
**ST. THOMAS OFFICIAL PLAN REVIEW:
AFFORDABLE HOUSING TARGETS
AND CONDOMINIUM CONVERSION POLICY**

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EXECUTIVE SUMMARY

INTRODUCTION

The City of St. Thomas is undertaking a comprehensive review of its Official Plan with the goal of preparing a new Official Plan. The new Official Plan will provide the City's vision of the future urban structure to take into account changing demographic, economic and environmental issues and trends. The Planning Act requires that the new Official Plan be consistent with the 2005 Provincial Policy Statement (PPS).

The current Official Plan has numerous policies regarding affordable housing and special needs housing. The Plan has progressive policies supporting the provision of rooming, boarding and lodging homes; accessory apartments; and, group homes. While the current Official Plan states that a portion of new housing will be affordable to low and moderate income households, the 2005 PPS requires that specific targets be set for the provision of affordable housing.

A number of foundation studies and background reports are being conducted as part the process of preparing the new Official Plan. Dillon Consulting in association with the City of St. Thomas Planning Department is co-ordinating the undertaking of the required studies and reports by various consultants. This report is considered one of the required background reports and deals with two housing issues related to housing affordability – affordable housing targets and condominium conversions - as discussed below.

The report outlines the availability of funding under a variety of federal and provincial programs as well as municipal initiatives (such as grants for creating new units in Community Improvement Areas). While there has been some federal/provincial funding for affordable housing programs in recent years, there is a lack of stable funding and there is no commitment at this time to a long-term national affordable housing program.

WHY AFFORDABLE HOUSING MATTERS?

Affordable housing refers to a broad range of dwelling types that are considered affordable within a particular market. Affordable housing can be provided by the private sector, the municipal sector or private non-profit groups and can be in the form of affordable ownership housing or rental housing. The term “affordable housing” does not necessarily mean rent-g geared-to-income units. Simply speaking affordable housing is housing that is affordable to the broad range of income groups. Ensuring an adequate supply of affordable housing is important because such housing:

- ☑ Creates more inclusive communities;
- ☑ Can help to attract prospective employers;
- ☑ Has economic spin-offs;
- ☑ Is an important tool in reducing poverty;
- ☑ Improves health conditions for adults and children;
- ☑ Supports children's educational achievements;
- ☑ Reduces the need for social assistance;
- ☑ Helps asset-rich but income-poor older adults; and,
- ☑ Results in increased tax revenue.

AFFORDABLE HOUSING TARGETS

In order to be consistent with the 2005 Provincial Policy Statement (PPS), the City of St. Thomas is required to adopt a definition of affordable rental housing and affordable ownership housing and to establish targets for the provision of such housing.

DEFINING AFFORDABLE HOUSING

In order to set targets for affordable housing, we need to first define “affordable rental” and “affordable ownership housing” in a way that is consistent with the 2005 PPS.

Affordable Rental Housing

The 2005 Provincial Policy Statement defines affordable rental housing as the lower of:

- a) the rent that low and moderate income households can afford without paying more than 30% of their income on rents, or,
- b) rents at or below average market rents.

The PPS defines low and moderate income tenants as those in the lowest 60th percent of all tenants in the regional market (if tenants were ordered according to their income). Table I below provides the incomes for the St. Thomas/Elgin County area and rents that are affordable at various income levels as well as a comparison of average rents for rental units by bedroom count in the London CMA. (The London CMA is used because this is the housing market within which St. Thomas is located.) The Ontario Ministry of Municipal Affairs and Housing has provided a 2006 Housing Information Bulletin to provide municipalities with “affordable” rents and house prices; however, it has not updated that Bulletin at this time.

Table I: Affordable Rents, St. Thomas, 2005 and 2006

Income Percentile	Upper Income of this Percentile	Affordable Rents	Apartment Size	Average Rent (2005)	Average Rent (2006)
20th Percentile	\$15,100	\$380			
30th Percentile	\$19,800	\$490	Bachelor	\$489	\$486
40th Percentile	\$25,200	\$630	One Bedroom	\$620	\$628
50th Percentile	\$31,900	\$800	Two-Bedroom	\$775	\$790
60th Percentile	\$38,800	\$970	Three-Bedroom+	\$904	\$961

Source: Ontario Ministry of Municipal Affairs and Housing, Information Bulletin, October 2006, and CMHC 2005 and 2006 Rental Market Reports: London CMA, published in 2006 and 2007.

It should be noted that the Ministry of Housing and Municipal Affairs uses a somewhat more stringent definition of “affordable housing” for the Federal/Provincial Affordable Housing Program (AHP). Affordable rents are defined as rents that are 20% below the average rents for rental units by bedroom count. In participating in the Affordable Housing Program the City of St. Thomas used rents in the London CMA to develop ceilings for affordable rent. Thus, the City used a rental level of \$496 for 1-bedroom units (20% below the 2005 rent figure of \$620) and a rent level of \$620 for two- bedroom units (20% below the 2005 rent figure of \$775).

The City of St. Thomas has received funding under the AHP for two different buildings in St. Thomas - a 23-unit apartment building at 25 Scott Street and a 3-storey 12-unit apartment building at 78 Steele Street adjacent to the YMCA Day Care Centre. Under this program, a maximum federal/provincial subsidy of \$70,000 was available per unit for approved developments. The federal government provided a 38% federal capital grant while the province provided a 62% contribution in the form of an Affordability Payment over 20-years (to lower operating costs and the breakeven rent). A requirement of the AHP is that the participating housing projects receive a tax reduction from the City through the equalization of the multi-residential property to the residential tax rate. The Scott Street project also received funding through the City's Community Improvement Program.

Affordable Ownership Housing

The PPS defines affordable housing as “*that which is affordable to the lowest 60 percent of all households or 10% below the average resale price*” whichever is lower. Table II below provides the affordable ownership price for households in St. Thomas/Elgin County using the income distribution in the 2006 PPS Information Bulletin and average resale prices from the London St. and Thomas Real Estate Board on average resale house prices for the London Area published by CMHC in its *Housing Now: London CMA* quarterly report.¹ The resale house price shown in the CMHC publication was used because it encompasses the larger housing market within which St. Thomas is located.²

Table II: 2006 Affordable Ownership Housing, St. Thomas-Elgin County³

	All Household Incomes	Affordable Ownership
20th Percentile	\$25,900	\$87,500
30th Percentile	\$36,300	\$122,500
40th Percentile	\$45,300	\$153,000
50th Percentile	\$54,900	\$185,500
60th Percentile	\$64,800	\$219,000
Average Real Estate Price - London Area		
	2006	2007
Average Sales Price	\$190,500	\$202,900
10% below Average	\$171,450	\$182,610

Source: Income Distribution and Affordable House Prices published in 2006 Information Bulletin, Ontario Ministry of Municipal Affairs; Average Resale Prices from London and St. Thomas Realtors (LSTAR) published in CMHC's Housing Now: Spring 2008.

¹ The October 2006 PPS Information Bulletin lists an average resale price for St. Thomas/Elgin County at \$179,000 and 10% below that price as \$161,00. Data obtained by Lapointe Consulting Inc. from the St. Thomas and Elgin County Real Estate Board as of June 2007 indicates that the \$179,000 was more in line with house prices for Elgin County not the combined area of St. Thomas and Elgin County.

² House prices within the broader area covered by the London and St. Thomas Realtors are higher than those in the City and County of Elgin but reflect the housing market area within which St. Thomas is located.

³ The Resale Prices are for the combined Middlesex and Elgin County and the City of St. Thomas and the City of London. This area contains most of the housing and population in the London CMA.

When using this broader area, it is recommended that the City use the median income of \$54,900 as the upper threshold for affordable housing and an affordable house price of \$185,500 or 10% below the resale house in the London Area, whichever is lower.⁴ In 2006, the affordable house price would be \$171,450 and in 2007 it would be \$182,610 based on information obtained from the London and St. Thomas Real Estate Board. With the slowing of the economy it is anticipated that resale prices may either level off or start to decline.

An examination of the distribution of the sales price of new single detached housing in St. Thomas shows that between 2005 and 2006, less “affordable” housing was being produced by the private market. Based on CMHC published data, in 2005 approximately a quarter (23.4%) of new single detached dwellings in St. Thomas were priced at \$175,000 or less; however, in 2006, around a tenth (10.9%) of new single detached dwellings were priced at or below \$175,000.

A strategy to enhance the City’s ability to provide affordable ownership housing may include supporting the development of smaller-sized single detached dwellings on smaller lots and other more affordable house forms such as semi-detached dwellings, townhouses and apartment condominiums.

The ownership component of the Affordable Housing Program (AHP) assists households in purchasing a new or resale home by providing grants for the down payment and other fees associated with the purchase. The City of St. Thomas as Service Manager used an income threshold of \$55,900 the median income for St. Thomas/Elgin County as recommended by the Ministry of Municipal Affairs and Housing and used an affordable house price of \$150,000. This price level is lower than required by the PPS or the AHP and was used to ensure that prospective owners would not run into difficulty paying their housing costs should interest rates rise and also takes into account other housing-related costs such as energy and hydro that are not included in the calculations used in the Information Bulletin.

SETTING AFFORDABLE HOUSING TARGETS

In order to comply with the PPS, the City must establish affordable housing targets including ownership and rental housing. While the PPS is directed to new construction, affordable housing developed through conversion of non-residential to residential uses or the provision of new accessory or rooming house units will also contribute towards the City’s affordable housing targets. (On the other hand, rehabilitating existing units will not contribute to the target for additional affordable housing.)

In order to develop affordable housing targets, it was first necessary to estimate future demand for ownership and for rental housing using overall housing projections prepared by Lapointe Consulting in the St. Thomas: Population, Housing, and Employment Projections, 2006-2026 report prepared in 2007. Over the next 20 year period, it is estimated that 81% of future demand will be for ownership housing and 19% for rental housing. (While this ratio provides for less rental housing than is the current proportion, increasing shares of ownership housing have been observed across Ontario and Canada reflecting the strong attachment to ownership housing by

⁴ In 2006, it is estimated that the median income in St. Thomas was \$52,100 based on Lapointe Consulting Inc. calculations.

many consumers, the lower interest rates that have prevailed in recent years and the increasing popularity of condominiums among older adults who may have rented in the past.)

As is shown in Table III below, a large share of future requirements for affordable housing can be produced by the private market. Depending upon trends in land and construction costs, it may be possible to develop affordable private housing that is affordable to those at the 40th income percentile of all households who have household incomes of \$45,300 and can afford to pay \$153,000 or less for a new dwelling. Some housing types (e.g. stacked townhouses, apartment condominiums) may be developed that are affordable to tenants at the upper end of the affordability threshold, for example, the 60th percentile household income for tenants is \$38,800 or between the 30th and 40th income percentile for all households.

In order to come up with targets for affordable ownership and rental housing, we have used assumptions about what percentage of different dwelling types could be developed as affordable units as shown in Table III below. Overall these affordable housing targets will result in 23% of all housing being produced at a price and/or rent that is affordable to low and moderate income households as defined by the 2005 Provincial Policy Statement. While these shares may vary with economic changes (e.g., higher demand for affordable housing in slowing economy), the assumptions should hold over the longer term.

Table III: Recommended St. Thomas Affordable Housing Targets, 2006-2026

Owned Housing	Total Housing	Share Affordable	Affordable Units	Annual	Percent
Singles	3,904	10%	390	20	
Semis	408	25%	102	5	
Townhouses	346	60%	207	10	
Apartments	159	100%	159	8	
<i>Total Owned</i>	<i>4,817</i>	<i>81%</i>	<i>859</i>	<i>43</i>	<i>63%</i>
Rental Housing					
Apartments	474	80%	379	19	
Townhouses	148	80%	119	6	
Other	514	0%	0	0	
<i>Total Rented</i>	<i>1,136</i>	<i>19%</i>	<i>498</i>	<i>25</i>	<i>37%</i>
<i>Total Housing Units</i>	<i>5,953</i>	<i>100%</i>	<i>1,357</i>	<i>68</i>	<i>100%</i>
Percent Affordable			22.8%		

Source: Lapointe Consulting Inc.

CONDOMINIUM CONVERSION POLICY

BACKGROUND

The second part of this report examines a related but separate policy in the Official Plan, the policy regulating the conversion of the residential stock to condominium ownership. The St. Thomas and Elgin County Affordable Housing Strategy prepared in 2004 by Lapointe Consulting, in association with Chris Pacini and Associates, identified the loss of rental units due to the conversion of rental apartments to condominiums as an issue that needed to be addressed.

The current Official Plan contains policies to protect the rental housing supply and limit condominium conversions. The condominium conversion policy of the Official Plan was adopted in 1992 as part of Official Plan Amendment No. 30 (OPA No. 30) following the preparation in 1992 of a comprehensive housing strategy in the St. Thomas Municipal Housing Statement and Land Use Review prepared by Lapointe Consulting and Dillon Consulting. OPA 30 contains policies that protect the City's rental housing supply. The policy states,

“The City shall consider the conversion of rental buildings to condominium tenure only when the vacancy rate in the City is above 3% for the past two CMHC rental housing surveys. If the conversion results in a vacancy rate below 3%, then the conversion shall not be permitted”.

At the time of writing of OPA No. 30, CMHC surveyed rental housing twice a year thereby permitting conversions so long as the vacancy rate was above 3% for a year. In recent years CMHC has surveyed rental housing once a year; however, in 2007 CMHC has once again begun to survey rental housing in both the fall and spring of each year. The fall survey results are found in the CMHC published document entitled *Rental Market Report: London*.

Under the *Residential Tenancies Act (2006)*, when a building is converted to a condominium, tenants who are in the unit at the time of conversion, have the right to remain there even if the unit is sold, and, tenants have the first right of refusal when the unit is up for sale. While the provision in the *Residential Tenancies Act* does protect existing tenants, it does not protect the stock itself, which may diminish over time should the units become owner occupied.

THE CITY'S RECENT EXPERIENCE WITH CONDOMINIUM CONVERSIONS

Two separate buildings were converted in 2007 from rental to condominium – following two years in which rental vacancy rates exceeded 4% in St. Thomas. One building will continue to be rented out while it is not known what will happen to the second building, a higher rent building. City staff contacted CMHC in an effort to determine the impact of the proposed conversions on the vacancy rate, however CMHC could not provide an opinion on the impact the conversions may have on the City's vacancy rate.

The two approvals have led to discussions amongst staff on the adequacy of the exiting Official Plan policy to protect the City's existing rental stock and how to assess the merits of proposed conversions and their potential impact on the City's rental stock, particularly affordable rental housing. Further, these conversions have raised the issue of how to encourage the maintenance and improvement of the existing rental stock in order to ensure that required building standards for the health and safety of tenants are met.

As part of the background research that was undertaken regarding the condominium conversion policy in the Official Plan, the following work was undertaken:

- A review of current and projected housing needs;
- A review of factors influencing owners to convert;
- A review of the pros and cons of permitting condominium conversions;
- A review of conversion policies in other municipalities; and,
- A review of municipal and provincial tools that may complement or enhance efforts to protect the rental stock.

REASONS FOR APPLYING FOR CONVERSIONS

Condominium conversions take place for a variety of reasons:

- A conversion triggers a change in the tax rate, from a multi-residential rate to a residential rate (In St. Thomas, the multi-residential tax rate is approximately 2.5 times greater than the residential rate.) A lower tax rate can help to reduce operating costs for building owners although this may be offset to varying degrees by the costs of improving the property to meet condominium standards and the higher value of the individual units.
- Conversion is likely to increase the value of the structure, thereby providing additional security to lenders and increasing the owner's borrowing power; as well the conversion provides more security to lenders because individual units can be sold off if the building is in default.
- Conversions give the building owner the opportunity to sell units and, therefore, pull out capital from the building.
- Finally, the condominium conversion enables the owner to designate units for the purpose of estate planning.

PROS AND CONS OF CONVERTING TO CONDOMINIUM

The following provides a summary of the pros and cons of condominium conversions from the broader community perspective.

Pros:

- An advantage of converting rental buildings to condominiums is that converted units can provide a source of affordable ownership housing and enable the "in situ" tenant to move into the ownership market.
- In situations where there is surplus rental housing, this condition may outweigh the benefit of retaining the rental stock.
- The conversion process requires the applicant to undertake an assessment of the current condition of the structure. Based on this assessment the City may require improvements. A conversion is likely, therefore, to result in improvements to the structure.

Cons:

- As is discussed in the fuller report, rental vacancy rates increase and decrease on a cyclical basis and it is very expensive to replace rental units once they have been removed from the rental stock. (A subsidy of \$70,000 per rental unit is required under the Canada-Affordable Housing Program from the Federal and Provincial governments alone and this is higher when other grants and forgiveness of municipal charges are taken into account.)
- Conversions can lead to an erosion of rental stock if units are sold and become owner-occupied.
- A condominium conversion may result in a loss of municipal tax revenue because of the lower property tax rate; however, this may be offset to some extent by the higher value of the unit.

CONVERSION POLICIES ACROSS ONTARIO AND RELATED PROVINCIAL AND MUNICIPAL TOOLS

Municipal Approaches to Condominium Conversions

Condominium policies vary considerably among municipalities across the Province. Some municipalities have no special provisions; others using a vacancy rate as the trigger to permit conversions and assess the impact of the conversion on the affordable rental stock; while others have more stringent controls.

- For example, the City of London and the City of Kitchener have no special provisions concerning condominiums. The City of London has lost a substantial number of apartment rentals because of condominium conversions. The City of Kitchener is considering implementing a condominium conversion policy.
- The City of Sarnia has recently adopted a stronger condominium policy which states that a conversion would not have an impact on the supply of affordable rental housing (using the PPS definition of affordable rental housing). This policy was brought in following the loss of 8% of its rental housing stock to condominium conversions and the municipality facing losing another 8% of its stock due to conversions.
- The City of Ottawa will not permit conversions where the rents are at or below the average rent level for rental units by bedroom count.
- The City of Toronto goes further than other municipalities by stating that it will not approve the conversion of rental properties where the rents exceed mid-rents at the time of the application. (Mid-rents are one and half times the average rent). The City of Toronto has also enacted a municipal by-law to control demolitions and condominium conversions which cannot be appealed at the OMB.

Provincial and Municipal Tools

A number of provincial and municipal tools exist that may be used to regulate and monitor condominium conversions and to ensure an adequate supply of quality affordable rental housing is maintained in the City. They include:

- The *Municipal Act* was amended in 2006 to permit local municipalities to prohibit and regulate the conversion of residential rental properties with six or more units to other uses and to impose conditions as a requirement for obtaining a permit. (Section 99.1 of the *Municipal Act*). Once a municipality passes a by-law to control demolitions and/or condominium conversions, the applicant has a limited basis on which to appeal to the OMB.
- *Condominium Act* - Section 9(4) of the *Condominium Act, 1998* authorizes the Approval Authority to set submission requirements for the purpose of ensuring that health and safety standards are upheld. Based on this authority, the City of St. Thomas has developed a set of extensive application requirements, including the submission of a comprehensive report based on the inspection of the building by a qualified person. Any deficiencies identified are required to be rectified before the condominium agreement can be registered.

- *The Planning Act* - amended in 2006 to clarify that the Community Improvement provisions of the Act specifically include affordable housing projects as eligible for incentives.
- The *Ontario Building Code* – enables municipalities to uphold and enforce their property standards by-laws. The City has passed such a by-law (Property Standards By-law 12-99) allowing the municipality to enforce minimum property maintenance standards to ensure health and safety standards are met.
- Residential Rehabilitation Assistance Program (RRAP) – a fully federally-financed program administered through CMHC, can be used to provide additional funding for upgrading existing rental units or converting new units from non-residential uses (e.g., creating residential units over stores). Rooming House RRAP also offers grants for rooming house beds and the conversion of non-residential units to residential units.

SUMMARY AND CONCLUSIONS

This report contains a number of recommendations to update the Official Plan policies to regulate and monitor condominium conversions and to ensure an adequate supply of affordable ownership and rental housing is maintained in the City. Other recommendations support the use of available municipal tools and financial incentives to encourage the upgrading and construction of new affordable housing.

RECOMMENDATIONS

It is recommended that the City of St. Thomas amend and update its Official Plan policies on affordable housing to incorporate the following elements consistent with the 2005 Provincial Policy Statement:

AFFORDABLE HOUSING

- It is recommended that the City use the following definition of affordable housing:

Affordable housing means,

- a) *in the case of rental housing, the least expensive of:*
 - i. *a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or*
 - ii. *a unit for which the rent is at or below the average market rent of a unit in the London CMA regional housing market area;*
- b) *in the case of ownership housing, the least expensive of:*
 - i. *housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of the annual median household income for all households; or,*
 - ii. *housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the London CMA;*

Low and moderate income households means:

- a) *in the case of ownership housing, households with incomes in the lowest 50 percent of the income distribution for the regional market area; or*

b) *in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.*

Incomes are based on the income distribution in the St. Thomas/Elgin County area.

Two caveats to the above definition of affordable housing are required and should be included in the policy:

- i. Household income, average market rent and average purchase price of resale units figures will need to be updated on an annual basis.
 - ii. The above definition of affordable housing may be superseded by a different threshold of “affordable” housing where a provincial or federal affordable housing program results in rents or house prices that are higher than the affordable house prices or rents as defined above, in these cases these rents and house prices will be considered as “affordable housing”.
- The City of St. Thomas adopt the 20-year and annual affordable housing targets by tenure as contained within Table III: St. Thomas Affordable Housing Targets, 2006-2026 for inclusion into the Official Plan.
 - The City of St. Thomas monitor the provision and production of affordable housing in consultation with local housing providers (private and non-profit).
 - The City continue to participate in federal/provincial affordable housing programs and urge the federal and provincial governments to create a stable funding base for affordable housing.
 - The City undertake information sessions on housing covering such topics as housing affordability, the benefits of affordable housing to the broader community and the need for a range of house forms to meet varying household needs.
 - The City encourage affordable housing projects through a variety of means including financial incentives such as those provided through the Community Improvement Program.

CONDOMINIUM CONVERSIONS

- The City rescind its current policy in the Official Plan and that a set of new Official Plan policies be introduced which:
 - Requires an applicant to consult with the municipality prior to submission of an application.
 - Prohibits the conversion of an existing rental building to a condominium unless the City has had a vacancy rate above 3% for more than four years based on CMHC’s fall survey as published in the *Rental Housing Annual Report, October: London*.
 - Prohibits the conversion of a rental building when this will have a negative effect on the supply of rental housing, especially rental housing affordable to the 60th percentile of tenants as shown in Table 2 above. The impact of a withdrawal of rental housing from the rental market on the supply of rental units may be examined on a City-wide or sub-area basis and by unit type by bedroom count.

- Sets out submission requirements, under the authority of the Condominium Act and Planning Act and shall include:
 - A list containing the names and addresses of the tenants in the rental property;
 - Rents in the property listed by unit number and type (bachelor, one-bedroom etc.);
 - Tenants in possession of the unit have been notified of the application for a plan of condominium;
 - The number of rental units in which tenants have indicated in writing they wish to purchase their unit as a condominium;
 - Estimates of the selling price of the units;
 - Pursuant to Subsection 9(4) of the *Condominium Act 1998*, the Approval Authority will require an applicant to have a qualified person inspect the property and report to the Approval Authority. The report shall address the following matters: a life and safety audit of the building(s); a structural report; a mechanical report; an electrical report; and a site servicing report. The property owner prior to the registration of the condominium agreement will rectify any deficiencies or works to be completed as noted in the above reports.
- Requires that a public meeting be held with affected tenants so they are informed of their rights under relevant landlord and tenant legislation.
- The City use the Municipal Property Maintenance by-law (By-law No. 12-99) to ensure minimum health and safety standards are maintained in rental housing.
- The City work with CMHC officials to encourage rental property owners to upgrade their housing using funding available through the Rental Residential Rehabilitation Program.
- The City request CMHC to continue to fund the Residential Rehabilitation Assistance Program which is due to expire in a year.

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1 INTRODUCTION

1.1 Background

The City of St. Thomas is undertaking a comprehensive review of its Official Plan with the goal of preparing a new Official Plan. The new Official Plan will provide the City's vision of the future urban structure to take into account changing demographic, economic and environmental issues and trends. The Planning Act requires the new Official Plan be consistent with the 2005 Provincial Policy Statement (PPS).

A number of foundation studies and background reports are being conducted as part the process of preparing the new Official Plan. Dillon Consulting in association with the City of St. Thomas Planning Department is coordinating the undertaking of the required studies and reports by various consultants. This report is considered one of the required background reports and deals with two housing issues related to housing affordability – affordable housing targets and condominium conversions - as discussed below.

1.2 Current Official Plan Policies Relating to Affordable Housing

The Official Plan of the City of St. Thomas has a number of general policies that relate to the need to provide for a mix of housing types, tenures and costs to meet current and future housing needs. The OP also contains policies encouraging the provision of housing for senior citizens and other special needs as well as locational criteria for such housing. (e.g., in proximity to transit routes, community facilities, etc.).

The Official Plan recognizes rooming, boarding and lodging homes in low and medium density residential areas, subject to licensing; group homes are also permitted in most residential areas. Similarly, the Official Plan provides for accessory apartments, also known as “apartments in houses” throughout residential areas in the City subject to certain conditions (e.g., one accessory apartment per dwelling, maximum size of the accessory unit is 65 sq. m.).

In the early 1990's the City of St. Thomas had an Official Plan policy that required 25% of new housing to be developed as affordable housing, however, this was deleted when the PPS was amended in 1996. Currently, the OP states that a “portion” of new housing should be affordable to low and moderate income households.

1.3 Purpose

The 2005 Provincial Policy Statement (PPS) provides policy direction on matters of provincial interest with respect to land use planning and development. Affordable Housing has been identified as a Provincial interest within the 2005 PPS. Specifically, the PPS requires that municipalities set minimum targets for the provision of affordable housing. One of the objectives of the subject report is to satisfy this PPS requirement and set affordable housing target(s).

This report is also intended to provide a follow-up to the two-part housing study: St. Thomas and Elgin County Housing Study: Part 1 – Housing Demand and Supply Analysis, and, St. Thomas and Elgin County Housing Study: Part 2 – St. Thomas and Elgin County Housing Strategy prepared by Lapointe Consulting and Christine Pacini and Associates. (Hereinafter the two-part report will be referred to as the St. Thomas-Elgin County Housing Strategy.) The Council of the Corporation of the City of St. Thomas adopted both reports for information in November 2004. In May, 2005 a Housing Advisory Committee was established to assist staff in the Ontario Works Department in the implementation of the recommended housing strategy. In November, 2005 the Ontario Works Department of the City of St. Thomas developed an *Affordable Housing Priorities and Action Plan - a plan to implement the 43 recommendations of the Affordable Housing Strategy report*, which was adopted by Council. The housing priorities and action plan are provided in Appendix A along with a status report.

Amongst its many recommendations, the Housing Strategy Report suggested a review and update of the City's Official Plan policies and zoning by-laws to enhance the provision of affordable housing and to adopt recommended targets.

The report also noted concern about the potential erosion of the City's rental stock, particularly affordable rental stock, due to the conversion of existing rental apartment buildings into condominium ownership.

As can be seen from the above brief discussion of the City's housing policies, St. Thomas has in the past adopted some excellent housing policies; however, at this time there is a need to consolidate and update housing policies so they reflect current provincial policy directions.

The purpose of this report is to address two specific items:

1. Set minimum targets for the provision of affordable housing, and,
2. Review and make recommendations, where considered necessary, to the City's existing conversion to condominium policy within the Official Plan.

1.4 Organization of This Report

Chapter One:	Introduction Provides background on the housing policy review and purpose of the report.
Chapter Two:	Affordable Housing Policy: the Policy and Program Context Discusses why affordable housing matters, policies in the Provincial Policy Statement, and a review of existing Housing Programs.

- Chapter Three: Recent Background Reports on Housing in St. Thomas**
Discusses the findings of the St. Thomas and Elgin County Housing Strategy (2004) and the City of St. Thomas: Population, Housing and Employment Projections - 2006-2026 (2007).
- Chapter Four: Defining Affordable Housing**
Provides a discussion of alternative housing definitions and a recommended definition for the City's Official Plan.
- Chapter Five: Setting Affordable Housing Targets**
Recommends ownership and rental targets and affordable targets for each tenure.
- Chapter Six: Condominium Conversion Policy**
Discusses St. Thomas's current Official Plan policy regarding condominium conversions, examines provincial legislative changes, discusses experiences in other municipalities, and makes recommendations for a condominium conversion policy in St. Thomas.
- Chapter Seven: Monitoring**
Suggests content for a monitoring report on housing and affordable housing to be provided on a regular basis to Council.

2 AFFORDABLE HOUSING: THE POLICY AND PROGRAM CONTEXT

2.1 Why Affordable Housing Matters

At its most basic level, affordable housing means housing that is affordable to households at different income levels without paying too high a proportion of their income on housing. As we will discuss below, paying no more than 30% of household income on housing has become the norm for defining affordable housing in Canada and the United States. This definition of affordable housing is somewhat oversimplified in that those at the lowest end of the income spectrum cannot pay 30% of their income on housing without limiting what they can pay on other basic necessities. Nevertheless, 30% of income on housing has become an accepted benchmark of affordability across Canada.

Affordable housing does not necessarily mean “subsidized housing”. Affordable housing can also refer to market rental housing and market ownership housing. Section 4 below provides a discussion of how affordable housing is defined for the purposes of the housing targets in St. Thomas.

Benefits of affordable housing to the local community:

1. **Creates more inclusive communities** – having access to housing that is affordable to all income groups is an important aspect of more “inclusive communities”, meaning that all citizens can participate in social, cultural, economic and political realms.⁵
2. **Can help to attract prospective employers** – having a supply of affordable housing is also an attractive feature when prospective employers are looking for a community in which to invest as was shown by the City of St. Thomas’s successful 25% More Campaign. Affordable housing is particularly important for those employed in lower paying service sector jobs who perform a necessary function in the local economy.⁶
3. **Economic spinoffs** – additional affordable housing whether through new construction or through renovation and/or conversion, has economic spin-offs. A recent study indicates that each new apartment unit creates roughly 2 to 2.5 person-years of employment, most of it local in the form of construction work (direct employment) as well as indirect employment and induced jobs in the general economy resulting from the expenditure on other goods and services.⁷
4. **Is an important tool in reducing poverty** – shelter poverty or housing-induced poverty results when housing costs are so high that households cannot afford non-housing necessities.⁸

⁵ Chisholm, S., Affordable Housing in Canada’s Urban Communities: A Literature Review, CMHC, July, 2003

⁶ See for example, Where’s Home? 2006, published by the Ontario Non-Profit Housing Association

⁷ Focus Consulting Inc., The Region of Waterloo Affordable Housing Strategy: Measuring Community Returns on Investment, 2007 Update, 2007.

⁸ See for example, Housing as a Mechanism in Poverty Reduction Strategies: A Brief Review of International Experience and Implications for Ontario, prepared for the Ontario Non-Profit Association, by Steve Pomeroy and Leonore Evans, Jan. 2008

5. **Improves health conditions for adults and children** – living in inadequate, unaffordable or overcrowded housing is associated with lower health conditions of adults and children.⁹
6. **Supports children’s educational achievements** – adequate, affordable housing also has an important link to children’s educational achievements.¹⁰
7. **Reduces need for social assistance** – for those in the lowest income categories having the opportunity to live in affordable housing results in lower reliance on social assistance.
8. **Helps asset rich but income poor older adults** - affordable housing will assist seniors to convert their property assets into an income that will reduce their income insecurity and enable them to live a healthy lifestyle.
9. **Results in increased tax revenue** – while the City is required to provide a lower tax rate to affordable housing projects funded through the Affordable Housing Program (to be discussed below), the project does create more property taxes. A Region of Waterloo study has estimated that the present value of the first 20 years of tax income from new affordable housing will more than cover the Region’s initial capital investment including foregone fees and charges¹¹.

2.2 Housing Interest as Defined by the Provincial Policy Statement (2005)

Section 1.4 in the 2005 Provincial Policy Statement outlines the provincial interest in housing. Refer to Appendix B for the complete Section 1.4.

This report focuses on policies 1.4.3 (a) and the first part of (b) shown below which requires the establishment of targets for affordable housing and promotes housing for all households including those with special needs. Residential intensification is the subject of a separate report.

1.4.3 Provide for an appropriate range of housing types and densities to meet the projected requirements of current and future residents of the regional market area by:

- a. Establishing and implementing minimum targets for the provision of housing that is affordable to the low and moderate income households;*
- b. Permit and facilitate:*
 - o All forms of housing required to meet the social, health and well-being requirements of current and future residents, including special needs requirements,*
 - o All forms of residential intensification and redevelopment.*

⁹ See for example, Jackson, A., Home Truths: Why the Housing System Matters to All Canadians, Canadian Centre for Policy Alternatives, 2004; and, Carter, T. and C. Poleychock, Housing is Good Social Policy, The Canadian Policy Research Networks, 2004.

¹⁰ Kohen, D., Hertzman and J. Brooks-Gunn, Neighbourhood Influences on Children’s School Readiness, 1998

¹¹ Focus Consulting Inc., *ibid*, page 18.

2.3 The City's Interest in Affordable Housing

Housing, especially affordable housing, is of interest to both the St. Thomas's Ontario Works Department and the Planning Department. The St. Thomas Ontario Works Department is the Service Manager for social and community services for both the City of St. Thomas and municipalities in the County of Elgin. As the Service Manager, Ontario Works is responsible for delivering new affordable housing through intergovernmental programs and for managing the existing stock of social housing – a mixture of non-profit, public housing and co-operative housing developments built with government assistance in which all or a portion of tenants pay on a rent- geared-to-income basis. At the same time, the St. Thomas Planning Department has responsibility for developing and updating the Official Plan which includes setting targets for housing that is affordable to low and moderate income households and for ensuring there are appropriate policies to support the provision of opportunities for a range of housing types and densities to meet the broad spectrum of needs in the community.

Ultimately, the responsibility for decisions regarding affordable housing including affordable housing policies in the Official Plan, participation in federal/provincial programs as well as policies and programs initiated by the City, rests with the Council of the City of St. Thomas.

2.4 Affordable Housing Programs

While affordable housing programs existed in Ontario and Canada for over 50 years, in the mid-1990s the federal and the Ontario provincial governments “got out of the housing business.” However in the past few years there has been renewed interest and financial support from the senior levels of government for the creation and renovation of affordable housing. Despite these improvements, there continues to be a lack of consistent funding and policy direction at both the federal and provincial levels. As has been pointed out by many housing advocates, Canada is one of the few advanced industrialized countries without a comprehensive housing policy. This lack of policy and program certainty makes it challenging for municipalities to set targets for affordable housing.

Below is a summary of current affordable housing programs. This does not include programs through which the existing social housing portfolio was funded. The City administers 877 social housing units in St. Thomas including 674 rent-geared-to-income (RGI) units. The main vehicle for the provision of affordable housing in Ontario is the Canada-Ontario Affordable Housing Program (AHP) which is designed to deliver housing assistance to 20,000 households across Ontario. Under this program the federal, provincial and municipal governments are supposed to invest an estimated \$735 million in housing to support the construction and/or renovation of 15,000 affordable housing units and up to 5,000 housing allowances/rent supplements. The Affordable Housing Program includes: Housing Allowance/Rent Supplements; Rental and Supportive Housing; and, The Homeownership Program.

Table 1 below summarizes housing assistance programs in which St. Thomas is involved.

Table 1: Housing Programs and St. Thomas' Involvement

Program	How the Program Works	St.Thomas's Involvement
Affordable Housing Program (AHP)		
Housing Allowance/Rent Supplement	Provides assistance for a maximum of 5 years to tenants living in private rental housing by paying the landlord the difference between what a tenant can afford and the market rent for the unit.	The St. Thomas Service Manager has been allocated \$270,000 for 30 rent supplement/shelter allowance units for both the City of St. Thomas and Elgin County municipalities. These rent supplement/shelter allowance units are in addition to the Ontario Strong Communities Rent Supplement Program – a \$50 million dollar annual program Province-wide under which St. Thomas has 29 rent supplement units for twenty years.
Rental and Supportive Housing	This component of the Affordable Housing Program is designed to reduce the capital costs for rental and supportive housing developed through new construction, acquisition and conversion or through renovations to existing housing. Program funding is designed to help housing providers achieve rent levels 20% below average market rents for a minimum of 20-years. Under this program federal/provincial contributions average \$70,000 per unit with a 38% federal capital grant upfront and a 62% provincial contribution over a 20-year period in the form of an Affordability Payment. At a minimum, municipalities have to equalize the multi-residential property tax rate for affordable rental housing projects to the residential tax rate.	In January, 2007, the City of St. Thomas approved a report by the St. Thomas-Elgin Ontario Works to finance 51 new units of affordable housing in St. Thomas and Elgin County under the AHP. Thirty-six (36) of these units were in St. Thomas: a 23-unit apartment building oriented to seniors and disabled and victims of family violence on Scott Street at the former Memorial Hospital property and a 12-unit building oriented to families on Steele Street building near the YMCA Day Care Centre. Rents in both buildings were \$436 for a one-bedroom and \$560 for a two-bedroom unit. Most of the units developed were two-bedroom units. The new 12-unit affordable housing project built by Walter Ostojic & Son Limited on Steele Street received \$828,000 from the AHP as well as a reduced property tax rate. The Scott Street building received \$1,504,100 from the AHP, reduced property taxes and \$135,000 in Community Improvement Program Funds (See discussion below on page 8).

Program	How the Program Works	St.Thomas's Involvement
Homeownership Program	St. Thomas and Elgin County received an allocation of 24 units (\$189,000) under the Canada-Ontario Affordable Housing Program, Homeownership component.	Local delivery of this program is currently underway. The program offers downpayment assistance of between 5 to 10% of the purchase price for first time homebuyers who are currently renting in St. Thomas or Central Elgin. The maximum amount of down payment under St. Thomas's and Elgin County's Affordable Home Ownership Program is \$7,875 and will be available to renters who wish to purchase a home under \$150,000. The program is directed to households whose income is at or below \$55,900.
Municipal Housing Assistance		
Reduction of Property Tax Rates	As has been described above, as a condition of participating in the Affordable Housing Program, the City of St. Thomas has agreed to reduce the property tax rate on affordable housing units developed under this program from the multi-residential rate to the residential rate.	The City has reduced property taxes on both the AHP approved in St.Thomas projects.
Community Improvement Areas	The City of St. Thomas has designated a large area within the City as a Community Improvement Area designed to improve and revitalize the Downtown. Old St. Thomas, the CASO Railway Lands and other areas are also included. The City has allocating approximately \$200,000 annually for a range of improvements including preserving heritage buildings, improving facades in the Downtown and improving or creating new residential units. A variety of incentives are available to property owners who are upgrading or adding new residential units including rebates on planning and building fees, development charges and exemptions to the parkland	All grants and loans are municipally funded and operated.

Program	How the Program Works	St.Thomas's Involvement
	<p>dedication requirement. Financial assistance to upgrade or create new residential units in CIP areas is available in the form of grants of up to \$5,000 per unit up to a total of maximum \$40,000 per application along with interest free loans up to a maximum loan of \$10,000 per unit and a maximum loan per application of \$80,000. Loans are repayable over a 5 year period at a low interest rate.</p>	
Other Federal Programs		
<p>Residential Rehabilitation Assistance Program (RRAP)</p>	<p>The federal government through its Residential Rehabilitation Assistance Program (RRAP) provides funding across Canada each year to support renovation of homes for low income homeowners as well as funding the conversion of non-residential buildings to affordable apartments. The various components of RRAP are:</p> <p>The Rental RRAP offers financial assistance to landlords of self-contained units; landlords may receive \$24,000 for each self-contained rental unit.</p> <p>The Rooming House RRAP offers assistance of up to \$16,000 for each rooming house bed unit to owners of rooming houses who offer affordable rents to low-income individuals.</p> <p>The Conversion RRAP provides assistance to convert non-residential properties into affordable self-contained rental housing units or bed-units. (Same funding as above.)</p> <p>The Persons with Disabilities RRAP offers financial assistance to homeowners and landlords to undertake accessibility work to</p>	<p>The RRAP program is administered through CMHC's South-western Ontario office. Recently RRAP funding has been provided to some private rental property owners in St. Thomas. The Federal government has extended the program for two years effective April, 1 2007 (until 2009).</p>

Program	How the Program Works	St.Thomas's Involvement
	<p>modify dwellings occupied or intended for occupancy by low-income persons with disabilities.</p> <p>Under the Secondary/ Garden Suites Ontario RRAP, limited funds are available to assist in the creation of affordable, self-contained secondary suites and garden suites for low-income seniors and disabled adults.</p>	
Other Federally Funded Programs		
<p>The Shelter Enhancement Program (SEP)</p> <p>Home Adaptations for Seniors' Independence (HASI)</p> <p>Homelessness Partnering Strategy (formerly Supporting Communities Partnership Initiative)</p>	<p>This is a CMHC-sponsored program which assists in repairing, rehabilitating and improving existing shelters for women and their children, youth and men who are victims of family violence; and in acquiring or building new shelters and second-stage housing where needed. Grants of up to \$24,000 per bed unit are available.</p> <p>This CMHC-sponsored program, provides up to \$3,500 to help older homeowners and landlords pay for minor home adaptations to extend the time low-income seniors can live in their own homes independently.</p> <p>The HPS Strategy began in 2007, managed by Human Resources Canada, provides \$270 million over two years to prevent and reduce homelessness by helping to establish the structures and supports needed to move homeless and at-risk individuals towards self-sufficiency and full participation in Canadian society.</p>	<p>Ontario Works of the City of St. Thomas has applied to the HRDC for a grant under this program.</p>

3 RECENT BACKGROUND REPORTS ON HOUSING IN ST. THOMAS

Two reports have been prepared in recent years that have bearing on the issue of affordable housing in St. Thomas. The first report was the *St. Thomas and Elgin County Housing Strategy* (2004) prepared by Lapointe Consulting and Christine Pacini and Associates. The second report, *St. Thomas: Population, Housing and Employment Projections, 2006-2026*, (2007) provides a summary of population growth in St. Thomas and future housing requirements.

3.1 St. Thomas and Elgin County Housing Strategy (2004)

On November, 22nd, 2004, City Council adopted for information a two-part report prepared by Lapointe Consulting and Christine Pacini and Associates which identified housing needs and a recommended housing strategy. The formal names of the reports are St. Thomas and Elgin County Housing Study: Part 1 – Housing Demand and Supply Analysis and St. Thomas and Elgin County Housing Study: Part 2 – St. Thomas and Elgin County Housing Strategy (herein after referred to as the Housing Strategy Report). The geographic scope was St. Thomas and municipalities across Elgin County because the City acts as Consolidated Service Manager (or “Service Manager”) for a range of social and community services, including affordable housing for both the City and the County. A summary of findings that are relevant to the City of St. Thomas is provided below.

3.1.1 Housing Issues and Gaps

- The study noted that there was a need for more investment in new rental housing production. New rental housing production had become almost non-existent since the mid 1990’s following the cancellation of non-profit housing programs.
- The study found that older private rental units were in need of upgrading as much of the City’s rental stock was older and approximately a third needed either minor or major repairs.
- In 2004, there were about 267 households on the wait list for rent-geared-to-income (rgi) housing with the majority being in St. Thomas. Current data shows that there has been a reduction in the wait list which at the beginning of January, 2008 stood at 222 households. This reduction may have been due to purging of the waiting list to remove households no longer seeking an rgi unit. Of households on the waiting list, singles and families constituted the largest groups – 38% were non-senior singles, 48% were families and 14% were seniors. Slightly less than 90% had gross household incomes of \$20,000 or less. An estimated 86% are from the City of St. Thomas. For both seniors and non-senior singles the wait time is one year or more while for families the wait list is two years or more for 2-bedroom units.
- Concern was raised regarding the potential impact of conversions of rental housing to condominiums on the supply of affordable rental housing.

- The study identified a need for housing for several special needs groups in St. Thomas including:
 - An emergency shelter for men;
 - More emergency shelter and transitional housing for youth;
 - Additional transitional housing; and,
 - Additional supportive housing

- Many seniors need alternative housing options. Many seniors live on fixed incomes and find it increasingly difficult to maintain larger homes and are seeking options that are affordable, easy to maintain and provide them with a sense of security.

3.1.2 Recommendations

The St. Thomas and Elgin County Housing Strategy Report contained 43 recommendations dealing with:

- Maintaining and Upgrading Existing Housing
- Increasing the Supply of Affordable Rental Housing
- Examining the Impact of Conversion of Rental Housing to Condominiums
- Providing a Range of Housing Options for Seniors
- Meeting the Need for Emergency and Transitional Housing
- The Role of Rooming Houses and Supportive Housing
- Expanding Opportunities for Affordable Ownership Housing
- Education and Monitoring

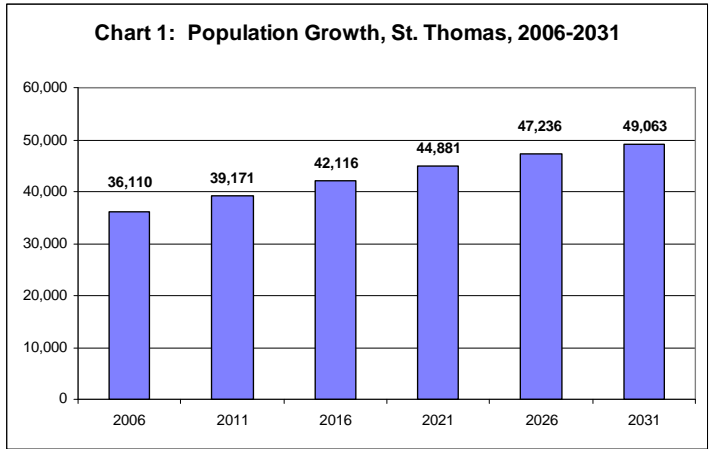
The City of St. Thomas adopted an Affordable Housing Priorities and Action Plan prepared by the St. Thomas-Elgin Ontario Works Department to implement the recommendations in the Housing Strategy Report which were relevant to the City of St. Thomas. (Refer to Appendix A for a status report on the Action Plan.)

3.2 Population and Housing Projections

As one of the foundation reports for the Official Plan Review, Lapointe Consulting Inc. was retained to prepare projections of St. Thomas's population, housing and employment for St. Thomas over the next twenty years. A separate report prepared by Lapointe Consulting entitled, St. Thomas: Population, Housing and Employment Projections, 2006-2026, May 14, 2007, has been accepted for information by Council. The strategic growth scenario population, housing and employment projections were adopted as twenty-year targets by Council on May 14th, 2007. A summary of relevant findings is provided below.

3.2.1 Population Growth

St. Thomas is anticipated to increase from 36,110 persons in 2006 to 47,236 by 2026 and 49,100 by 2031.

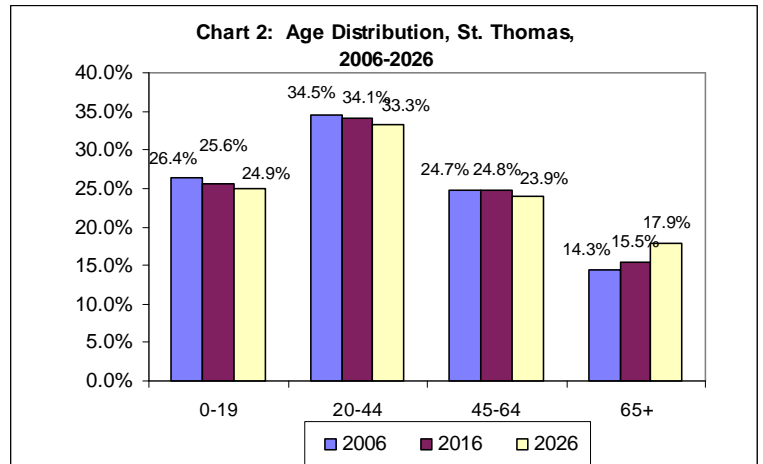


Source: *City of St. Thomas: Population, Housing and Employment Projections, 2006-2026, Lapointe Consulting Inc., May, 2007*

3.2.2 Change in Age Distribution

As is discussed below the strongest demand for housing over the next twenty years will come from those 65+ and those in the 20-44 year age category who will together account for 58% of population growth over the next 20 year period.

- In the Strategic Growth Scenario, the proportion of the population composed of children and youth (0-19 years of age) is projected to decline slightly 26% of the population in 2006 to 25% in 2026. This age group will increase in number by 2,216 persons representing a 23% increase in this age group from 2006.
- The proportion of the population composed of adults aged 20-44 is projected to decline from 35% of the population in 2006 to 33% in 2026. Reflecting the influx of younger families, this age group will grow by 3,250 persons between 2006 and 2026 or 26%. This group will account for just under a third (29%) of population growth between 2006 and 2026.
- The proportion of persons aged 45-64 years of age is expected to show little change between 2006 and 2026 declining slightly from 25% in 2006 to 24% by 2026. This group will grow by 2,367 persons representing a 27% increase between 2006 and 2026 and account for 21% of population growth in this 20-year period.
- The proportion of the population aged 65 years and over is expected to grow from 14% of the population in 2006 to 18% in 2026. This group, which will increase by 3,292 persons between 2006 and 2026, will have the highest growth rate of all age groups - 64% between 2006 and 2006 population and account for just under a third (29%) of population growth in this period.



Source: *St. Thomas, Population, Housing and Employment Projections, 2006-2026, Lapointe Consulting Inc., May, 2007*

3.2.3 Projected Housing Mix

In the Strategic Growth Scenario, over the 20-year period from 2006 to 2026 the demand for new residential construction is expected to total 5,953 units with an average of 298 annually. During this period the demand for single-detached homes is expected to constitute a declining share of the total falling from a high of 75% between 2006 and 2011 to 67% between 2021 and 2026. Higher density house forms (townhouses and apartments) are expected to account for an increasing segment of residential demand rising from 15% between 2006 and 2011 to 25% between 2021 and 2026. Overall demand for new housing is expected to decline over the projection period reflecting a slowing of population growth.

Table 2: Distribution of Housing Projections for 2006, 2016, 2026 and 2031, Strategic Scenario and Change 2006-2026 and 2006-2031

Dwelling Type	2006-2011		2011-2016		2016-2021		2021-2026		2026-2031	
	5-Year	Annual	5-Year	Annual	5-Year	Annual	5-Year	Annual	5-Year	Annual
Single Detached	1,262	252	1,138	228	1,031	206	812	162	618	124
% of Total		75.3%		72.3%		69.2%		66.8%		65.2%
Semi Detached	164	33	152	30	146	29	121	24	95	19
% of Total		9.8%		9.7%		9.8%		10.0%		10.0%
Townhouses	105	21	122	24	146	29	121	24	108	22
% of Total		6.3%		7.8%		9.8%		10.0%		11.4%
Apartments	144	29	162	32	166	33	161	32	127	25
% of Total		8.6%		10.3%		11.1%		13.3%		13.4%
Total	1,675	335	1,574	314	1,489	297	1,215	242	948	190
% of Total		100.0%		100.0%		100.0%		100.0%		100.0%

Dwelling Type	2006-2026		2006-2031	
	20-Yr	Annual	25-Yr	Annual
Single Detached	4,243	212	4,861	194
% of Total		71.3%		70.4%
Semi Detached	583	29	678	27
% of Total		9.8%		9.8%
Townhouses	494	25	602	24
% of Total		8.3%		8.7%
Apartments	633	32	760	30
% of Total		10.6%		11.0%
Total	5,953	298	6,901	275
% of Total		100.0%		100.0%

Source: St. Thomas: Population, Housing and Employment Projections, 2006-2026, Lapointe Consulting Inc., May, 2007

4 DEFINING AFFORDABLE HOUSING

As one of the main purposes of this report is to set targets for affordable housing, we will begin with a discussion of how affordable housing is defined.

4.1 Applying 30% of Income on Housing to Define Affordable Housing

Generally speaking housing is affordable when it does not consume more than 30% of a household's gross income. It should be kept in mind that the 30% figure when applied across the board can be onerous for lower income households. For example, 30% of a lower household income may not leave sufficient financial resources for other necessities.

CMHC uses a somewhat more complex definition of housing affordability referred to as core need. Households are defined to be in core need if they pay more than 30% of their income on housing and cannot afford to live in suitable and adequate accommodation in their area. (This is premised on the fact that some households are under or over-housed.) To determine if rental housing is affordable, the median rent for an apartment of an appropriate size for a given household size should not exceed 30% of household income. This definition requires household income data on a household size basis.

4.2 Definition Used in the Provincial Policy Statement and St. Thomas's Municipal Housing Facilities By-law

For planning purposes, the Province provides a definition of affordable housing in the Provincial Policy Statement 2006. The City of St. Thomas has adopted the PPS definition for the purposes of its Municipal Housing Facilities by-law (By-law # 80-2005) which enables the City to enter into agreements with affordable housing providers. The PPS defines affordable housing as:

Affordable housing means,

a) in the case of rental housing, the least expensive of:

- i. a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or*
- ii. a unit for which the rent is at or below the average market rent of a unit in the regional market area.*

b) in the case of ownership housing, the least expensive of:

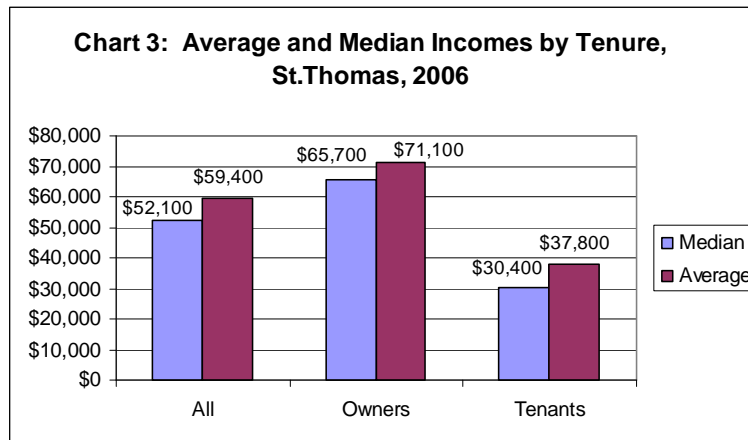
- housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households; or,*
- housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the regional market area.*

Low and moderate income households means:

- a) *in the case of ownership housing, households with incomes in the lowest 60 percent of the income distribution for the regional market area; or*
- b) *in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.*

4.3 Incomes and Affordable Rental and Ownership Levels in St. Thomas

Chart 3 below provides updated income figures for St. Thomas by tenure. The median income in 2006 for all households in St. Thomas is estimated to be \$52,100 and the average income is estimated at \$59,400. The median income for owners in St. Thomas is estimated at \$65,700 and the average is estimated at \$71,100. The median income of tenants is less than half the median income of owners - \$30,400 and the average is estimated at \$37,800. (Income data from the 2006 census data will be released in May of 2008.)



Source: Lapointe Consulting Estimates Using the 2001 census and changes in the CPI index

Table 3 below compares the average and median income for all households in St. Thomas, Elgin County/St. Thomas and the London CMA. Incomes are shown for the year 2000 (from the 2001 census) and for the year 2006 (estimated by updating 2000 incomes using changes in the Consumer Price Index in Ontario).¹² As Table 3 below shows, the median income in the St. Thomas/Elgin County area is similar to that of the London CMA while the median income for St. Thomas is about 6% below that of the St. Thomas/Elgin County area. The lower income in St. Thomas probably reflects the higher proportion of younger adults and older adults (65+ years of age) and the higher proportion of non-family households (mostly single persons living alone) compared to Elgin County. For purposes of defining housing affordability, incomes will be used from the St. Thomas/Elgin County area.

¹² While using changes in the CPI index is reasonable, it must be kept in mind that not all incomes are rising at the rate of inflation, especially those at the lower end.

**Table 3: Comparing 2000 and 2006 Incomes
in St. Thomas, London CMA and St. Thomas/Elgin County**

	London CMA	St. Thomas	St. Thomas/ Elgin County
2000			
Average household income	\$58,700	\$51,900	\$55,500
Median household income	\$48,000	\$45,500	\$48,600
2006			
Average household income	\$67,200	\$59,400	\$63,500
Median household income	\$54,900	\$52,074	\$55,600

Source: Lapointe consulting Estimates Using 2000 census data, custom tabulation updated using changes in the Consumer Price Index in Ontario.

Table 4 below shows affordable house prices and rents at various income levels for households in St. Thomas and Elgin County as estimated by the Ontario Ministry of Municipal Affairs and Housing in its 2006 Information Bulletin (which accompanied the PPS). In Table 4, household incomes are shown for the combined St. Thomas and Elgin County. Affordable rents and house prices were based on households not paying more than 30% of household income on housing. Affordable house prices were based on the following assumptions: 25 year amortization, 5% downpayment, 6% mortgage payment and taxes at .125 of the house value.

**Table 4: Affordable Rents and Housing Prices to Different Household Incomes
St. Thomas/Elgin County in PPS 2006 Information Bulletin**

	All Household Incomes	Affordable Ownership	Tenant Household Incomes	Affordable Rent
20th Percentile	\$25,900	\$87,500	\$15,100	\$380
30th Percentile	\$36,300	\$122,500	\$19,800	\$490
40th Percentile	\$45,300	\$153,000	\$25,200	\$630
50th Percentile	\$54,900	\$185,500	\$31,900	\$800
60th Percentile	\$64,800	\$219,000	\$38,800	\$970
Average Resale/Rent	\$179,000	\$161,000	Two Bedrooms	\$688

Source: Ontario Ministry of Housing

St. Thomas tenants in the lowest 30th percentile (with incomes of \$19,800 or less in 2006) would have difficulty finding affordable rental housing in St. Thomas and could only afford bachelor apartments. Those in the lowest 20th percentile could only afford to rent a room. Using 2001 census data, 42.2% of tenant households in the City of St. Thomas were paying 30% or more of their income on housing with 22% paying 50% or more.

Although the PPS requires the use of incomes for the regional market, we have calculated affordable house prices for households in St. Thomas at the 30th, 60th, median and average income for comparison purposes. (Refer to Table C7 in Appendix C.) It is estimated that a household at the 60th percentile for all households in St. Thomas (with an income of \$62,525)

could afford a house at \$189,500 and a household with a median income of \$52,158 could afford a home at \$158,000.¹³

4.4 Canada-Ontario Affordable Housing Program (AHP) Affordable Housing Definitions

Affordable Rental Housing

Affordable rental housing is defined in the AHP as housing that has an initial rent set at 20% below the CMHC average market rent with the maximum allowable rent for any unit being the average market rent. In participating in the AHP, the City of St. Thomas has used rents that are 20% below average rents by unit type (number of bedrooms) in the London CMA as the benchmark for affordable rents.

**Table 5: Average and “Affordable” Rents for Apartments and Townhouses
St. Thomas and London CMA, 2005 and 2006**

	Bachelor		One Bedroom		Two Bedroom		3 Bedrooms+	
	2005	2006	2005	2006	2005	2006	2005	2006
<i>Apartments</i>								
St. Thomas Average Rent	\$452	\$436	\$571	\$566	\$689	\$673	n/a	n/a
London CMA Average Rent	\$489	\$486	\$620	\$628	\$775	\$790	\$904	\$961
Affordable Rents (20% below Average in the London CMA)	\$391	\$389	\$496	\$502	\$620	\$632	\$723	\$769
<i>Townhouses</i>								
London CMA Average Rent	N/A	N/A	N/A	N/A	\$805	\$835	\$885	\$861
Affordable Rents (20% below Average)	N/A	N/A	N/A	N/A	\$644	\$668	\$708	\$689

Source: CMHC Rental Market Report, London CMA, 2006

Affordable Ownership Housing

A small proportion of funding under the Canada-Ontario Affordable Housing Program is available for ownership housing. According to the Program guidelines, the purchaser’s housing costs must be at or below the average sales price (resale) for the area and must not exceed what is affordable to households at the median income (50th percentile) for the Service Manager Area. The City of St. Thomas as the Service Manager for the Affordable Housing Program, has defined the maximum eligible income for the program at \$55,900 (estimated median income in St. Thomas/Elgin County) and has defined the maximum market value which is eligible for the program at \$150,000 which will apply to both new and resale homes. (The eligible house price for the Affordable Ownership Program is lower than that provided for by the PPS).

¹³ Our calculations were based on a 10% downpayment, 25-year amortization period and assumed 7% interest rates. Municipal taxes were added to carrying costs.

4.5 Modified PPS Definition

It is recommended that the City use the PPS definition of affordable rental housing from the PPS using average rents for the London CMA to define affordable rental housing. For ownership housing, rather than using the 60th percentile of all households in St. Thomas/Elgin County to define affordable ownership housing, it is recommended that the median income (50th percentile) of \$54,900 with an affordable house price of \$185,500 be used (from Table 4 shown earlier on page 17). A price 10% below the resale price will be used if that is lower than the price affordable to the median household income. Resale house prices are used for the London Area – the housing market within which St. Thomas operates. In 2006 the average resale house price for the London CMA was \$190,500 and the affordable house price was \$171,450 (10% below the average price).¹⁴ (By the second quarter of 2008, the average resale price in the London Area had reached \$212,129 and 10% below that would be \$190,916.)¹⁵

4.6 Types of Ownership Housing That Are Affordable

Data was obtained from CMHC on the distribution of prices for new single detached dwellings. As shown in Table 6 below, in 2005 approximately a quarter (23.4%) of new single detached dwellings in St. Thomas were priced at \$175,000 or less; however, in 2006, around a tenth (10.9%) of new single detached dwellings were priced at or below \$175,000.

The City of St. Thomas continues to provide a larger share of its housing at affordable prices compared to the City of London and the London CMA as a whole. For example, in 2006 in the City of London only 2.2% of all new single detached dwellings were priced below \$174,999 while in the London CMA as a whole, only 3.9% of new single detached houses were priced below \$175,999.

In 2007, new homes in St. Thomas continue to be relatively affordable compared to the London CMA. For example, the average price of a new single detached dwelling in St. Thomas was \$239,700 compared to \$296,700 in the City of London and \$290,300 in the London CMA as a whole.¹⁶ In 2006, the average price of a new single detached price in St. Thomas was \$221,740 compared to \$281,845 in the City of London and \$273,550 in the London CMA. (In both periods, the price of new single detached homes in St. Thomas were approximately a fifth lower than in the City of London)

There has been a considerable increase in the average costs of new single detached dwellings in the City of St. Thomas, the City of London and the London CMA and that increase has been well above the increase in the Consumer Price Index for Ontario. (See Table 7 below.) This increase has resulted from a strong employment base along with historically low interest rates. However, these prices may start to moderate given the slower economic growth in Ontario including the London Area.

¹⁴ *Housing Now: London CMA*, CMHC, Data Released First Quarter, 2008 – Table 5.

¹⁵ *Housing Now: London CMA*, CMHC, Data released Third quarter 2008 – Table 5.

¹⁶ *Housing Now: London CMA*, CMHC, Data Released First Quarter, 2008 – Table 4.

**Table 6: Distribution of Prices of New Absorbed Single Detached Dwellings, 2005 and 2006,
St. Thomas, London, Central Elgin and London CMA**

	<\$149,999		\$150,000-\$174,999		\$175,000-\$199,999		\$200,000 - \$249,999		\$250,000 - \$299,999		\$ 300,000 - \$399,999		\$ 400,000 +		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
London City																
2006	9	0.6%	23	1.6%	107	7.3%	486	33.3%	419	28.7%	292	20.0%	125	8.6%	1,461	100.0%
2005	11	0.8%	73	5.0%	121	8.4%	523	36.1%	319	22.0%	258	17.8%	142	9.8%	1,447	100.0%
St. Thomas																
2006	3	0.9%	33	10.0%	78	23.7%	132	40.1%	69	21.0%	13	4.0%	1	0.3%	329	100.0%
2005	9	3.6%	49	19.8%	60	24.2%	77	31.0%	32	12.9%	18	7.3%	3	1.2%	248	100.0%
Central Elgin																
2006	0	0.0%	1	1.3%	5	6.3%	34	42.5%	15	18.8%	23	28.8%	2	2.5%	80	100.0%
2005	0	0.0%	10	10.0%	22	22.0%	42	42.0%	13	13.0%	6	6.0%	7	7.0%	100	100.0%
London CMA																
2006	14	0.7%	68	3.2%	213	10.1%	703	33.4%	582	27.6%	380	18.0%	147	7.0%	2,107	100.0%
2005	24	1.1%	154	7.4%	233	11.1%	722	34.5%	437	20.9%	333	15.9%	190	9.1%	2,093	100.0%

Source: CMHC London Office

**Table 7: Average Price of New Single Detached Dwellings, 2002-2007
Compared to Changes in the Consumer Price Index**

	St. Thomas	City of London	London CMA
2002	\$179,787	\$220,386	\$212,835
2007	\$239,678	\$296,745	\$290,342
5-yr. Ch. In house prices	33.3%	34.6%	36.4%
5-yr. change CPI	11%	11%	11%

Source: Statistics Canada, the Consumer Price Index Catalogue 62-110-X and various CMHC London Housing Now Publication

Apart from smaller, more modest singles that qualify as “affordable” housing under the PPS, semi detached houses in St. Thomas are built at affordable prices. For example, in the spring of 2007, a modest semi detached unit without a garage would sell for an estimated \$150,200 – a level which according to the Provincial Information Bulletin would be affordable to the 40th income percentile in St. Thomas/Elgin County (or a 2006 income of \$45,300).

Townhouses also provide a house form that could be built as affordable ownership housing –it is estimated that townhouses could be built for \$5,000 to \$10,000 less than the lowest priced semi-detached dwellings and would assist the City in meeting the need for affordable ownership housing. To date townhouses have been geared to the higher end market in St. Thomas and more affordable townhouses have not been built in recent years in the City. Town houses have been more popular in higher priced markets where they offer entry level housing for first time home buyers or an alternative house form for empty nesters and retirees.

4.7 Recommended Ownership and Rental Affordable Housing Definitions

4.7.1 Definition in the Official Plan

For the purposes of the Official Plan it is recommended that the City adopt the policy in the PPS which is similar to that which has been adopted by the City in its Municipal Housing Facilities By-law (By-law #80-2005).

As we have seen, however, affordable housing programs sometimes use different definitions of affordable housing than is used by the PPS. Therefore, the planning policy for defining affordable housing should be phrased as follows:

Affordable housing means,

- a) *in the case of rental housing, the least expensive of:*
 - iii. *a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or*
 - iv. *a unit for which the rent is at or below the average market rent of a unit in the London CMA regional housing market area;*
- b) *in the case of ownership housing, the least expensive of:*
 - *housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of the annual median household income for all households; or,*
 - *housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the London CMA;*

The foregoing definition may be superseded by a higher threshold of affordable housing where a provincial or federal affordable housing program results in rents or house prices that exceed the affordable house prices or rents as defined above; in such cases these rents and house prices will be considered as affordable housing.

Low and moderate income households means:

- a) *in the case of ownership housing, households with incomes in the lowest 50 percent of the income distribution for the regional market area; or*
- b) *in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.*

Incomes are based on the income distribution in the St. Thomas/Elgin County area.

The resulting figures for affordable housing will need to be updated from time to time to reflect changing incomes and housing costs.

4.7.2 Identifying Affordable Rents and Ownership Prices

Table 8 below identifies what constitutes affordable rental housing in St. Thomas in 2006. Affordable rental housing is also shown for 2007 although the income data for the 2006 census is not yet available on a percentile basis. It is recommended that this information be included in the Appendix to the Official Plan or as a separate document that is updated annually.

Table 8: Affordable Rental Housing in 2006

Income Percentile	Upper Income of this Percentile	Affordable Rents	Apartment Size	Average Rent (2006)	Income Needed for This Rent	Average Rent (2007)	Income Needed for This Rent
20th Percentile	\$15,100	\$380					
30th Percentile	\$19,800	\$490	Bachelor	\$486	\$19,440	\$501	\$20,040
40th Percentile	\$25,200	\$630	One Bedroom	\$628	\$25,120	\$652	\$26,080
50th Percentile	\$31,900	\$800	Two-Bedroom	\$790	\$31,600	\$816	\$32,640
60th Percentile	\$38,800	\$970	Three-Bedroom+	\$961	\$38,440	\$987	\$39,480

Source: Ministry of Municipal Affairs and Housing, Information Bulletin, 2006 and Lapointe Consulting

Table 9 below identifies affordable ownership housing in 2006 and 2007. Under the PPS approach, affordable ownership housing would be defined as the price that is affordable to those at the 60th percentile or \$219,000 or 10% below the average sale price. However, as was discussed above, using median incomes would be more appropriate for St. Thomas – using 2006 income data, the median income in St. Thomas/Elgin County was \$54,900 and the affordable ownership housing was \$185,500. Table 9 below shows the average resale house price in the London CMA for 2006 and 2007 and the affordable house price (10% below the average resale price.) Thus, in 2006 the affordable house price was \$171,500 and in 2007 it was \$182,600. (The 2006 incomes can be updated once the new census data comes out from Statistics Canada.)

Table 9: Affordable House Prices According to the PPS

	All Household Incomes	Affordable Ownership
20th Percentile	\$25,900	\$87,500
30th Percentile	\$36,300	\$122,500
40th Percentile	\$45,300	\$153,000
50th Percentile	\$54,900	\$185,500
60th Percentile	\$64,800	\$219,000
	Average Resale Price for the London CMA	10% below
2006	\$190,500	\$171,450
2007	\$202,900	\$182,610

Source: PPS Information Bulletin and CMHC Housing Now: London CMA, 1st Quarter, 2008 using data on house prices from CREA.

5 SETTING AFFORDABLE HOUSING TARGETS

5.1 OWNERSHIP AND RENTAL TARGETS

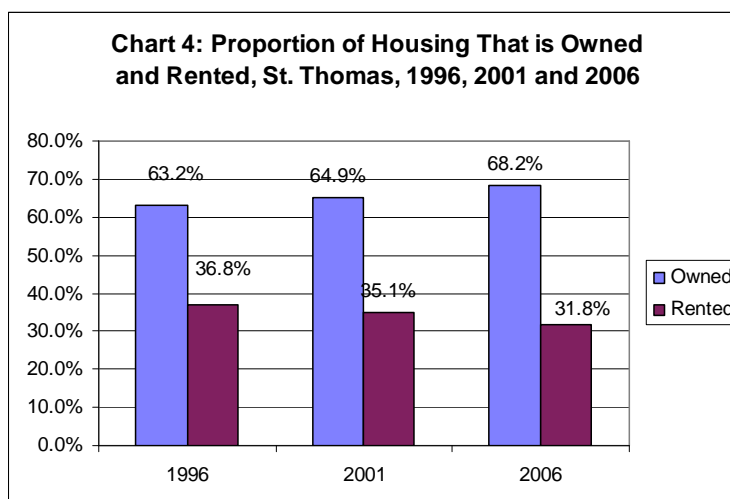
As a first step in setting affordable housing targets, the future demand for ownership and rental housing is estimated.

5.1.1 New Production Oriented to Ownership Market Especially Single Detached Market

The proportion of dwellings that are owned in St. Thomas has grown from 63% in 1996 to 68% in 2006. The increasing share of owned dwellings has resulted from new construction being oriented almost exclusively to the homeowner market with few additions to the rental housing stock in recent years. This trend of higher ownership levels has been observed across Canada and is attributed to the lower interest rate climate since 2003 which has made homeownership more affordable – even when prices were increasing. Mortgage rates are once again on the rise, and are currently in the 7% range so the combination of higher housing prices and higher mortgage rates may dampen somewhat the demand for new housing in the short-term. More recent trends indicate a slowing economy with possibly reduced interest rates to stimulate the economy.

According to the 2006 census, single detached dwellings account for 63% of St. Thomas's housing – up from 62% in June, 2001. Semi detached dwellings accounted for 7% of housing and townhouses accounted for 4%. Apartment units account for a smaller share of housing in 2006 compared to 2001 – declining from 27% of units in 2001 to 26% in 2006. These changes reflect the strong orientation of new construction in St. Thomas towards the single detached housing market.

It is anticipated that there will be more apartment construction in St. Thomas in the next few years as a result of the City's participation in the Affordable Housing Program and the private development of a number of six-plexes.



Source: Statistics Canada, 1996, 2001 and 2006 Census

Almost all single detached dwellings (94%) are owned units while just over three quarters (76%) of semis are owned (Refer to Table 10). In St. Thomas the majority (83%) of townhouses are rented while 17% are owned in contrast to the London CMA where over half (56%) of townhouses are owned and 44% are rented. Most apartments in St. Thomas (89%) are rented with 11% being owned in 2006 (up from 4% in 2001). Low-rise apartment buildings and duplexes account for the majority (89%) of apartments that are rented in St. Thomas.

Social housing in St. Thomas accounts for 877 dwelling units or about 19% of the City's rental housing of which 674 units are rented on a geared-to-income basis.¹⁷

Table 10: Housing Stock in St. Thomas, by Dwelling Type and Tenure, 2001

	Owned		Rented		Total	
	#	%	#	%	#	%
Single	8,730	94.1%	545	5.9%	9,275	100.0%
Semi	750	76.1%	235	23.9%	985	100.0%
Row	110	17.5%	520	82.5%	630	100.0%
Apartment	440	11.5%	3,380	88.5%	3,820	100.0%
Total	10,030	68.2%	4,680	31.8%	14,710	100.0%

Note: Excludes 18 other dwellings homes.

Source: Statistics Canada, 2006 Census, Catalogue Number 97-554-XCB2006028.

There has been a significant upswing in residential development in St. Thomas in recent years. For example, during the five-year period, 2002-2006, an average of 283 housing units were

¹⁷ Lapointe Consulting and Christine Pacini and Associates, St. Thomas and Elgin County Housing Study: Part 1, October, 2004

completed – double the annual average of 151 housing units completed between 1992 and 1996. St. Thomas is building homes for a variety of sub-markets: younger families, the move up market and empty nesters and retirees.

Single detached dwellings accounted for 94% of housing production in the five-year period 2002-2006 while semi detached housing accounted for 5% of housing and townhouses accounted for 1%. This is in contrast to the period in the early 1990's (1992-1996) when single detached housing accounted for 43% of housing completions; semi detached - 38%, townhouses - 9%, and, apartments - 10%. Many of the townhouses and apartments that were developed in the early 1990's were built under the former non-profit housing programs supported by the federal and provincial governments, and then solely by the Provincial government until 1995, when the Province “got out of the housing business”. New rental production in St. Thomas under the Canada-Ontario Affordable Housing Program will show up in the 2007 starts and 2008 completions data.

While most of the housing being built in St. Thomas is ownership housing, some housing for seniors and empty nesters is being developed as “vacant lot condominiums”. Under this condominium tenure, vacant lots can be sold to a purchaser or a builder. The lot and the house are owned by the purchaser while common areas including the roads are owned by the condominium which provides at a minimum ongoing maintenance for the common areas but may also include maintenance on that part of the site that is associated with the unit. This type of development allows for the development of singles at a higher density than is normally associated with freehold development and thus, has the potential to provide affordable ownership housing.¹⁸

5.1.2 Rental Housing Production Starting to Pick up After Low levels of Production Since 1996

Rental housing production declined to low levels following the cancellation of the non-profit housing programs by the provincial and federal governments. During the decade 1998-2007, only 44 rental housing units were completed in St. Thomas – or 4 units per year. In the previous decade, 1988-1997, a total of 657 rental units were completed through government assisted and private rental apartment construction representing an average of 66 units per year.

In 2007, 41 rental housing units were started in St. Thomas – representing the first wave of rental construction in years in the City. In 2007, several rental projects were either under construction or have been issued building permits. These include two rental buildings approved under the Canada-Ontario Affordable Housing Program (AHP) – a 23-unit apartment building at 25 Scott Street (mostly two-bedroom apartments) and a 3-storey 12-unit apartment building (all two-bedroom apartments) on Steele Street in St. Thomas adjacent to the YWCA Day Care Centre. Both projects are close to Talbot Street – St. Thomas's Main Street. As well there are two six-plexes being developed on Highview Avenue close to the Elgin Mall on Wellington Street.

¹⁸ Higher densities are not always achieved through vacant lot developments though they have the potential for higher densities compared to conventional single detached freehold dwellings.

Higher interest rates and/or an economic slow down may lower the demand for ownership housing in the short-term in St. Thomas and may result in an increased demand for rental housing.

5.1.3 Housing Demand by Tenure

Despite the increasing ownership rates, there will continue to be a demand for rental housing in the City of St. Thomas. The groups with the highest likelihood of renting are younger adults who move out on their own to form their own household, older households who for lifestyle reasons may prefer to rent and lower income individuals, seniors and families who cannot afford to purchase their own dwelling. The aging of the population will result in increased demand for rental housing, though many seniors will also opt for ownership options including condominium apartments.

Demand is often strongest for 2-bedroom units compared to one-bedroom units because these units provide the greatest level of flexibility, that is, they can be shared by two singles or occupied by a couple or a small family with a child.

In order to determine the amount of housing by tenure that is needed in the future, we have assumed that portion of new housing by different dwelling types that can be expected to be ownership and rental housing. While single detached dwellings are not usually rented out, some existing dwellings that were freed up by the new housing may be rented in the future. (The assumptions regarding tenure are included in Table C4 in Appendix C.) Rental demand will account for 19% of future housing requirements and ownership/condominium will account for an estimated 81% of future housing requirements.

As Table 11 below shows, the estimated demand for rental housing is close to 60 units a year. Some of this demand will be met through the existing rental stock. An estimated 24 new apartment rental units are required annually and 7 units of townhousing for a total of 31 purpose-built rental housing. In the following section we will discuss how this demand can be converted to affordable housing targets.

Table 11: Housing Requirements by Tenure, 2006-2026

Dwelling Type	2006-2026			Annual		
	Owned	Rented	Total	Owned	Rented	Total
Single Detached	3,904	339	4,243	195	17	212
% of Total	92.0%	8.0%	71.3%	92.0%	8.0%	100.0%
Semi Detached	408	175	583	20	9	29
% of Total	70.0%	30.0%	9.8%	70.0%	30.0%	100.0%
Townhouses	346	148	494	17	7	25
% of Total	70.0%	30.0%	8.3%	70.0%	30.0%	100.0%
Apartments	159	474	633	8	24	32
% of Total	25.2%	74.8%	10.6%	25.2%	74.8%	100.0%
Total	4,817	1,136	5,953	241	57	298
% of Total	80.9%	19.1%	100.0%	80.9%	19.1%	100.0%

Source: Total housing requirements from *St. Thomas: Population, Housing and Employment Projections, 2006-2026*, Lapointe Consulting Inc., May, 2007; housing requirements by tenure prepared by Lapointe Consulting.

5.2 AFFORDABLE HOUSING TARGETS

The affordable housing targets shown below in Table 12 are based on the thresholds of housing affordability as discussed in the previous section. For affordable ownership housing, the threshold of affordable housing in 2006 was 10% below the average price in the London CMA or \$171,500 and in 2007, the threshold for affordable ownership housing in the London CMA was \$182,600. (Refer to Page 23 for a discussion on what is considered to be “affordable ownership housing” and “affordable rental housing”.) Average market rents in the London CMA were used to define affordable rental housing in St. Thomas (\$628 for a one-bedroom apartment in 2006 and \$790 for a two-bedroom apartment; in 2007 the affordable rent in the London CMA for a one-bedroom apartment was \$652 and for a two-bedroom, affordable rent was \$816.

Overall these affordable housing targets will result in 23% of all housing being produced at a price and/or rent that is affordable to low and moderate income households. As is shown below, a large share of future requirements for affordable housing can be produced by the private market. Depending upon trends in land and construction costs, it may be possible to develop affordable private housing that is affordable to those at the 40th income percentile of all households (i.e., priced at or below \$153,000). Some of these homes may even be affordable to tenants – the 60th percentile household income for tenants is \$38,800 (between the 30th and 40th income percentile for all households). (Refer to Table 4 on page 17 for income percentiles).

Table 12: St. Thomas Affordable Housing Targets, 2006-2026

	Total Housing	Share Affordable	Affordable Units	Annual	Percent
Owned Housing					
Singles	3,904	10%	390	20	
Semis	408	25%	102	5	
Townhouses	346	60%	207	10	
Apartments	159	100%	159	8	
<i>Total Owned</i>	<i>4,817</i>	<i>81%</i>	<i>859</i>	<i>43</i>	<i>63%</i>
Rental Housing					
Apartments	474	80%	379	19	
Townhouses	148	80%	119	6	
Other	514	0%	0	0	
<i>Total Rented</i>	<i>1,136</i>	<i>19%</i>	<i>498</i>	<i>25</i>	<i>37%</i>
<i>Total Housing Units</i>	<i>5,953</i>	<i>100%</i>	<i>1,357</i>	<i>68</i>	<i>100%</i>
Percent Affordable			22.8%		

Source: Lapointe Consulting Inc.

While some affordable rental housing can be developed privately using the higher definition of income affordability in the PPS (i.e., affordable to the 60th percentile of tenant household income at rents of up to \$970), housing that is affordable to lower income tenants can only be developed through assistance from senior levels of government. At this time there is no long-term

commitment to affordable housing by the upper levels of government, despite the Province requiring municipalities to set affordable housing targets in their Official Plan.

A range of incentives can be used to assist St. Thomas in meeting its affordable housing targets including reduced property taxes for new rental housing (currently available to providers who are producing housing under the Canada-Ontario Affordable Housing Program), reduced land prices and/or long-term land leases, and, waiving of development charges and building permits.

Affordable housing targets relates primarily to new housing. However, affordable housing may also be met through acquisition and renovation of existing housing, conversion of non-residential housing to residential uses and the creation of accessory apartments in homes. This type of affordable housing provision should also be counted as new affordable housing production even if it does not strictly meet the Provincial definition of new affordable housing.

As part of the St. Thomas's affordable housing strategy, it is important to promote the need for affordable housing and to deal with the current stigma around the term "affordable housing". As has been stated in this report affordable housing is not synonymous with low-income housing or public housing; rather it refers to housing that is affordable to households to various income levels.

5.2.1 Recommendations:

- It is recommended that the City use the following definition of affordable housing:

Affordable housing means,

- a) *in the case of rental housing, the least expensive of:*
 - i. *a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or*
 - ii. *a unit for which the rent is at or below the average market rent of a unit in the London CMA regional housing market area;*
- b) *in the case of ownership housing, the least expensive of:*
 - i. *housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of the annual median household income for all households; or,*
 - ii. *housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the London CMA;*

Low and moderate income households means:

- a) *in the case of ownership housing, households with incomes in the lowest 50 percent of the income distribution for the regional market area; or*
- b) *in the case of rental housing, households with incomes in the lowest 60 percent of the income distribution for renter households for the regional market area.*

Incomes are based on the income distribution in the St. Thomas/Elgin County area.

Two caveats to the above definition of affordable housing are required and should be included in the policy:

- i. Household income, average market rent and average purchase price of resale units figures will need to be updated on an annual basis.
 - ii. The above definition of affordable housing may be superseded by a different threshold of “affordable” housing where a provincial or federal affordable housing program results in rents or house prices that are higher than the affordable house prices or rents as defined above, in these cases these rents and house prices will be considered as “affordable housing”.
- The City of St. Thomas adopt the 20-year and annual affordable housing targets by tenure as contained in Table 12: St. Thomas Affordable Housing Targets, 2006-2026 for inclusion into the Official Plan.
 - The City of St. Thomas monitor the provision and production of affordable housing in consultation with local housing providers (private and non-profit).
 - The City continue to participate in federal/provincial affordable housing programs and urge the federal and provincial governments to create a stable funding base for affordable housing.
 - The City undertake information sessions on housing covering such topics as housing affordability, the benefits of affordable housing to the broader community and the need for a range of house forms to meet varying household needs.
 - The City encourage affordable housing projects through a variety of means including financial incentives such as those provided through the Community Improvement Program.

6 CONDOMINIUM CONVERSIONS

6.1 Introduction

This section of the report looks specifically at condominium conversions. Condominium conversions in St. Thomas were highlighted in the St. Thomas and Elgin County Affordable Housing Strategy as a concern and the report recommended that the current policy in the Official Plan be reviewed.

This report includes:

- An analysis of the policy and legislative framework within which condominium conversions occur, both at the Provincial and municipal level;
- A review of rental market conditions and recent condominium conversion activity in St. Thomas;
- Impacts of rental housing conversions;
- An analysis of the range of policies being used by other municipalities to respond to condominium conversions;
- A recommended policy approach for the City of St. Thomas.

During the course of this review, relevant literature including legislation has been reviewed and a sample of municipalities were contacted regarding their condominium conversion policies.

While the Provincial legislation deals with both demolitions and condominium conversions, this document focuses on condominium conversions as this has been the major challenge that the City of St. Thomas has faced in recent years.

6.2 Policy and Legislative Context: Municipal and Provincial

6.2.1 Current St. Thomas Official Plan Policy

The current Official Plan contains policies to protect the rental housing supply and limit condominium conversions. The policy was adopted in 1992 as part of Official Plan Amendment # 30 following the preparation of a comprehensive Housing Strategy prepared by Lapointe Consulting and Dillon Consulting as part of the City's Municipal Housing Statement. The current condominium policy permits condominium conversions when the vacancy rate in the City is above 3% for the past two CMHC rental housing surveys. At the time of writing of OPA #30 CMHC surveyed rental housing twice a year which meant that as long as the vacancy rate was above 3% for a year, then the condominium conversion could be permitted. In recent years CMHC has only surveyed rental housing once a year although starting in 2007 CMHC has once again begun to survey rental housing in both the fall and spring of each year.

The condominium conversion policy states that a conversion would not be permitted if it results in a vacancy rate below 3%. This aspect of the policy has been problematic as it is difficult to

measure the impact of a conversion on the vacancy rate. The exact wording of the Condominium Conversion policy in the City's OP is:

The City shall consider the conversion of rental buildings to condominiums only when the vacancy rate in the City is above 3% for the past two CMHC rental surveys. If the conversion results in a vacancy rate below 3%, then the conversion shall not be permitted.

Given the low level of rental housing production as discussed earlier in Section 5.1.3 on page 26, and despite the new Canada-Ontario Rental Housing Program, protection of the existing housing stock continues to be an issue.

6.2.2 Landlord/Tenant Legislation

It has long been recognized that condominium conversions and rental housing demolitions can have an adverse effect on the supply of affordable housing. The former *Rental Housing Protection Act* (RHPA), 1990, identified under what conditions conversions could be permitted and what steps had to be taken to permit demolitions or conversions. In 1995, the then Provincial government cancelled the RHPA and replaced the *Landlord and Tenant Act*, 1994, the *Rent Control Act*, 1992 and other relevant legislation into one Act, the *Tenant Protection Act*, 1997, also known as the TPA. The purported purpose of the TPA was to balance the rights of tenants and landlords, which in the views of some at the time had become too supportive of tenants' rights.

One of the platforms of the new government elected in 2003 was to address some of the shortcomings perceived by tenants and tenant advocates in the TPA. In the spring of 2004, the Ministry of Municipal Affairs and Housing released a *Residential Tenancy Reform Consultation Paper* which devoted one section to demolition and conversions. Following this consultation and following specific consultation with Consolidated Municipal Service Managers (Service Managers), the Province decided to leave the former TPA provisions governing demolitions and condominium conversions. The new *Residential Tenancies Act (2006)* retains the same provisions concerning condominium conversions as was in the TPA, that is:

- Tenants who were in the unit when it was converted, have the right to remain there even if the unit is sold, and,
- Tenants also have the first right of refusal when the unit is up for sale.

Under Sections 48 and 49 of the *Residential Tenancies Act*, landlords of rental accommodation, including owners of condominium units, may give notice to a tenant to terminate a tenancy if the landlord requires the unit for his or her spouse, children or parents to live in or to a purchaser of the unit and his or her spouse, children or parents. Termination of a tenancy can occur under other circumstances including tenants leaving on their own, non-payment of rent and certain problematic behavioural situations. However, as in the TPA, in the current *Residential Tenancies Act, Clause 51, Conversion to condominium, security of tenure*, states that where a landlord has entered into an agreement of purchase and sale of a rental unit, that is a proposed unit under the *Condominium Act*, 1998, a landlord may not give notice under Sections 48 or 49 to the tenant who was the tenant at the date the agreement of purchase and sale was entered into.

Based on these two conditions, i.e., first right of refusal, and security of tenure, it is often stated that the existing tenants are not negatively affected by condominium conversions. While the provision protects existing tenants, it does not protect the stock itself, so that when an existing tenant leaves, the unit may then be sold. Nor does the provision prevent tenants from being forced to leave their accommodation when major renovations are underway as tenants are often unaware of their rights.

In addition to the above protection to existing tenants, the Province amended the City of Toronto Act and the Municipal Act as discussed below to enable individual municipalities to pass demolition control and condominium conversion by-laws.

6.2.3 The Condominium Act

The Condominium Act, 1998, stipulates the conditions that must be met in order for an applicant to register a building as a condominium. These relate primarily to health and safety matters, servicing and the structural soundness of the building(s). A full list of requirements is provided below in Section 6.2.5.

6.2.4 The Planning Act and the Provincial Policy Statement

Section 2 of the Planning Act states 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.

Subsection 16(1) (a) of the Planning Act, provides that an Official Plan shall contain “*goals, objectives and policies established primarily to manage and direct physical change and the effects on the social, economic and natural environment.*”

The Provincial Policy Statement (2005) which identifies provincial interests under Section 3 of the Planning Act requires that all decisions be consistent with policy statements issued under the Act. Under Section 1.4.3 “*planning authorities shall provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents of the regional market area by, among other things,*

b) permitting and facilitating

1. all forms of housing required to meet the social, health and well-being requirements of current and future residents, including special needs requirements.”

The above provisions have been used in evidence at the OMB to object to condominium conversions.

6.2.5 Process for Obtaining Approvals for Condominium Conversions

Currently the City of St. Thomas requires proponents who wish to convert a rental apartment structure to a condominium to complete an application form for a subdivision/condominium approval. In addition, applicants must provide supporting documentation including:

- a list containing the names and addresses of tenants in the rental property;
- rents in the property listed by unit number and type (e.g., bachelor, one-bedroom, etc.);
- the number of rental units that tenants in possession of have indicated in writing they wish to purchase as condominium units; and,
- estimates of the selling price of condominium units.

In addition, prior to approval, as per subsection 9(4) of the Condominium Act, 1998, the City will require:

City's requirements for obtaining approval as a condominium:

- A report prepared by an Architect that provides a safety audit of the building to confirm that all safety systems such as fire separators, means of egress, emergency lighting, fire alarms, etc. are in place and that any building retrofit requirements are identified under the Building Code;
- A structural report prepared by a Professional Engineer to assess the structural adequacy of the building roof(s), balconies, parking structure, exterior veneer, windows, etc.;
- A mechanical report prepared by a Professional Engineer to confirm that the building mechanical systems such as HVAC, pumps, etc. are in good working order;
- An electrical report prepared by a Professional Engineer to confirm that the building electrical systems are in good working order;
- A site servicing report prepared by a Professional Engineer to document the condition of all site servicing, including any on-site underground services, storm water management facilities, drainage and grading.

Any deficiencies or works to be completed in the above reports will need to be rectified by the Property owner prior to the registration of the condominium agreement.

6.2.6 Changes to the Municipal Act

When the Rental Housing Protection Act was repealed, this left the status of demolition and condominium conversions in Official Plan policies in a vague legal situation. After lengthy legal proceedings, the Court of Appeal for Ontario found that municipalities have the authority to set policies in their Official Plans concerning conversions to condominium and demolition of rental housing.

The City of Toronto and other municipalities encouraged the Province to introduce legislation that would give them greater powers to regulate demolitions and conversions. The City of Toronto was given specific powers under Section 111 of the City of Toronto Act to control demolitions and conversions. Mirror legislation was provided to other municipalities in recent provisions to the Municipal Act. Specifically Section 99.1 of the Municipal Act, 2001, as revised in 2006 states:

Section 99.1

(1) A local municipality may prohibit and regulate the demolition of residential rental properties and may prohibit and regulate the conversion of residential rental properties to a purpose other than the purpose of a residential rental property

(2) The power to pass a by-law respecting a matter described in subsection (1) includes the power,

(a) to prohibit the demolition of residential rental properties without a permit;

(b) to prohibit the conversion of residential properties to a purpose other than the purpose of a residential rental property without a permit; and,

(c) to impose conditions as a requirement of obtaining a permit.

Restriction

(3) the municipality cannot prohibit or regulate the demolition or conversion of a residential rental property that contains less than six dwelling units.

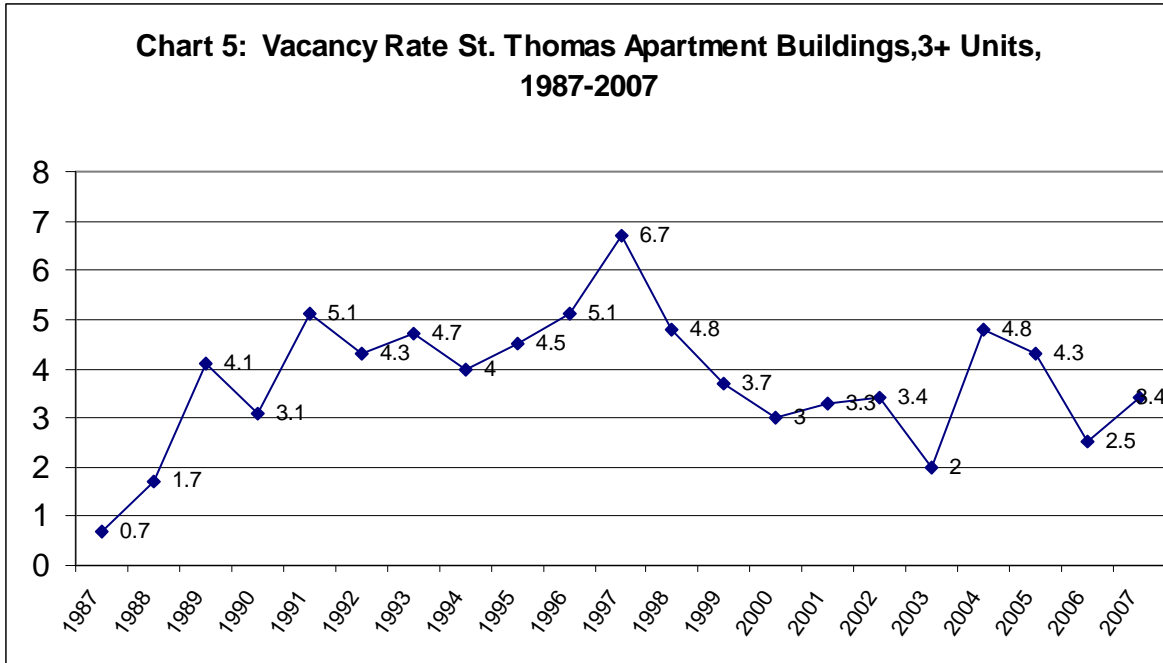
Once a municipality passes a by-law to control demolitions and/or condominium conversions, the applicant has a limited basis on which to appeal to the OMB.

6.3 Rental Market Conditions in St. Thomas

6.3.1 Trends in Vacancy Rates

It is generally accepted that a vacancy rate of 3% is sufficient to provide competition in the rental market and offer tenants sufficient choice in the market place. The vacancy rate is affected by the local economic climate, immigration, interest rates, demographic trends and levels of housing production. For example, a healthy economy, especially one that provides good employment opportunities for young people, generates a strong demand for rental housing. However, a strong economy combined with low interest rates, may also dampen demand for rental housing as more and more people are able to enter the homeownership market. Sometimes, high vacancy rates represent temporary oversupply conditions and the market tends to balance out over time.

Vacancy rates were tight in St. Thomas throughout most of the 1980's; however, the market in St. Thomas began to soften in 1989 as a result of the slowdown in the economy and the high production of assisted housing. (Refer to Chart 5 below.) Vacancy rates were soft from 1990 to 1994 and then the market started to tighten up again as the economy improved. In 1995, the vacancy rate declined from 4.8% in 1994 to 2.8% in 1995 but rose again in the period – 1996-1999.



Since 2000, vacancy rates have fluctuated. For example, while the vacancy rate in St. Thomas was 2.0% in 2003, in 2004 and 2005 the overall vacancy rate was relatively high - 4.8% in 2004 and 4.3% in 2005. By 2006 the vacancy rate in St. Thomas had plunged to 2.5% indicating tighter rental market conditions and in 2007 vacancy rate edged up to 3.4%.

Table 13 below provides an overview of vacancy rates by bedroom count in St. Thomas between 2003 and 2007.

Table 13: Private Apartments in St. Thomas, CMHC 3+ Units Rental Universe, 2003-2007

	2003		2004		2005		2006		2007	
	Universe	Vac. Rate	Universe	Vac. Rate	Universe	Vac. Rate	Universe	Vac. Rate	Universe	Vac. Rate
Bachelors	83	1.4	**	**	**	**	71	**	78	**
1-Bedrooms	832	4.0	791	4.0	815	5.4	850	2.6	826	4.2
2-Bedrooms	1,618	1.1	1,408	5.7	1,638	3.0	1,594	2.1	1,584	2.7
3+Bedrooms	52	**	**	**	**	**	52	**	56	**
Total	2,585	2.0	2,320	4.8	2,594	4.3	2,567	2.5	2,544	3.4

Source: Rental Market Reports, Various years

CMHC surveys apartment buildings with 3+ units and the supply of apartments has remained relatively constant in St. Thomas in recent years.¹⁹ In St. Thomas there are just under 2,600 private rental apartments in buildings with 3 or more units which are included in CMHC's survey.

¹⁹ From discussions with Ken Sumnall of the London CMHC Office who is the Principal, Surveys for the Ontario Market Analysis Centre, the St. Thomas survey includes a large share of rental units in the City (over 80% for the vacancy survey).

It should be noted that CMHC generally continues to keep an apartment building in the rental housing survey if 50% or more of units are occupied by tenants; however, a building may be withdrawn from the survey once an owner starts to sell off units.

It is not clear whether the high vacancy rates in 2004 and 2005 were the result of temporary adjustments in the rental housing stock (e.g., the reintroduction to the rental universe of the building on Confederation Drive following extensive renovations which left many units unoccupied) or whether or not the change represented a real change in rental housing availability). Overall vacancy rates declined in the London CMA between 2005 and 2006 though not to the extent that they did in St. Thomas. CMHC attributes the general decline in vacancy rates in the London CMA to the ongoing influx of young people, who have a high propensity to rent, fewer rental apartment completions in 2006, as well as a continued conversion of rental apartments into other uses.²⁰ The strong ownership demand in the London CMA area in 2007 was “a drag on rental demand” according to CMHC’s 2007 London Rental Market report.

6.4 Condominium Conversions and the Rental Market in St. Thomas

The City of St. Thomas has received two applications for condominium approvals over the past year. Both of these applications have now been approved. Each is briefly described below.

6.4.1 Confederation Drive

The first application involved a 118-unit rental apartment building at 104 Confederation Drive close to the intersection of South Edgeware and Burwell Road. The property has 4 bachelor apartments, 38 one-bedroom apartments and 76 two-bedroom apartments. Rents ranged for a one-bedroom from \$565 to \$725 depending upon when the apartment was occupied. Rents for two-bedroom units ranged from \$625 to \$850. It is our understanding that the owner made a substantial investment in upgrading the apartments in order to meet the condominium standards. One of the factors behind the conversion was to obtain a lower property tax rate. The building is owned by a numbered Ontario corporation, and the contact person has indicated his intention to continue to rent the apartments. Currently, the units are being managed by a property management firm, TransGlobe and rents were \$699 for a one-bedroom apartment and \$799 for a two bedroom unit in the summer of 2007.

The application was received on April 2005 and a report went to Council on September 11, 2006. At the time of the Planning Department’s report, the vacancy rate in the City had been high for the previous two periods – 4.8% in 2004 and 4.3% in 2005. Thus, the vacancy rate had been high for two periods as identified in the OP policy and the Planning Department concluded it was not possible to determine the impact of the conversion on vacancy rates. At the time the St. Thomas Housing Administrator noted concerns about the long-term impact on the supply of rental housing and the Planning Department also noted a concern about “using the vacancy rate

²⁰ Canada Mortgage and Housing Corporation, [Rental Market Report, London CMA](#), December 2006.

as the appropriate policy trigger for assessing the impact of a conversion on the rental housing market”.

While one of the considerations of the proponent was to reduce property taxes, such reductions are by law passed on to the sitting tenant. However, as tenants vacate their unit, the rents can rise to whatever level the market will bear. To some extent the higher rents may offset the decrease in taxes even if the building is assessed at a residential property rate.

6.4.2 Dunkirk Drive

The second application to convert a rental building to a condominium is a low-rise apartment building on Dunkirk Place. The building contains 4 one-bedroom units, 41 two-bedroom units and 3 three-bedroom units. Most of the units are 1,200+ square feet. Unlike the previous application, the rents for this building were in the high range. One bedroom units are in the \$1,200 range while rents for two-bedroom apartments were in the \$1,200-\$1,600 range (a couple of 2-bedrooms are listed at \$900/month).

The application was approved for the same reason that the previous application was received – that is, that the vacancy rate was above 3% for two years.

The above discussion illustrates the difficulty of using a short-term time frame such as two years to determine whether or not a rental building should be given permission to convert to a condominium. On the other hand, persistently high vacancy rates are problematic for landlords and when high vacancy rates prevail for a longer period, consideration may be given to condominium conversions as discussed below in Section 6.6.2.

Once units are removed from the rental stock, that is the building is converted to a condominium, there is no longer a guarantee that they will continue to be rented in the future even if the owner decides to do so at the beginning. Solutions to the high vacancy rate need to be explored at the time of the high vacancy rate and the reasons for it. Usually, in the past, owners have waited out the periods of high vacancy rates and ceased production of rental housing. With the current low production of rental housing across Ontario, the market is likely to self correct more quickly.

6.5 Potential Impacts of Condominium Conversions

This section discusses the potential impacts of converting a rental property to a condominium. Some impacts are positive and some are negative, depending upon who is being impacted.

6.5.1 Reduction in the Rental Housing Stock

The private rental stock represents not only a private good but also a community good which needs to be preserved. Conversions reduce the stock of purpose-built rental housing and given current low rental housing production, this change from rental to condominium gradually reduces the supply of rental housing. Many municipalities have lost a substantial portion of their

rental stock due to condominium conversions. For example, the City of Sarnia lost 8% of its stock as a result of 3 condominium conversions that were approved at the OMB and at the time of research for this study was facing a potential loss of another 8% of its stock due to condominium conversions. The conversion of 104 Confederation involved 118 rental units representing 5% of the City of St. Thomas' purpose-built private rental stock with 3 or more units.²¹

Those who oppose condominium conversion policies contest that the secondary rental market, that is rental units in accessory apartments or in rented condominiums are becoming more important as a source of rental housing. In a municipality like St. Thomas, however, condominiums are only a very small share of the market and do not supply the rental units that they might in larger municipalities.

The issue of declining rental housing stock due to condominium conversions across Ontario has been raised in a document by the Ontario Non-Profit Housing Association and the Co-operative Housing Foundation of Canada (Ontario Region), Where's Home? 2005. The study which relied on CMHC's statistics found that over the previous decade the Province had lost 16,000 rental units – mostly due to condominium conversions and demolitions – despite an addition of 30,000 rental units during the same decade.²² The City of London which does not restrict condominium conversions lost 1,400 rental units between 2001 and 2005, mainly due to such conversions.

6.5.2 Loss of Affordable Housing

Those who cannot afford to own their own home live in rental housing – either because they cannot afford a down payment or the carrying costs of homeownership. Studies have generally shown that rental housing is occupied by households with incomes that are approximately a half that of owners. It is estimated that the average income of tenants in St. Thomas in 2006 was \$37,800 compared to an average income of owners of \$71,100. (Refer to Chart 3 on page 16.)

A large share of tenant households (42%) in St. Thomas were paying 30% or more of their income on housing in 2001 and just over a fifth – 22% - were paying 50% or more of their income on rent. Lone parent and single person households had the highest proportion of households paying 50% or more of their income on rent with 27% of single parents and 30% of single persons in this situation.

A substantial share of tenants (39%) in St. Thomas cannot afford to pay no more than \$572 per month for rent compared to a 2006 average rent in St. Thomas of \$566 for a one-bedroom and \$673 for a two-bedroom apartment. (See Table C9 in Appendix C.)

Furthermore, significant public subsidies are required to encourage new affordable rental housing. In St. Thomas for example, new affordable rental housing requires a capitalized subsidy of approximately \$70,000 under the Canada-Ontario Affordable Housing Program in the form of a capital grant and operating subsidy for housing that will be generated at the average

²¹ In 2006, there were 2,567 rental apartments in privately owned buildings with 3 or more rental units.

²² Ontario Non-Profit Housing Association, Where's Home 2005 Update, 2005.

rent. In a number of municipalities, local governments may provide additional subsidies in the form of land donation, reduced land costs or waiving of development charges or other fees.

6.5.3 Reduction in Property Tax Base

Based on interviews with representatives in several municipalities, one of the reasons building owners are interested in converting their buildings to condominiums is to reduce their costs because once a building is designated as a condominium then it has a reduced property tax rate. While initially these reduced costs must be passed on to tenants, over time, as tenants move out, the operating costs of the building are reduced. The City of Sarnia noted that the initial set of conversions of 3 properties meant a significant loss of tax revenue to both the City and the County level of government of approximately \$450,000 to the City and \$250,000 to \$300,000 to the County.

In municipalities where conversions have taken place, in many instances, the apartments in converted buildings continue to be rented. The condominium status also provides the building owner with the option of converting to ownership units depending upon market conditions.

At the same time, as owners invest in their property, the increment in the assessed value of the buildings may go up thereby partially offsetting the decrease in the property tax reduction.

In the City of St. Thomas in 2007 the residential tax rate (excluding school taxes) was 1.33763 while the multi-residential tax rate was 3.332680 – or 2.5 times the residential tax rate.

Increases The Supply of Affordable Ownership Housing

One of the benefits of condominium conversions is that the converted unit is usually priced below that of low-rise ownership housing in a housing area and this is a form of affordable ownership housing. The benefits of providing affordable ownership housing need to be weighed against the loss of potential loss of affordable rental housing.

Supports Improvements to the Building Stock

One of the advantages of condominium conversions is that owners invest substantial amounts of money in their buildings in order to meet the condominium standards. Thus, the condominium conversion process provides a vehicle for upgrading the housing stock in the absence of other solutions for such capital intensive undertakings. It has also been suggested that when a building is converted to a condominium, it may be easier to obtain financing because individual units can be sold if the owner defaults on payments. Similarly, private investors can be obtained who gain title to individual units which provides an influx of capital.

Assists Owners in Succession Planning

It has also been suggested that owners may prefer the condominium status because individual units could be sold off should the building owner needs to pass these on to his children or other relatives.

6.6 Range of Condominium Conversion Policies Being Used Across Ontario

There continue to be a variety of approaches used to deal with condominium conversions including:

- No special municipal provisions regarding condominium conversions;
- Conversions are permitted when vacancy rates meet a certain threshold for a certain period of time; or,
- The conversion does not negatively impact on the supply of affordable rental housing.

Some municipalities employ a combination of the above which are covered in their Official Plan policy and other relevant by-laws.

6.6.1 No Provisions

Some municipalities such as the City of London have no special provisions for condominium conversions and they are simply rolled into the condominium application process.

Comment:

- Having no special conditions tied to the condominium conversion means that a municipality could potentially lose a portion of its purpose-built rental stock as building owners, for a variety of reasons, may wish to convert their property to condominium ownership.
- Staff of the City of London estimated that there was a loss of 1,415 rental units between 2001 and 2005, although they also note that most conversions remain as rental units.
- The City of Kitchener also has no provisions for controlling condominium conversions but is now looking at developing a policy given the high level of condominium conversions. One advantage of allowing condominium conversions is that problematic property owners have improved their buildings and so the condominium conversion process has dealt with long-standing problems with property standards.

6.6.2 Conversions Permitted When Vacancy Rates are High

- Many municipalities continue to have condominium policies in their Official Plan and most tie the application to what is perceived to be a healthy vacancy rate. Usually a 3% vacancy rate is used as an indication of a healthy vacancy rate.
- The length of time that this criterion is used varies from two consecutive years to four years (the latter being the current test used by the City of Toronto in its new condominium policy).
- Many municipalities also look at sub-market vacancy rates to determine whether or not a conversion should be permitted. Sub-markets are defined both geographically and by unit size (bedroom count).

Comment:

- A persistently high vacancy rate is a good indicator of whether or not there is excess demand for rental housing. However, even in some municipalities where vacancy rates have been high for a long time, changing conditions can result in lowered vacancy rates. The City of Sudbury is a good example of this where for years the City had a high vacancy rate; however, due to recent strong demand for commodities, Sudbury is now facing a tight rental market.
- The City of Toronto’s current test of four years seems to be a reasonable period for which to judge whether or not a conversion should be permitted.
- Also, a vaguely worded policy gives the municipality the option of examining the vacancy rate by unit type (bedroom count) and sub-market area.

6.6.3 Impact on Rental Housing Supply and Affordable Rental Housing Supply

- In addition to the vacancy rate criterion, policies in a number of municipalities also limit conversions if there is an impact on the affordable housing supply. For example, in the City of Hamilton, the policy states that rents in the building subject to the proposed condominium conversion should not be “significantly” below market rents. The term “significantly” is defined on a case by case basis. Similarly, the City of St. Catharines’ policy states that a condominium conversion would not be permitted if the conversion will adversely impact on the affordable rental housing supply.
- In the City of Sarnia, the City’s new condominium conversion policy states that the City will ensure that the conversion of multi-unit rental housing to condominium tenure “will not have an adverse impact on the supply of rental housing within the City, particularly affordable housing.” Affordable housing is defined as being consistent with the Provincial Policy Statement (i.e., affordable to low and moderate income households - lowest 60% of tenant households, or a unit for which rent is at or below the average rent of a unit in the regional market area, i.e., Lambton County.) Sarnia also states that the proposed conversion will not result in the loss of 10% or more of the existing rental housing stock.
- The City of Ottawa will not permit conversions where market rents of units proposed for conversion are at or below the average rent levels for the corresponding CMHC survey zone for rental units of a similar dwelling/structure and bedroom type.
- The recently adopted City of Toronto condominium conversion policy goes further than other municipal policies by stating that it will not approve condominiums where all of the rental housing units have rents that exceed mid-range rents at the time of the application. Mid-range is defined as monthly shelter costs which exceed affordable rents but fall below one and a half times the average City of Toronto rent, by unit type, as reported annually by CMHC. For example, in 2006, the average rent for a one-bedroom apartment was \$897; mid-range rents would be between \$897 and \$1,345. In 2006, the average rent for a one-bedroom apartment in St. Thomas was \$566 and the mid-rent level would be \$567-\$849. If the London CMA average rent of \$628 for a one-bedroom was used, then the mid-rent range would be \$628-\$942. (Refer to page 18 for rents in St. Thomas and the London CMA in 2006.)

Comments:

- The rent thresholds below which condominium conversions should be turned down should be set high enough that a large share of tenants are protected, given that the incomes of tenant households are well below the incomes of all households and about half the level of owner households.
- Using the average rent for St. Thomas would be too restrictive as shown on the next page in Table 14. For example, in 2006, the average rent for a one-bedroom apartment was \$566 and that would be affordable to tenants with incomes of \$22,680 or higher. The average rent for a two-bedroom apartment in St. Thomas was \$673 which is affordable to those with incomes of \$26,920 or higher.
- Using the average rents for the London CMA would protect rental housing that is affordable to those with incomes of \$19,440 or lower for a bachelor apartment, \$25,120 or lower for a one-bedroom apartment and \$31,600 or lower for a two bedroom. While technically speaking these rent thresholds are defined as affordable rents, it is probably desirable to protect a larger spectrum of rents and hence, the stock that is affordable to a higher proportion of tenant households. The mid-range rent definition used by the City of Toronto, if applied to City of St. Thomas rents or to rents in the London CMA, appears to be to capture too broad a spectrum of rental housing and cover tenants who can afford to purchase a home.
- Hence, a definition of moderate-range rents such as 1.25 times the average rents in the London CMA may be more reasonable. This would result in rent thresholds of \$785 for a one-bedroom (protecting rental housing that is affordable to those with household incomes of \$31,400 and below) and \$988 for a two-bedroom apartment (protecting housing that is affordable to those with household incomes of \$39,500 or below). This would protect the rental stock that is affordable to the 60th percentile of tenant households as defined by the PPS.

**Table 14: Household Incomes Needed to Afford
2006 Average Rents and Moderate Rents (1.25 times average)
St. Thomas and the London CMA**

	St. Thomas			London CMA		
	Bachelor	1 Bedroom	2 Bedroom	Bachelor	1 Bedroom	2 Bedroom
Ave. Rent	\$436	\$566	\$673	\$486	\$628	\$790
Monthly Inc. @30%	\$1,453	\$1,887	\$2,243	\$1,620	\$2,093	\$2,633
Annual Income	\$17,440	\$22,640	\$26,920	\$19,440	\$25,120	\$31,600
Moderate Rents						
Average * 1.25	\$545	\$708	\$841	\$608	\$785	\$988
Monthly Inc. @30%	\$1,817	\$2,358	\$2,804	\$2,025	\$2,617	\$3,292
Annual Income	\$21,800	\$28,300	\$33,650	\$24,300	\$31,400	\$39,500

Source: CMHC and Lapointe Consulting Estimates; Rent levels for 2006

6.6.4 Other Related Policies

- Other policies in various official plans relate to the process of informing tenants of the proposed application as well as their rights. For example, the City of Sarnia requires such a meeting to which tenants and the landlord are invited. The City of Ottawa requires that the City notifies tenants of their rights under the Residential Tenancies Act following approval of a condominium approval.
- Some municipalities have an opting out clause which enables the municipality to approve a condominium conversion “where essential retrofitting to the building is immediately required to promote safe, health and affordable housing and where it is demonstrated to the satisfaction of the municipality that income received from rent, including rent increases permitted under Provincial legislation, is not capable of supporting the work required. The City may require applicants to submit certified financial statements in this regard.”²³

6.7 Recommended Condominium Conversion Policy for St. Thomas

As has been discussed in this section of the report, the City has recently lost 6% of its rental stock including housing that is considered affordable under the PPS. Given the subsidies that are required to produce new rental housing, especially affordable rental housing, it is prudent for the City to try to retain its rental stock where possible. It is recognized that some condominium conversions may not impact on the supply of affordable rental housing as rents are at the high end. The Province has passed new legislation permitting municipalities to enact condominium conversion by-laws where they deem this necessary.

Using a two-year framework for evaluating the vacancy rate is problematic as circumstances may change quickly in the rental market changing what appeared to be an oversupply to an undersupply situation.

Therefore, it is recommended that:

- The City rescind its current policy in the Official Plan and that a set of new Official Plan policies be introduced which:
 - Requires an applicant to consult with the municipality prior to submission of an application.
 - Prohibits the conversion of an existing rental building to a condominium unless the City has had a vacancy rate above 3% for more than four years based on CMHC’s fall survey as published in the *Rental Housing Annual Report, October: London*.
 - Prohibits the conversion of a rental building when this will have a negative effect on the supply of rental housing, especially rental housing affordable to the 60th percentile of tenants as shown in Table 2 above. The impact of a withdrawal of rental housing

²³ City of Sarnia Official Plan, Part 5: Community Development Policies, Section 5.16 Rental Housing Conversion to Condominium

- from the rental market on the supply of rental units may be examined on a City-wide or sub-area basis and by unit type by bedroom count.
- Sets out submission requirements, under the authority of the Condominium Act and Planning Act and shall include:
 - A list containing the names and addresses of the tenants in the rental property;
 - Rents in the property listed by unit number and type (bachelor, one-bedroom etc.);
 - Tenants in possession of the unit have been notified of the application for a plan of condominium;
 - The number of rental units in which tenants have indicated in writing they wish to purchase their unit as a condominium;
 - Estimates of the selling price of the units;
 - Pursuant to Subsection 9(4) of the *Condominium Act 1998*, the Approval Authority will require an applicant to have a qualified person inspect the property and report to the Approval Authority. The report shall address the following matters: a life and safety audit of the building(s); a structural report; a mechanical report; an electrical report; and a site servicing report. The property owner prior to the registration of the condominium agreement will rectify any deficiencies or works to be completed as noted in the above reports.
 - Requires that a public meeting be held with affected tenants so they are informed of their rights under relevant landlord and tenant legislation.
 - The City use the Municipal Property Maintenance by-law (By-law No. 12-99) to ensure minimum health and safety standards are maintained in rental housing.
 - The City work with CMHC officials to encourage rental property owners to upgrade their housing using funding available through the Rental Residential Rehabilitation Program.
 - The City request CMHC to continue to fund the Residential Rehabilitation Assistance Program which is due to expire in a year.

7 MONITORING

In order for the City of St. Thomas to follow the changing housing market conditions, it is recommended that a report be prepared on a regular basis covering the amount and type of residential development in St. Thomas and trends in housing affordability. This report should be no longer than 3 or 4 pages and provide Council and interested stakeholders with a bird's eye view of housing conditions in St. Thomas and how the City is doing with respect to its housing policies and responsibilities.

This report could cover the following topics:

- Vacancy rates in private rental apartments by bedroom count in St. Thomas and London CMA;
- Rents in the private rental housing stock in St. Thomas and the London CMA by bedroom count and rent increases compared to the CPI index;
- Residential dwelling construction – based on dwelling permits issued by dwelling type and completions provided by CMHC;
- Resale house prices and prices of new housing by dwelling type in St. Thomas compared to other parts of the London CMA;
- Changes in the waiting list for social housing in St. Thomas;
- Affordable housing development; and,
- Special needs housing development.

APPENDIX

Appendix A: Affordable Housing Priorities and Action Plan

*A Plan to implement the 43 recommendations
of the Affordable Housing Strategy*

Prepared by the Social Housing Administrator, Ontario Works Department, City of St. Thomas

(Priority Areas in italics are incomplete as of October 2007.)

Affordable Housing Strategy Priorities	Strategy Recommendations	Completion date
1. City of St. Thomas to pass a Municipal Housing Facilities By-law (Recom. 7) and adopt the recommended definition of affordable housing (Recom. 8).	7 and 8	June 6, 2005
2. City of St. Thomas to submit Expression of Interest to Ministry of Municipal Affairs and Housing for an allocation of 150 units for St. Thomas and Elgin County under the revised Canada-Ontario Affordable Housing Program.	9	Nov. 14, 2005
3. City of St. Thomas to move forward with the Request for Proposals stage once an allocation has been received under the Affordable Housing Program (Recom. 10). <ul style="list-style-type: none"> • <i>Consideration will be given to placing Rent Supplement units in new housing developments</i> (Recom. 17). • Private/public partnerships will be encouraged (Recom. 18). • The provision of supportive housing will be encouraged (Recom. 36). • RFP process will be done in conjunction with a public awareness campaign to publicize the Canada-Ontario Affordable Housing Program and increase awareness of affordable housing issues (Recom. 42). 	10, 17, 18, 36, 42	<p>RFP issued Oct. 2006, closed December 2006</p> <p>81 new units approved including 10 supportive units</p> <p>three public meetings held in Jan/Feb 2006</p>
4. Director of Ontario Works and Housing Administrator to establish Terms of Reference and recruit qualified volunteers for a Housing Advisory Committee (Recom. 41) to <ul style="list-style-type: none"> • address the housing demand issues presented in the Study • to set short-term and long-term measurable goals and objectives as part of the ongoing implementation of the Affordable Housing Strategy • to establish sub-committees to focus on priorities such as seniors housing (Recom. 26), emergency and transitional housing, affordable housing, and supportive housing. • The Director and Housing Administrator will be directly involved 	26, 41	<p>Housing Advisory Committee established May 31, 2005, meets at least quarterly</p>

Affordable Housing Strategy Priorities	Strategy Recommendations	Completion date
as primary coordinators of this Committee, and will provide regular progress reports to County and City Councils.		
<p>5. Director of Ontario Works and Housing Administrator to meet with lower-tier municipalities in Elgin County to share information on</p> <ul style="list-style-type: none"> • the Supply and Demand Study, the Affordable Housing Strategy, and the Canada-Ontario Affordable Housing Program (Recom. 11) • the roles of the City of St. Thomas as Service Manager, local municipalities, the Province, CMHC, housing providers, and the private sector in the provision of affordable housing (Recom. 11) • funding programs available (federal and provincial) (Recom. 4, 19) • <i>establishing housing targets</i> (Recom. 1) • <i>adopting Housing First policy for surplus lands</i> (Recom. 15) • municipal concessions for the development of new affordable housing (Recom. 5, 12, 13, 16) • <i>updating Official Plans and zoning bylaws as required to accommodate the provision of affordable housing</i> (Recom. 2, 23) 	1, 2, 4, 5, 11, 12, 13, 15, 16, 19, 23	Housing Administrator and Director communicate directly with local councils on AHP issues in their jurisdictions (West Elgin, Dutton-Dunwich) or by request (Aylmer).
<p>6. City of St. Thomas to</p> <ul style="list-style-type: none"> • review and update, as required, the Official Plan and zoning by-laws to accommodate the provision of affordable housing (Recom. 2 and 22) and to adopt the recommended housing targets (Recom. 1) • <i>consider certain concessions to landlords</i> (Recom. 5) • consider incentives for the provision of affordable housing (Recom. 12, 13, 16) • consider a Housing First policy for surplus lands (Recom. 15). 	1, 2, 5, 12, 13, 15, 16, 22	Official Plan review in progress by Planning Dept.
<p>7. <i>Social housing staff and Housing Advisory Committee to launch a public education campaign to raise awareness of the need for affordable housing issues and funding programs available</i> (Recom. 6 and 42) <i>through</i></p> <ul style="list-style-type: none"> • <i>workshops and/or public meetings</i> (Recom. 25) • CMHC Homeownership Education and Training sessions (Recom. 39). 	6, 25, 39, 42	CMHC Homeownership training sessions planned for the spring of 2008.
<p>8. <i>Social housing staff to compile inventory of surplus municipal, provincial, and federal lands.</i></p>	14	
<p>9. Social housing staff and Housing Advisory Committee to investigate funding opportunities available, including</p> <ul style="list-style-type: none"> • Supporting Community Partnership Initiatives (SCPI) (Recom. 27) • <i>Off the Street, Into Shelter Fund (OSIS)</i> (Recom. 28) • <i>Redirection of Emergency Hostel Funding Program (REHF)</i> (Recom. 29) 	27, 28, 29, 40	HPS (formerly SCPI) funding application in progress. Delivery of Homeownership

Affordable Housing Strategy Priorities	Strategy Recommendations	Completion date
<ul style="list-style-type: none"> the homeownership component of the Canada-Ontario Affordable Housing Program (Recom. 40). 		Program is underway.
<p>10. Implementation of the Housing Advisory Committee’s goals and objectives, including</p> <ul style="list-style-type: none"> liaison with community agencies to develop additional seniors, emergency and/or transitional, youth, and supportive housing (Recom. 24, 30, 31, 35) <i>helping to meet the housing needs of the Mennonite community</i> (Recom. 32 and 33) addressing the need for rooming house facilities (Recom. 34) <i>exploring options for affordable ownership housing</i> (Recom. 37, 38) <i>collecting and reporting on crucial housing data</i> (Recom. 43) 	24, 30, 31, 32, 33, 34, 35, 37, 38, 43	Shelter / feasibility study proposal steering committee established.
<p>11. City of St. Thomas to lobby federal and provincial governments for additional funding and support for new development and/or maintenance of affordable housing, including</p> <ul style="list-style-type: none"> encouraging CMHC to provide increased RRAP funding (Recom. 3) encouraging the Provincial Government to uphold its election promise to match federal funding under the Canada-Ontario Affordable Housing Program (Recom. 20) <i>urging the Federal Government to change the tax system to fully rebate the GST associated with the development of new rental housing</i> (Recom. 21). 	3, 20, 21	Provincial / federal funding is matched under new AHP Program.

Appendix B: How the Provincial Interest in Housing is Defined

Section 1.4 Housing in the 2005 Provincial Policy Statement outlines the provincial interest in housing with which municipal official plans are to conform. Section 1.4 states that:

“in order to provide for an appropriate range of housing types and densities to meet projected requirements of current and future residents of the regional market, planning authorities are required to:

- 1.4.1 a) Maintain the ability to accommodate residential growth for a minimum of 10 years through residential intensification and redevelopment, and if necessary, lands which are designated and available for residential development;*
- b) Maintain at all times a 3-year supply of residential unit available lands zoned through residential intensification and redevelopment and lands in draft approved and registered plans;*
- 1.4.3 Provide for an appropriate range of housing types and densities to meet the projected requirements of current and future residents of the regional market area by:*
 - c. Establishing and implementing minimum targets for the provision of housing that is affordable to the low and moderate income households;*
 - d. Permit and facilitate:*
 - o All forms of housing required to meet the social, health and well-being requirements of current and future residents, including special needs requirements,*
 - o All forms of residential intensification and redevelopment;*
 - e. Direct the development of new housing towards locations where appropriate levels of infrastructure and public service facilities are or will be available to support current and projected needs;*
 - f. Promote densities for new housing which efficiently use land, resources, infrastructure and public service facilities and support the use of alternative transportation modes and public transit;*
 - g. Establish development standards for residential intensification, redevelopment and new residential which minimizes the cost of housing and facilitate compact form.”*

Appendix C: Additional Tables

**Table C1: Distribution of St. Thomas Population,
2006, 2016 and 2026, Strategic Scenario**

Age	2006		2016		2026		Change 2006-26		
	Total	%	Total	%	Total	%	Total	% Ch.	% of growth
0-4	2,426	6.7%	2,705	6.4%	2,794	5.9%	368	15.2%	
5-9	2,275	6.3%	2,819	6.7%	2,966	6.3%	691	30.4%	
10-14	2,371	6.6%	2,720	6.5%	2,963	6.3%	592	25.0%	
15-19	2,480	6.9%	2,543	6.0%	3,045	6.4%	565	22.8%	
0-19	9,552	26.4%	10,787	25.6%	11,768	24.9%	2,216	23.2%	19.9%
20-24	2,150	6.0%	2,581	6.1%	2,910	6.2%	760	35.3%	
25-29	2,429	6.7%	2,919	6.9%	2,898	6.1%	469	19.3%	
30-34	2,625	7.3%	2,998	7.1%	3,308	7.0%	683	26.0%	
35-39	2,553	7.1%	2,998	7.1%	3,418	7.2%	865	33.9%	
40-44	2,720	7.5%	2,851	6.8%	3,193	6.8%	473	17.4%	
20-44	12,477	34.5%	14,347	34.1%	15,727	33.3%	3,250	26.0%	29.2%
45-49	2,663	7.4%	2,581	6.1%	3,016	6.4%	353	13.3%	
50-54	2,319	6.4%	2,754	6.5%	2,866	6.1%	547	23.6%	
55-59	2,169	6.0%	2,750	6.5%	2,648	5.6%	479	22.1%	
60-64	1,768	4.9%	2,368	5.6%	2,756	5.8%	988	55.9%	
45-64	8,919	24.7%	10,453	24.8%	11,286	23.9%	2,367	26.5%	21.3%
65-69	1,334	3.7%	2,126	5.0%	2,644	5.6%	1,310	98.2%	
70-74	1,138	3.2%	1,635	3.9%	2,151	4.6%	1,013	89.0%	
75-79	1,093	3.0%	1,139	2.7%	1,768	3.7%	675	61.8%	
80-84	878	2.4%	827	2.0%	1,130	2.4%	252	28.7%	
85+	728	2.0%	802	1.9%	770	1.6%	42	5.8%	
65+	5,171	14.3%	6,529	15.5%	8,463	17.9%	3,292	63.7%	29.6%
Total	36,119	100.0%	42,116	100.0%	47,244	100.0%	11,125	30.8%	100.0%

Table C2:

St. Thomas High Growth Projection

Year	Population	5-Year		Annual Growth Rate
		Change	% Change	
2001	33,235			
2006	36,110			
2011	39,171	3,061	8.5%	1.64%
2016	42,116	2,945	7.5%	1.46%
2021	44,881	2,764	6.6%	1.28%
2026	47,236	2,355	5.2%	1.03%
2031	49,063	1,827	3.9%	0.76%

Table C3: St Thomas Income Distribution by Tenure, 2006

		All		Owners		Tenants	
		#	%	#	%	#	%
Under	\$11,444	910	6.8%	240	2.8%	675	14.4%
	\$11,445 - \$22,889	1,815	13.6%	660	7.6%	1,155	24.7%
	\$22,890 - \$34,334	1,500	11.3%	745	8.6%	755	16.1%
	\$34,335 - \$45,778	1,540	11.6%	805	9.3%	735	15.7%
	\$45,779 - \$57,223	1,555	11.7%	1,085	12.6%	475	10.1%
	\$57,224 - \$68,668	1,425	10.7%	1,075	12.4%	355	7.6%
	\$68,669 - \$80,113	1,160	8.7%	940	10.9%	215	4.6%
	\$80,114 - \$91,558	915	6.9%	780	9.0%	135	2.9%
	\$91,559 - \$103,003	730	5.5%	665	7.7%	65	1.4%
	\$103,004 - \$114,447	565	4.2%	515	6.0%	55	1.2%
	\$114,448 and over	1,200	9.0%	1,130	13.1%	65	1.4%
Total		13,315	100.0%	8,640	100.0%	4,685	100.0%
Median		\$52,128		\$65,727		\$30,434	
Average		\$59,387		\$71,120		\$37,757	

Source: Lapointe Consulting estimates using 2000 census data, custom tabulation updated using changes in the Consumer Price Index.

Table C4: Tenure Assumptions, St. Thomas Housing Requirements

Dwelling Type	Rented % By Type				
	2006-11	2011-16	2016-21	2021-26	2026-31
Single Detached	8.0%	8.0%	8.0%	8.0%	8.0%
Semi Detached	30.0%	30.0%	30.0%	30.0%	30.0%
Row Housing	30.0%	30.0%	30.0%	30.0%	30.0%
Apartments	80.0%	80.0%	70.0%	70.0%	70.0%

Table C5: St. Thomas Housing Requirements by Tenure, 2006-2026

Dwelling Type	2006-2016			2016-2026			2006-2026			Annual		
	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total	Owned	Rented	Total
Single Detached	2,208	192	2,400	1,696	147	1,843	3,904	339	4,243	195	17	212
% of Total	92.0%	8.0%	73.9%	92.0%	8.0%	68.2%	92.0%	8.0%	71.3%	92.0%	8.0%	100.0%
Semi Detached	221	95	316	187	80	267	408	175	583	20	9	29
% of Total	70.0%	30.0%	9.7%	70.0%	30.0%	9.9%	70.0%	30.0%	9.8%	70.0%	30.0%	100.0%
Townhouses	159	68	227	187	80	267	346	148	494	17	7	25
% of Total	70.0%	30.0%	7.0%	70.0%	30.0%	9.9%	70.0%	30.0%	8.3%	70.0%	30.0%	100.0%
Apartments	61	245	306	98	229	327	159	474	633	8	24	32
% of Total	20.0%	80.0%	9.4%	30.0%	70.0%	12.1%	25.2%	74.8%	10.6%	25.2%	74.8%	100.0%
Total	2,649	600	3,249	2,167	537	2,704	4,817	1,136	5,953	241	57	298
% of Total	81.5%	18.5%	100.0%	80.2%	19.8%	100.0%	80.9%	19.1%	100.0%	80.9%	19.1%	100.0%

**Table C6: Average and 10% below Average House Prices
In St. Thomas, Elgin County, St. Thomas/Elgin County and the London CMA**

	St. Thomas		Elgin County		St. Thomas/Elgin County		London CMA	
	2006	2007 (Jan.-mid-June)	2006	2007 (Jan.-mid-June)	2006	2007 (Jan.-mid-June)	2006	2007 (Jan.-mid-June)
Ave. House Price	\$162,379	\$171,897	\$178,064	\$174,124	\$169,450	\$172,723	\$189,586	\$205,781
% ch. 2006-2007		5.9%		-2.2%		1.9%		8.5%
10% below ave.	\$146,141	\$154,707	\$160,258	\$156,712	\$152,505	\$155,450	\$170,627	\$185,203
PPS	\$161,000	N/A	\$161,000	N/A	\$161,000	N/A	\$161,000	N/A

Note: the figures may contain vacant residential land.

Source: Data obtained from the London and St. Thomas Real Estate Board, July, 2007

Table C7: Affordable House Prices for St. Thomas Households, 2006

All Households	2000	2006 (est.)	Affordable Annual Carrying Cost	Affordable Price
30th Percentile (est.)	\$28,484	\$32,599	\$9,780	\$91,048
60th Percentile (est.)	\$54,632	\$62,525	\$18,758	\$189,470
Median Income	\$45,547	\$52,128	\$15,638	\$157,979
Average Income	\$51,890	\$59,387	\$17,816	\$185,202

Source: 2001 census and Lapointe Consulting Inc. estimates

Table C8: Affordable Rents for St. Thomas Tenant Households, 2006

Tenant	2000	2006 (est.)	Affordable Rent
30th percentile	\$15,192	\$17,440	\$436
60th percentile	\$33,058	\$37,951	\$949
Median Income	\$26,592	\$30,528	\$763
Average Income	\$32,990	\$37,873	\$947

Source: 2001 census and Lapointe Consulting Inc. estimates

**Table C9: Distribution of Tenant Incomes and Affordable Rents,
St. Thomas, 2006**

	Income Category (2006)		Tenant			Affordable Rent Range	
			Households	%	Cumulative	From	To
	\$0	\$11,444	675	14.4%	14.4%	0	\$286
	\$11,445 -	\$22,889	1,155	24.7%	39.1%	\$286	\$572
	\$22,890 -	\$34,333	755	16.1%	55.2%	\$572	\$858
	\$34,335 -	\$45,778	735	15.7%	70.9%	\$858	\$1,144
	\$45,779 -	\$57,223	475	10.1%	81.0%	\$1,144	\$1,431
	\$57,224 -	\$68,668	355	7.6%	88.6%	\$1,431	\$1,717
	\$68,669 -	\$80,113	215	4.6%	93.2%	\$1,717	\$2,003
	\$80,114 -	\$91,558	135	2.9%	96.1%	\$2,003	\$2,289
	\$91,559 -	\$103,002	65	1.4%	97.4%	\$2,289	\$2,575
	\$103,004 -	\$114,447	55	1.2%	98.6%	\$2,575	\$2,861
	\$114,448 +		65	1.4%	100.0%	\$2,861	+
			4,685	100.0%			
	All Households		Tenant Households				
	2000	2006	2000	2006			
Median Inc.	\$45,547	\$52,128	\$26,592	\$30,434			
Average Inc.	\$51,890	\$59,387	\$32,990	\$37,757			