rate threshold for the dwelling type/unit size that would be converted.
- Some municipalities limit conversions if there is an impact on the affordable housing supply.

Planning Services completed a review of the previous applications and identified four condominium conversions dating back to 2012. The four condominium conversions had 41 residential units proposed to be converted to Condominiums. It appears that out of the 41 units, to date only 12 units have been converted to a Condominium Unit. The remaining 29 units that had been approved to be converted are still part of the rental supply.

## Vacancy Rates – North Bay

The City of North Bay relies on the Canada Mortgage and Housing Corporation (CMHC) data on vacancy rates and average market rent rates. The chart below demonstrates the trends in the vacancy rate and shows the average market rent since 2012.

<b>Year</b>	<b>Vacancy Rate</b>	<b>Average Rent</b>
2012	2.9%	\$797
2013	3.7%	\$819
2014	2.7%	\$838
2015	6.3%	\$866
2016	5.8%	\$870
2017	4.3%	\$883
2018	1.7%	\$908
2019	3.2%	\$940
2020	2.3%	\$969
2021	4.4%	\$1,007
2022	2.6%	\$1,085
2023	2.4%	\$1,184
<b>Average Vacancy Rate</b>	<b>3.5%</b>	<b>N/A</b>

Since 2012, the City of North Bay has had an average vacancy rate of 3.5%. A report published by Advocacy Centre of Tenants Ontario '*Tenant Protection and Rent Regulation in Ontario, March 2021*', they found that "a vacancy rate between 3% to 5% is considered the minimum necessary for a healthy rental market."

In the last two reported years, the average vacancy rate has fallen below 3%.

The current Official Plan does recognize the importance of maintaining a 3% vacancy rate but, even with a vacancy rate below 3%, does provide other means for a condominium conversion to happen provided certain criteria is met.

City Council does have tools available to them under the Municipal Act and the Planning Act preventing the conversions or allow for a pause should additional study need to be completed. These include:

### **Municipal Act, 2001**

Section 99.1 of the *Municipal Act, 2001*, permits a local municipality to regulate the demolition or conversion of residential rental properties. The permissions include the power to pass a by-law to prohibit demolitions or conversions without a permit, and to impose conditions as a requirement of obtaining a permit. Conditions may be imposed requiring an owner to enter into an agreement with the municipality, which may be registered on title to land to which it applies. These permissions are only applicable where there are

six or more rental housing units affected.

### **Interim Control By-law, Planning Act**

An interim control by-law (ICBL) is a tool available under Section 38 (1) of the Planning Act which can place a temporary freeze on some land uses while the municipality performs a review or study of the current policies in effect.

Given the limited number of condominium conversions that have occurred in the community to date and, should Council agree to move forward with a public meeting under the Planning Act to implement the proposed changes outlined in this report, there is no need to implement these additional tools.

### **Proposed New Policies**

Through the review of the City's existing Condominium Conversion policies, it has been identified that there is an opportunity to make the Official Plan policies clearer and reduce the risk of unintended impacts on the rental market.

The proposed policy, included in Schedule 'A' to this report, would not permit condominium conversions if the vacancy rate has been less than 3% in the previous two surveys.

In addition, the proposed policy would allow condominium conversions when the vacancy rate has been between 3% and 5% for the previous two survey years, provided the applicant can meet one of the listed criteria.

The criteria is proposed as follows:

- a) All of the resulting Condominium Units will provide affordable ownership as defined by the Provincial Policy Statement 2020 or any successor policy documents or as defined by the City of North Bay;
- b) The existing market rents of the units proposed for conversion are currently being rented for 15% or higher than the average market rent levels for the City of North Bay, as reported yearly by the Canada Mortgage and Housing *Rental Market Statistics Summary* for rental units of a similar dwelling/structure and bedroom type;
- c) The proposed vacancy rate for this specific unit type is 5% or higher for two consecutive surveys, as reported by Canada Mortgage and Housing in the *Rental Market Statistics Summar*.

In addition, an applicant would be required to show that the proposed resulting condominium conversion would not bring the vacancy rate below 3%.

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## Financial/Legal Implications

The Financial implications are minor in that an Official Plan amendment would be completed in house and includes normal mailing and advertising costs.

Legal implications include possible appeals to the Ontario Land Tribunal related to the proposed new policy.

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## Corporate Strategic Plan

- |  |   |
|--|---|
| <input type="checkbox"/> Natural North and Near                | <input type="checkbox"/> Economic Prosperity                |
| <input checked="" type="checkbox"/> Affordable Balanced Growth | <input checked="" type="checkbox"/> Spirited Safe Community |
| <input type="checkbox"/> Responsible and Responsive Government |   |

## Specific Objectives

- Facilitate the development of housing options to service the entire community, with consideration to socio-economic characteristics of the community.
- Facilitate the development of housing options to service the needs of the community.

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## Options Analysis

**Option 1:** That City Council direct Planning Staff to hold a public meeting under the Planning Act for a proposed Official Plan Amendment to amend the City's Condominium Conversion Policy based on Schedule 'A' in Report to Council CSBU-2024-001 by Adam Curran, dated February 8, 2024.

**Option 2:** Do not proceed with a standalone Official Plan Amendment related to the Condominium Conversion Policies and incorporate the review into the City's Official Plan review process.

**Option 3:** Maintain the current policies and do not proceed with an Official Plan Amendment.

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## Recommended Option

Option 1 is the recommended option.

That City Council direct Planning Staff to hold a public meeting under the Planning Act for a proposed Official Plan Amendment to amend the City's Condominium Conversion Policy based on Schedule 'A' in Report to Council CSBU-2024-001 by Adam Curran, dated February 8, 2024.

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Respectfully submitted,

Name: Adam Curran, M.E.S., MCIP, RPP

Title: Policy and Business Development Planner

**I concur with this report and recommendation**

Name: Beverley Hillier, MCIP, RPP  
Title: Manager, Planning & Building Services

Name: Ian Kilgour, MCIP, RPP  
Title: Director, Community Services

Name: John Severino, P.Eng., MBA  
Title: Chief Administrative Officer

Personnel designated for continuance:  
Name: Adam Curran, M.E.S., MCIP, RPP  
Title: Policy and Business Development Planner



**Schedule A**

Draft Proposed Official Plan Policy

**AMENDMENT NO. \_\_\_**

**TO THE**

**OFFICIAL PLAN**

**OF THE**

**CITY OF NORTH BAY**

**(Condominium Conversion Policy)**

**<DATE>**

**AMENDMENT NO. \_\_\_  
TO THE OFFICIAL PLAN OF THE CITY OF NORTH BAY**

**INDEX**

<b>STATEMENT OF COMPONENTS</b>	<b>i</b>
<b>PART ONE - INTRODUCTION</b>	<b>1</b>
1.0 Purpose	1
2.0 Location	1
3.0 Basis	1
<b>PART TWO - THE AMENDMENT</b>	<b>2</b>
1.0 Purpose	2
2.0 The Amendment	2
3.0 Implementation and Interpretation	3

## STATEMENT OF COMPONENTS

PART ONE - INTRODUCTION is included for information purposes and is not an operative part of this Official Plan Amendment.

PART TWO - THE AMENDMENT, consisting of the text and schedules attached hereto, is an operative part of this Official Plan Amendment.

### PART ONE - INTRODUCTION

#### 1. PURPOSE

The purpose of Amendment No. \_\_\_ to the Official Plan of the City of North Bay is to address a motion passed by Council, Resolution 2023-417 which recommended Planning Services review the Official Plan Policy as it relates to condominium conversions.

#### 2. LOCATION

This Amendment applies to the entirety of the City of North Bay.

#### 3. BASIS

The City of North Bay's Official Plan has policies to convert existing rental units to Condominium. The current policies have been in place since the adoption of the current Official Plan in 2009.

North Bay City Council passed resolution number 2023-417 on November 14, 2023 which states the following:

*"Whereas the City's current Official Plan Policy allows condominium conversions.*

*Therefore Be It Resolved that Council recommends Planning Services staff review the Official Plan Policy as it relates to condominium conversions taking into account current residential rental information".*

The basis for these changes have been based on Council's desire to further protect rental units, and ensuring that condominium conversions can proceed, provided the market can support the conversions and loss of rental units.

A ban on Condominium Conversions is not recommended. Condominium Conversions have the ability to, and typically do, create the most affordable type of housing ownership.

The proposed changes to the Official Plan will create a policy regime that protects the residential rental market at times when the vacancy rate is low, however, would also permit conversions at times when there is a higher vacancy and the conversions could create home ownership options.

## **PART TWO - THE AMENDMENT**

### **1. PURPOSE**

The purpose of Amendment No. \_\_\_ to the Official Plan of the City of North Bay is to amend the policies as they relate to condominium conversion as to not negatively affect the residential rental market.

This amendment applies to all lands within the City of North Bay.

### **2. THE AMENDMENT**

The Official Plan of the City of North Bay is hereby amended:

#### **2.1.1 Policies**

- i) By deleting Section 2.1.13.1 and 2.1.13.2 and replacing it with the following:

##### “2.1.13 Condominium Conversion Policy

2.1.13.1 The conversion of existing rental units to condominium units are not permitted if the rental vacancy rate for the City has been an average of 3% or less for the previous two consecutive surveys, as reported by Canada Mortgage and Housing in the *Rental Market Statistics Summary*.

2.1.13.2 The conversion of existing rental units to condominium units may be permitted provided that the rental vacancy rate for the City is between 3% and 5% for two consecutive surveys, as reported by Canada Mortgage and Housing in the *Rental Market Statistics Summary*, and the conversion of the rental units would not reduce the City of North Bay’s rental vacancy below 3% and provided that the applicant can meet one or more of the following conditions:

- a) All of the resulting Condominium Units will provide affordable ownership as defined by the Provincial Policy Statement 2020 or any successor policy documents or as defined by the City of North Bay;
- b) The existing market rents of the units proposed for conversion are currently being rented for 15% or higher above the average market rent levels for the City of North Bay, as reported yearly by the Canada Mortgage and Housing *Rental Market Statistics Summary* for rental units of a similar dwelling/structure and bedroom type;
- c) The proposed vacancy rate for the specific unit type is 5% or higher for two consecutive surveys, as reported by Canada Mortgage and Housing in the *Rental Market Statistics Summary*.

**3. IMPLEMENTATION AND INTERPRETATION**

This Official Plan Amendment shall be implemented and interpreted in accordance with the implementation and interpretation provisions set out in the Amendment and the Official Plan.

DRAFT