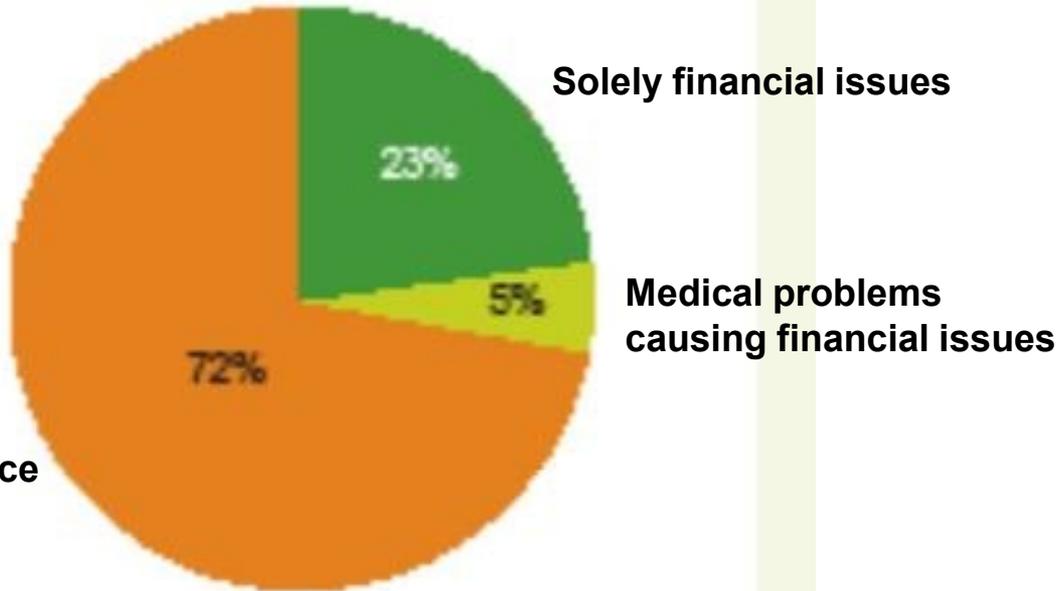


# Proposal to expand the “My Home Second Unit Renovation Program”

# PROBLEM 1: SOCIAL HOUSING CRISIS

## Housing Subsidies to Households on CWL, 2014



In 2019

**14997**

Households on CWL

**647**

Households placed on subsidized housing from CWL

**≈23 years**

Source: 'Facts on housing and homelessness'  
Region of Peel Website

Source: pg. 15- Annual Housing System Report, Region of Peel, 2015

## **PROBLEM 2: ILLEGAL/UNREGISTERED SECOND UNITS**

**‘In 2019 alone, the city (Brampton) received 1577 complaints about unregistered and illegal basements...’**

Source: (September 30, 2020) Frisque, Graeme <https://www.toronto.com/news-story/10212253-city-officials-say-brampton-s-illegal-second-units-and-rooming-houses-a-big-health-and-safety-concern/>

**‘All 19 Brampton basement apartment fires were in illegal 2nd units over the past 2 years’**

Source: (December 15, 2020) Frisque, Graeme <https://www.toronto.com/news-story/10289687-all-19-brampton-basement-apartment-fires-were-in-illegal-2nd-units-over-past-2-years/>

Barriers keeping people from registering their second units:  
**(1) Costs associated with bringing apartment up to code (adding kitchens/washrooms, renovations), and (2) unfamiliarity or difficulty with the registration process**

# PROBLEM 3: AFFORDABILITY OF HOMEOWNERSHIP IN PEEL REGION

## Average sale price for all types of dwellings in Peel Region Nov. 2019 vs. Nov. 2020



Graeme Frisque/Metroland graphic

SOURCE: Frisque, Graeme. "Mississauga, Brampton and Caledon Housing Prices Skyrocket as COVID-19 Batters Economy." *BramptonGuardian.com*, 16 Dec. 2020, [www.bramptonguardian.com/news-story/10289465-mississauga-brampton-and-caledon-housing-prices-skyrocket-as-covid-19-batters-economy/](http://www.bramptonguardian.com/news-story/10289465-mississauga-brampton-and-caledon-housing-prices-skyrocket-as-covid-19-batters-economy/).

## Median household income was \$86,233 before tax in Peel in 2016.

SOURCE: Region of Peel. '2016 Cencus Bulletin, Income' <https://www.peelregion.ca/planning-maps/censusbulletins/2016-income-bulletin.pdf>

Median total income of households, Mississauga: **\$83,018**

PROPERTY TYPE	MEDIAN PRICE, SEP 2019	MAX MORTGAGE AFFORDABILITY BASED ON MEDIAN INCOME	DOWN PAYMENT REQUIRED FOR REMAINDER OF HOME PRICE	DOWN PAYMENT AS A % OF HOME PRICE	YEARS TO SAVE FOR THE DOWN PAYMENT
(ORGANIZED BY DOWN PAYMENT REQUIRED)		ASSUMES A 3% MORTGAGE RATE, 25-YEAR AMORTIZATION, 1% IN PROPERTY TAXES, \$100/MONTH HEATING			BASED ON SAVING 20% OF INCOME
Condo apt	\$470,000	\$372,409	\$97,591	21%	5.9 years
Condo townhouse	\$609,000	\$352,867	\$256,133	42%	15.4 years
Semi-detached	\$739,900	\$334,446	\$405,454	55%	24.4 years
Detached	\$999,000	\$298,001	\$700,999	70%	42.2 years

Median total income of households, Brampton: **\$87,290**

PROPERTY TYPE	MEDIAN PRICE, SEP 2019	MAX MORTGAGE AFFORDABILITY BASED ON MEDIAN INCOME	DOWN PAYMENT REQUIRED FOR REMAINDER OF HOME PRICE	DOWN PAYMENT AS A % OF HOME PRICE	YEARS TO SAVE FOR THE DOWN PAYMENT
(ORGANIZED BY DOWN PAYMENT REQUIRED)		ASSUMES A 3% MORTGAGE RATE, 25-YEAR AMORTIZATION, 1% IN PROPERTY TAXES, \$100/MONTH HEATING			BASED ON SAVING 20% OF INCOME
Condo apt	\$413,500	\$403,786 *	\$25,244	6%	1.4 years
Condo townhouse	\$485,625	\$387,265	\$98,360	20%	5.6 years
Semi-detached	\$675,000	\$367,021	\$307,979	46%	17.6 years
Detached	\$805,000	\$348,724	\$456,276	57%	26.1 years

SOURCE: Graham, Penelope. "How Much You Need to Save to Buy a Home in Mississauga & Brampton." *Zoocasa Blog*, 30 Oct. 2019, [www.zoocasa.com/blog/down-payment-mississauga-brampton-2019/](http://www.zoocasa.com/blog/down-payment-mississauga-brampton-2019/).

## **My Home Second Unit Renovation Program (October 2020)**

- 1) Interest free loans up to \$20000, up to \$30000 if rented to a tenant referred by the Region of Peel (households on housing CWL), to renovate existing unregistered second unit.
  
- 2) Eligible homeowners must have an existing unregistered second unit, and need renovations and assistance to transition to a legal, registered second unit.
  
- 3) Homeowners must rent the second unit at 80% of average local municipal market rent- as per CHMC market report.
  
- 4) Eligible homeowners have a household gross income below \$110,456.

1) Interest free loans up to \$20000, **up to \$30000 if rented to a tenant referred by the Region of Peel (households on housing CWL)**, to renovate existing unregistered second unit.

	<b>PROS</b>	<b>CONS</b>
<b>REGION OF PEEL</b>	<ul style="list-style-type: none"> <li>- Lower cost per homeowner (compared to proposal)</li> <li>-<b>Upgrade living conditions and housing for existing tenants of illegal second units</b></li> </ul>	<ul style="list-style-type: none"> <li>-<b>Does not guarantee that loan will ensure housing for household on CWL</b></li> </ul>
<b>HOMEOWNERS</b>	<ul style="list-style-type: none"> <li>-Get to decide whether or not tenant will be referred from Region of Peel</li> <li>-Interest-free capital</li> </ul>	<ul style="list-style-type: none"> <li>-Can not access maximum loan amount if homeowners want to keep current tenants</li> </ul>
<b>HOUSEHOLDS ON CWL</b>	<ul style="list-style-type: none"> <li>-May provide housing for households on the CWL</li> </ul>	<ul style="list-style-type: none"> <li>-<b>Does not guarantee housing will provided through program</b></li> </ul>

2) Eligible homeowners must have an **existing unregistered second unit, and need renovations and assistance to transition to a legal, registered second unit.**

	<b>PROS</b>	<b>CONS</b>
<b>REGION OF PEEL</b>	-Will address existing unregistered second units	-Program will not address creation of new unregistered and illegal second units
<b>HOMEOWNERS</b>	-Helps homeowners with close to legal second units bring them fully up to code -Assists with capital and registration	-Does not aid lower income homeowners who do not have an existing second unit to access revenues from creating and renting a second unit
<b>HOUSEHOLDS ON CWL</b>		

3) Homeowners must rent the second unit at 80% of average local municipal market rent- as per CHMC market report

	<b>PROS</b>	<b>CONS</b>
<b>REGION OF PEEL</b>	-Region of Peel and tenants will save $\cong$ 20% on rent	<b>-The 20% discount on rent may deter homeowners renting illegal second units to consider the program</b>
<b>HOMEOWNERS</b>	<b>-Guaranteed rental income for years, backed by Region of Peel</b>	<b>-Will have to charge rent at an <math>\cong</math>20% discount</b>
<b>HOUSEHOLDS ON CWL</b>	<b>-Access to rent in diverse neighbourhoods at below market rates</b>	

My Home Second Unit Renovation Program (in it's current form)	
Problem #1: Social Housing Crisis	<b>Slightly effective</b>
Problem #2: Illegal Second Units	<b>Effective</b>
Problem #3: Affordability	<b>Effective</b>

1) Interest free loans up to \$20000, **up to \$30000 if rented to a tenant referred by the Region of Peel (households on housing CWL)**, to renovate existing unregistered second unit

2) Eligible homeowners must have an **existing unregistered second unit, and need renovations and assistance to transition to a legal, registered second unit.**

3) Homeowners must rent the second unit at **80% of average local municipal market rent- as per CHMC market report.**

4) Eligible homeowners have a household gross income **below \$110,456.**

# **Proposal: 'My Home Second Unit Construction Program',** Sister program to the 'My Home Second Unit Renovation Program'

- 1) Interest free loans up **\$50,000 (or \$30,000-\$40,000\*) to build a second unit for rental, must rent to a tenant referred by the Region of Peel (households on housing CWL).**
- 2) **Eligible homeowners are homeowners looking to build a second unit for rental, and currently do not have an existing second unit.**
- 3) **Homeowners must rent the second unit at 80% of average local municipal market rent- as per CHMC market report.**
- 4) Eligible homeowners have a household gross income **below \$95,456\*.**

1) Interest free loans up to **\$50,000 (or \$30,000-\$40,000)\*** to build a new second unit for rental, **must rent to a tenant referred by the Region of Peel (households on housing CWL)**

	<b>PROS</b>	<b>CONS</b>
<b>REGION OF PEEL</b>	- <b>Guarantees that each loan will ensure housing for household on CWL</b>	- Higher cost per homeowner
<b>HOMEOWNERS</b>	-No risk of displacing current tenants to access maximum loan	-Must rent to tenant referred by the Region of Peel
<b>HOUSEHOLDS ON CWL</b>	- <b>Every loan will ensure housing for a household on the CWL</b>	

2) Eligible homeowners are homeowners looking to build a second unit for rental.

	PROS	CONS
REGION OF PEEL	-Will help Region of Peel address the creation of new unregistered second units	-Expanding breadth of assistance Region of Peel will have to provide for second units programs -Does not address current unregistered second units
HOMEOWNERS		
HOUSEHOLDS ON CWL	-Access to newly built second units for rental	

4) Eligible homeowners have a household gross income **below \$95,456.**

	<b>PROS</b>	<b>CONS</b>
<b>REGION OF PEEL</b>		
<b>HOMEOWNERS</b>	<b>-Lower income home owners that could not have built a second unit can now acquire the capital and resources needed to do so, and thus access the revenues that come with renting a second unit in your home</b>	
<b>HOUSEHOLDS ON CWL</b>		

My Home Second Unit Construction Program	
Problem #1: Social Housing Crisis	<b>Very effective</b>
Problem #2: Illegal Second Units	<b>Slightly effective</b>
Problem #3: Affordability	<b>Effective</b>

1) Interest free loans up **\$50,000 (or \$30,000-\$40,000)\*** to build a new second unit or upgrade an unregistered second unit or assist with registration process, **must rent to a tenant referred by the Region of Peel (households on housing CWL).**

2) **Eligible homeowners are homeowners looking to build a second unit for rental.**

3) Homeowners must rent the second unit at 80% of average local municipal market rent- as per CHMC market report

4) Eligible homeowners have a household gross income **below \$95,456.**

In conclusion, creating a sister program to the existing 'My Home Second Unit Renovation Program', the **'My Home Second Unit Construction Program'** will address the issues of:

- 1) Social Housing Crisis- infusing an immense amount of housing through the construction and renovation of new/existing legal second units
- 2) Illegal Second Units- addressing the problem of existing illegal second units, and making the construction of new legal second units easier with the support of the Region of Peel
- 3) Affordability- Providing rental stock at lower than market average rates, and allowing lower income homeowners to access the revenues of renting a second unit

Working in tandem, the two programs will address these issues with an exponentially greater impact than either could individually.