



Report To:	Property Committee
From:	Donna Stewart, Director of Integrated Social Services and Rhonda McCauley, Social Housing Program Supervisor
Date:	May 23, 2019
Re:	Property Sales and the Impact on Tenancy – Issue Report

Purpose

To inform the Property Committee and the Board of the implications to tenancy should the sale of DSB Owned Properties occur.

Background

The Manitoulin-Sudbury DSB is the Landlord to 288 units and acts as Service System Manager for another 114 Non-Profit Housing Provider Units.

To ensure that we are meeting the needs of each of our municipalities, the DSB regularly reviews the assets on hand and the needs of those seeking housing within our communities.

In a [Social Housing Portfolio Renewal – Revised Issue Report](#) to the Board, in October 2018, the projected costs were provided to the Board for each DSB directly run property to inform the Board of the potential impact of said costs in the budget.

Purpose

For the DSB to consider the sale of any of our Social Housing Properties, the impact on current tenancies must be taken into consideration. Additionally, we also must be cognizant of our responsibilities under the Housing Services Act (HSA) and the Residential Tenancies Act (RTA).

The Residential Tenancies Act [Section 49](#) provides the details on the rights and responsibilities of a Landlord with respect to the sale of a rental property.

The **Residential Tenancies Act** states the following on this topic:

- A landlord may, by way of appropriate notice to the tenant, terminate a tenancy (N12) of a residential property with 3 units or less, if the purchaser in good faith requires possession of the rental unit for the purpose of residential occupation for a period of at least one year by,
 - (a) the purchaser;
 - (b) the purchaser's spouse;
 - (c) a child or parent of the purchaser or the purchaser's spouse; or
 - (d) a person who provides or will provide care services to any of those persons listed above. 2006, c. 17, s. 49 (2).
- Said notice is a minimum of 60 days and must be at the end of the term.
- For Rental Properties with 5 or more residential units, should a Landlord intend to extensive repairs that require that units be empty, may provide appropriate notice to residents, but the Act allows residents to retain their right to move back into the rental unit afterwards. The conditions are as follows:
 - a) Using an N13 Notice, 120 days is required to tenants at the end of the term
 - b) Building permit is required for renovations/repairs
 - c) Convert the property use for purpose other than residential premises, or demolish the property.
 - d) Unit must be unoccupied to perform the work
 - e) Tenant must advise the Landlord in writing of their intention to move back into the rental unit before vacating as per notice provided.
 - f) Normally, the Landlord cannot increase the rent of the unit without making an application to the Board to do so, however the rules of rent do not apply in situations of rent-g geared-to-income
- Should the purchaser of a DSB owned property choose to purchase the property and retain it for rental, then the tenancies remain in place following a sale. Should the purchaser choose to renovate the property and eventually re-rent the unit, 120 days' notice is required, and the current tenancies have security of tenure to resume their tenancy in the unit upon the purchaser completing the renovations.

The Housing Services Act, 2011

With the amendments to the Housing Services Act, 2011, Service System Managers now have the authority to make specific consent decisions that include:

- Certain changes to Local Housing Corporations (LHCs); and,
- Transfers of certain social housing properties.

The Ministry of Housing has prepared a [reference guide](#) for Service System Managers in this regard, and request early consultation with the Ministry of Housing in all cases of property transfer.

The [Guide for Service Manager Consents under the Housing Services Act, 2011](#) provides an overview of the reporting requirements under the Act (sections 35.1 & 163) to keep the Ministry informed regarding consent decisions.

In considering the option of sale of DSB owned properties it is prudent to consider that the plan becomes more complicated with tenancies in place. However, the notion of revenue loss due to vacancy in a multi-residential building is also a consideration that the Committee should weigh in its decision as it could take a substantial amount of time to have all unit tenancies expired by tenant choice.

Properties of the DSB are month-to-month tenancies, and thus per the Residential Tenancies Act, 60-days'notice is required by tenants.

Selling properties in the portfolio has the expectation of the Ministry of Housing to utilize the proceeds of sale for housing purposes, and that tenants are well informed of the process.

Considerations

Based on the obligations of the DSB, and the legislative requirements for the Social Housing stock, it is recommended that the Property Committee consider the following options in relation to potential sale of DSB owned properties with leasing tenants in place.

Option 1

- With single-family units, offer the first opportunity to in-situ tenants with support from the DSB's Home Ownership Program to purchase the properties.

Option 2

- Offering properties for sale only after tenants have vacated the units.

Option 3

- Inform the residents of the intention to sell the property and begin to relocate as units become available.

Option 4

- Provide existing tenants with appropriate notice to vacate the units to offer purchasers vacant possession of the property at closing.

Option 5

- Offering the properties for sale as leased properties and consider Direct Shelter Subsidies for tenants who qualify.

Conclusion

At this point staff are looking at 3 single family units in Espanola and a 10 unit multi-residential in Gore Bay.

Staff are recommending that if any of the single family units provide notice to vacate, the CAO will have authority put the property up for sale at current market prices using a local real-estate agent.

In addition, should any units become vacant at the 10 unit multi-residential building in Gore Bay, they will be rented out at full DSB market rent only. This will prevent revenue loss and at the same time increase the re-sale value of the building based on higher rental revenues.

Staff is requesting direction from the Property Committee, as to which option they want staff to explore in more detail.