



MAYOR'S HOUSING COMMISSION

**Thursday, January 23, 2014
4:00 PM**

Henry Baker Hall, Main Floor, City Hall



**Public Agenda
Mayor's Housing Commission
Thursday, January 23, 2014**

Approval of Public Agenda

Minutes of the meeting held on December 19, 2013.

Administration Reports

MHC14-1 Condominium Policy Bylaw and Policy Update

Recommendation

1. That *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) be amended to:
 - a. Revise Section 7 governing the definition and treatment of vacant properties as outlined in Option 2 of this report;
 - b. Clarify that a two-unit building and a laneway suite are not eligible for conversion to condominium ownership.
2. That the Mayor's Housing Commission provide input on the proposed bylaw amendments to the Regina Planning Commission for consideration at its meeting on February 12, 2014.
3. That a supplementary report outlining commentary from the Mayor's Housing Commission be prepared by Administration for the February 12, 2014 meeting of the Regina Planning Commission.
4. That the City Solicitor be directed to prepare the necessary bylaw to authorize the amendments, as described above.
5. That this report be forwarded to the February 27, 2014 City Council meeting.

Adjournment

AT REGINA, SASKATCHEWAN, THURSDAY, DECEMBER 19, 2013

AT A MEETING OF THE MAYOR'S HOUSING COMMISSION
HELD IN PUBLIC SESSION

AT 4:00 PM

These are considered a draft rendering of the official minutes. Official minutes can be obtained through the Office of the City Clerk once approved.

Present: Mayor Michael Fougere, in the Chair
Councillor Bryon Burnett
Councillor Bob Hawkins
Councillor Barbara Young
Robert Byers
Terry Canning
Blair Forster
Tim Gross
Malcolm Neill

Also in Attendance: Committee Assistant, Elaine Gohlke
Solicitor, Chrystal Atchison
Deputy City Manager, Community Planning & Development, Jason Carlston
Director of Planning, Diana Hawryluk
Manager, Government Relations, Sheila Harmatiuk
Senior City Planner, Jennifer Barrett
Senior City Planner, Yves Richard
Coordinator, Social Development

(The meeting commenced in the absence of Terry Canning.)

APPROVAL OF PUBLIC AGENDA

Councillor Burnett moved, AND IT WAS RESOLVED, that the agenda for this meeting be approved, as submitted.

ADOPTION OF MINUTES

Councillor Hawkins moved, AND IT WAS RESOLVED, that the minutes of the meeting held on November 14, 2013 be approved, as circulated.

ADMINISTRATION REPORT

MHC13-7 Homelessness Partnering Strategy 2014-2019 and the Cold Weather Strategy on Homelessness

Recommendation

1. That the Mayor's Housing Commission provide direction and advice to Council on the Homelessness Partnering Strategy.

2. That the Mayor's Housing Commission participate in the upcoming consultations in January and February to develop the Community Plan on Homelessness.
3. That the Administration provide an update to the Mayor's Housing Commission in February on the preliminary findings and results of the community consultations established to develop the Community Plan on Homelessness and that the Commission provide direction and advice to Council on the Community Plan on Homelessness.
4. That the Administration provide annual updates to the Mayor's Housing Commission in Q3 on the Cold Weather Strategy.
5. That the Administration provide annual updates to the Mayor's Housing Commission in Q2 on homelessness issues in Regina.

Janice Solomon, Coordinator, Social Development, made a PowerPoint presentation, a copy of which is on file in the City Clerk's Office.

(Terry Canning arrived during Ms. Solomon's presentation.)

Councillor Hawkins moved that the recommendation contained in the report be concurred in.

Councillor Hawkins moved, in amendment, AND IT WAS RESOLVED, that a report be prepared for City Council based on discussion at this meeting and directives by the Commission to Administration.

The main motion, as amended, was put and declared CARRIED.

RESOLUTION FOR PRIVATE SESSION

Councillor Young moved, AND IT WAS RESOLVED, that in the interest of the public, the balance of agenda items for this meeting be considered in private session and that the Board recess for 10 minutes.

The Board recessed at 5:11 p.m.

Chairperson

Secretary

January 23, 2014

To: Members,
Mayor's Housing Commission

Re: Condominium Policy Bylaw and Policy Update

RECOMMENDATION

1. That *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) be amended to:
 - a. Revise Section 7 governing the definition and treatment of vacant properties as outlined in Option 2 of this report;
 - b. Clarify that a two-unit building and a laneway suite are not eligible for conversion to condominium ownership.
2. That the Mayor's Housing Commission provide input on the proposed bylaw amendments to the Regina Planning Commission for consideration at its meeting on February 12, 2014.
3. That a supplementary report outlining commentary from the Mayor's Housing Commission be prepared by Administration for the February 12, 2014 meeting of the Regina Planning Commission.
4. That the City Solicitor be directed to prepare the necessary bylaw to authorize the amendments, as described above.
5. That this report be forwarded to the February 27, 2014 City Council meeting.

CONCLUSION

Since revisions to the *Condominium Policy Bylaw* were made in early fall 2013 and brought before Regina Planning Commission, Housing Commission and Council, Administration has become aware of situations in which the *Condominium Conversion Policy Bylaw* should be updated to reflect current housing trends. Therefore, as a measure of on-going evaluation and monitoring, Administration is bringing forward two amendments to the Bylaw. These amendments aim to balance the need to provide diverse housing options with the need to maintain the supply and availability of rental housing while also retaining the existing housing stock, all of which are objectives of the *Comprehensive Housing Strategy*.

As governed by the *Planning and Development Act*, review of *Condominium Policy Bylaw* by Regina Planning Commission is required. The Mayor's Housing Commission will provide input on the recommendations, which will be forwarded to Planning Commission as a supplemental report. Amendments as outlined in this report require Council approval.

BACKGROUND

The Condominium Policy Bylaw, 2012 was established to allow for the orderly conversion of rental properties to condominium ownership while ensuring that condominium conversions do not significantly reduce the supply of rental accommodations in the city. On July 29, 2013, Council considered a report (CR13-110) in which the Administration indicated it would begin a review of *The City of Regina Condominium Policy Bylaw, 2012* as part of the implementation of the *Comprehensive Housing Strategy*. Amendments were brought forward and approved by the Regina Planning Commission on October 23, 2013 and by Council on November 25, 2013. The report was also brought to the November 14, 2013 meeting of the Mayor's Housing Commission. Amendments to *The Condominium Policy Bylaw* increased the vacancy rate at which conversions of properties containing five or more rental units could occur to a three percent vacancy for both citywide and zone vacancy rates. Amendments were also made to correct typographical errors in the Bylaw.

Since approval of amendments to *The Condominium Policy Bylaw*, Administration has closely monitored the housing situation and the rental market to identify any challenges to improving rental supply. A city-wide vacancy rate of 1.8 percent in Regina was reported for October 2013. Although significantly higher than the October 2012 rate of 1 percent, the rate is still less than the target of three percent as established in the *Comprehensive Housing Strategy*. However, based on Administration's estimates of the rental units required to achieve a vacancy rate of three percent by 2017, a 1.8 percent vacancy as reported in the fall 2013 is on target to achieving a three percent rate by 2017.

DISCUSSION

As a matter of review and updating, Administration has identified two areas of the *Condominium Policy Bylaw* needing amendments to ensure the intention of the *Condominium Policy Bylaw* is upheld.

First, in an effort to ensure the retention of long-term rental units, Administration proposes to increase the period in which a building must be vacant from 12 to 36 months, to amend the actual vacancy requirement to 100 percent of the apartments and to add language that prohibits a property owner from evicting tenants for the purpose of classifying a building as vacant and subverting the vacancy rate threshold. This triples the length of time required and doubles the actual vacancy of the building needed to define a building as vacant in the original policy, created in 2012, which was based on recommendations of the consultant when the policy was established. In the *Review of the Condominium Conversion Policy* completed by the Centre for Management Development in May 2011, the consultant established that a 12-month period of vacancy would balance the need to encourage the renovation of neglected or derelict buildings while providing a sufficient deterrent for vacating the building for the purpose of averting other requirements for conversion including the vacancy rate threshold.

Second, the bylaw as it is currently written excludes secondary suites from conversion for the purpose of maintaining these units in their original purpose and intent as additional rental units and as a mortgage helper for the property owner. However under the current policy, a main house with a subordinate suite, classified as a duplex or semi-detached, could apply to convert to a two-unit condominium thereby defeating the purpose and intention of excluding secondary suites from conversion. Also, the City has recently approved two pilot projects for laneway suites. In keeping with the intention to retain both secondary suites and laneway units as rental

units and mortgage helpers for the property owner, the policy has been amended to increase the minimum units eligible for conversion to three, and to prevent a house with a laneway suite from being split as a two-unit condominium and sold as two separate ownership units.

Options for the revision of the Condominium Conversion Policy

In its interim review of *The Condominium Policy Bylaw*, Administration has worked with the City Solicitor's Office to consider several options for amendments to Section 7 of the bylaw, relating to the treatment of vacant buildings. Under the current bylaw a property would be considered vacant after a 12-month period and it would be the responsibility of the owner to provide evidence of vacancy for the 12-month period before an application for conversion could be made. In order to further restrict the potential for a property owner to intentionally vacate a building for the purpose of conversion, Administration has considered three options. Explanations of each option with the possible advantages and challenges of each are provided below. Based on a policy review, the current housing context and the advice of the City Solicitor's Office, Administration is recommending Option 2 from the list below.

Revisions to Section 7 governing Vacant Properties:

Option 1: Remove Section 7 entirely and treat a vacant building as any other.

By removing Section 7 entirely from the *Condominium Policy Bylaw*, vacant properties would be treated as any other multi-unit building and would be required to adhere to the vacancy threshold, which is currently set at three percent for both the citywide and zone vacancy rates. This option creates a straightforward approach that treats a vacant building as one that is occupied and does not establish separate requirements or parameters for its conversion. The challenge with this option is that it could discourage or delay the repair and conversion of vacant and derelict properties, which was the original intention of Section 7 as recommended in the *Review of the Condominium Conversion Policy* completed in 2011.

Option 2: Amend the definition of Vacant Property to extend the period of required vacancy from 12 to 36 months, require that the building must be 100% vacant during this period, and clarify that eviction may not be used to vacate a building for the purpose of conversion.

The *Review of the Condominium Conversion Policy* completed by the University of Regina's Centre for Management Development in 2011 formed the basis for Section 7. With stakeholder input, the consultant advised that "The [Condominium Conversion] Policy should include a provision to discourage mass evictions or emptying a building to enable an easier conversion and put the onus on the landlord to demonstrate that the building was vacant for at least one year prior to application." This parallels the City of Saskatoon's conversion policy, which also defines a vacant building as one that has been continuously vacant for 12 months immediately preceding the date of submission of the application for conversion. As with Regina's policy, the vacancy threshold does not apply for the conversion of a vacant building in Saskatoon.

In keeping with the intention of this recommendation to encourage the renovation of derelict properties but restrict evictions or purposeful vacancy in order to subvert the vacancy threshold, Option 2 would revise the definition of vacant properties from 12 months to 36 months and require that the building be completely unoccupied during the term of vacancy before an application for conversion could be made pursuant to Section 7.

The provincial *Condominium Property Regulations*, 2001 contain provisions that deem any application for condominium approval related to property that was subject to demolition or

renovation, which resulted in notices to be issued to any tenant to vacate pursuant to the *Residential Tenancies Act, 2006*, to be an application for conversion. In order to further disincentivize the use of eviction of tenants for the purpose of conversion, Administration also proposes to clarify in the Bylaw definition of Vacant Property that any property which is included as a conversion pursuant to section 8.1 of the *Condominium Property Regulations, 2001* shall not be considered Vacant Property.

With a low vacancy rate and rental rates that have increased by more than 40% since 2006, it is highly unlikely that properties would be intentionally kept vacant for the purpose of conversion pursuant to Section 7. Since the *Condominium Policy Bylaw* was approved by Council in January 2012, Administration has not received an application for conversion for a building vacated for the purpose of conversion. As revised in Option 2, Section 7 encourages the property owner of a rental building in need of renovation to retain the building for rental since improvements could be made and tenure retained without restrictions such as confirmed vacancy. Further, Section 7 is likely to benefit heritage buildings, which could be adversely affected by removing provisions related to vacant properties as the neglect and demolition of these buildings has been identified as an on-going issue. Finally, to address dire cases of buildings made vacant by order of health, maintenance or fire, amendments to Section 7 would give discretion to Council to waive the three-year period of vacancy for a building deemed to be uninhabitable or dangerous to public health or safety.

Option 3: Amend the definition of vacant property to restrict to properties under maintenance or health order or otherwise deemed as ruinous or dilapidated.

Prince Albert's *Condominium Conversion Policy (2008)* provides a more restrictive approach to addressing the conversion of vacant properties. If the vacancy rate is below the threshold for conversion (three percent for Prince Albert), Administration will only bring forward an application for conversion for a building that "at the time of application, is subject to an Order pursuant to the City of Prince Albert Maintenance and Occupancy Bylaw, Public Health or other official agency to repair or demolish the building and in the opinion of the Fire Chief, the Chief Building Official or their designate, and the Public Health Officer, that the building is in a ruinous or dilapidated state such that the building is dangerous to the public health or safety or substantially depreciates the value of other land or improvements in the neighbourhood."

Regina's *Condominium Conversion Policy Bylaw* Section 7 could be revised to reflect the language used in Prince Albert to only allow the conversion of a vacant building under order of Maintenance and Bylaw, Public Health or other such official. This would put additional and more stringent requirements on the conversion of vacant buildings and limit conversion to those that are beyond a livable condition. However, this revision to Section 7 may also result in intentional neglect for the purpose of conversion, or in a more extreme case, could encourage demolition rather than repair of an existing building. In the case of a substantially dilapidated building declared so by order of Health, Police or Bylaw Enforcement, Administration has opted to include a discretionary clause as part of the amendments outlined in Option 2 that would grant Council the ability to waive the three-year vacancy period to allow conversion.

It is important to note that should tenants be evicted for the purpose of a demolition, as mentioned in Option 2, the *Condominium Property Regulations, 2001* and the *Condominium Act 1993* would restrict the construction of a condominium on the site, subject to the requirements laid out in the *Condominium Act* which treats demolition of a rental building and new construction as a 'conversion'. In this instance, the Act would require that a conversion (i.e. new

construction) only be allowed if it could be approved in accordance with the Act and the City's Bylaw requirements for approval of conversions.

Summary of Amendment Options and Housing Context

As stated in the January 2012 Council report (CR12-4), the large number of conversions that happened in 2007-2008 was due to the fact that the gap between rental market property income and housing prices created an opportunity for significant profit to be made through the conversion of rental apartments into condominiums. Similarly, with a housing stock of predominantly single-family detached units, the conversion of these units provided an alternative form of ownership unit not available on the market; for example, in the 2006 Census only 12% of all ownership units were not single-family detached homes.

With a significant increase in rents and more purpose-built multi-unit condominium units on the market, rental developments have become more financially viable thus lessening the financial interest in conversions. This trend has been confirmed by the City of Saskatoon. Saskatoon allows conversions at 1.5 percent vacancy yet with a vacancy rate above this threshold since 2008, the City has received approximately six applications (less than 100 units) for conversion since 2009.

As the vacancy rate increases in future years, it is expected that some rental units will come off the market as the number of available units and choice of units increases; the *Comprehensive Housing Strategy* has noted that at least 10% of all rental units are in need of major repair. Those units that are no longer occupied are expected to be the units in most dire need of renovation. In all likelihood, rental buildings requiring renovation will remain rental in the current market. As other cities have observed, with an increase in multi-unit condominium construction in 2012 and 2013, the conversion of rental units to condominiums has declined substantially and investment in rental development has increased. Section 7 as revised would still encourage the property owner of a rental building in need of renovation to invest in and retain the building for rental as improvements could be made without a period of documented vacancy. This intended outcome addresses one of the key objectives of the *Comprehensive Housing Strategy* to "Retain and Regenerate the Existing Housing Stock".

Despite these market trends, situations may still exist whereby the conversion of a vacant or derelict building is the only financial alternative for preservation of the building, as in the case of a historic or heritage building. In keeping with the objectives of the *Comprehensive Housing Strategy* and the intention of the *Condominium Policy Bylaw*, Option 2 aims to balance the need for rental housing availability and housing diversity with the realities of a tight housing market and the current condition of Regina's housing stock.

Revisions to Sections 5.1 and 18 governing eligibility of two-unit buildings and laneway suites:

For the purpose of maintaining laneway and secondary suites as rental units, Administration is recommending revisions to Section 5.1 and Section 18. These units when added to new or existing homes bring additional rental suites to neighbourhoods in a less intrusive manner than a multi-unit building. As the Bylaw is currently written, Section 5.1 excludes secondary suites from conversion for the purpose of maintaining these units in their original purpose and intent as rental units and as a mortgage helper for the property owner. According to the definition in the City's Zoning Bylaw, a secondary suite cannot exceed 40% of the overall floor area of the dwelling. However, a main house with a subordinate suite that is classified as a duplex or semi-

detached, could still apply to convert to a two-unit condominium thereby defeating the purpose and intention of excluding secondary suites from conversion. Therefore, it is proposed that the *Condominium Policy Bylaw* be amended to make a Property that, prior to conversion, contains fewer than 3 Units or Apartments ineligible for conversion to a condominium.

Similarly, the City has recently introduced laneway suites through the approval of two pilot projects. These projects include detached suites that are accessed off the laneway and share a lot with a main dwelling. In order to retain the intention of laneway units as rental units and mortgage helpers for the property owner, proposed Bylaw revisions would remove laneway suites as units eligible for conversion so as to prevent a house with a laneway suite from being split as a two-unit condominium and sold as two separate ownership units.

RECOMMENDATION IMPLICATIONS

Financial Implications

None with respect to this report.

Environmental Implications

None with respect to this report.

Policy and/or Strategic Implications

Revisions to *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) are aligned with the policy direction of both the *Comprehensive Housing Strategy* and the *Official Community Plan* to achieve housing diversity, to protect and increase the supply of rental housing, and to retain and regenerate the existing housing stock.

Amendments to *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) are intended to stabilize rental supply while housing needs and supply are monitored through the *Comprehensive Housing Strategy*. Information collected through monitoring will allow Administration to better evaluate current housing needs and to appropriately adjust housing policies in subsequent years.

Other Implications

None with respect to this report.

Accessibility Implications

As per the National Building Code, multi-unit rental buildings of four units or more are required to provide 5% accessible units. By encouraging the creation of purpose-built rental through incentives and stricter requirements on condominium conversions, amendments to *The City of Regina Condominium Policy Bylaw, 2012* may help to increase the number of accessible units created throughout the city.

COMMUNICATIONS

Administration will continue to work with the Communications Branch to ensure that changes to *The City of Regina Condominium Policy Bylaw, 2012* (Bylaw No. 2012-14) are made available to the public and to interested parties.

DELEGATED AUTHORITY

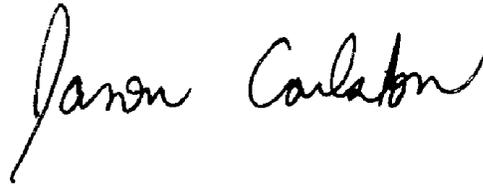
This report requires approval by City Council.

Respectfully submitted,



Diana Hawryluk, Director
Planning Department

Respectfully submitted,



Jason Carlston, Executive Director
Community Planning and Development

Report prepared by:
Jennifer Barrett, Senior Housing Planner