

## REPORT

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**Date Presented:** August 11, 2020  
**To:** Members of the Committee of the Whole  
**From:** Bradley Wright, Town Planner  
**Subject:** **Affordable Housing Options – Pilot Grant Program to Promote Secondary Units**

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For Information Only ☐ Delegation ☐ Presentation ☐ Attachment ☒

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### **Recommendation:**

**AS RECOMMENDED BY THE COMMITTEE OF THE WHOLE, BE IT RESOLVED THAT COUNCIL OF THE TOWN OF PERTH DIRECT STAFF TO DEVELOP A PILOT GRANT PROGRAM TO PROMOTE CONSTRUCTION OF SECONDARY UNITS AS AFFORDABLE HOUSING OPTIONS, AS PRESENTED IN STAFF REPORT 2020-COW-11.1.**

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### **Executive Summary:**

This report provides a summary of an affordable housing grant program that could allow for an increased supply of housing options in the short term. This program would provide a \$5,000 grant for a homeowner to add a secondary unit either as part of the principal residence or as an accessory structure. The proposed grant program would consist of \$100,000 available to homeowners in the Town of Perth and run as a pilot program. The \$100,000 would be considered as part of the 2021 Budget deliberations. The project duration would be for one calendar year with grants being awarded in 2021.

### **Strategic Plan:**

Sector 4 – Planning and Development, Strategic Initiatives (SI) #4: Develop land use policies which reflect the desired elements of a healthy vibrant sustainable community.

### **Overriding Principles By-law:**

6.3.3 Town's Development Role: "In the event that the Town of Perth is required to financially contribute to the project infrastructure, it can be done by means of the subdivision agreement, a **project specific agreement** and/or a front ending agreement with the developer". As part of the grant program an agreement between the Town of Perth and the applicant would be completed.

**Greenhouse Gas Reduction Plan 2016-2030:**

The Town of Perth Climate Change Action Plan identifies development as the third highest source of greenhouse gas emissions within the Town of Perth. Intensification is considered a preferable method of reducing greenhouse gas emissions compared to greenfield development. See PAC Report 8.1 Section 3 - Secondary Units: Environmental Considerations for more discussion.

**Background/Discussion:**

Housing that is affordable is generally defined as situations where household spending on shelter is less than 30 per cent of a household's before tax income.

In communities where single detached homes represent the dominant form of residential construction, secondary dwelling units present an opportunity to address a variety of policy issues, including housing affordability.

Allowing for secondary units encourages the intensification of existing developed areas. This has several positive environmental implications including reducing the costs and environmental impacts associated with the need to build new roads and extend infrastructure.

CGIS, a geographic information company based in Perth, completed a cursory mapping exercise to determine the number of residential parcels that could support garden suites (habitable accessory structures). Using lot sizes of more than 10,000 square feet as an initial criterion, CGIS calculated that there are 360 residential lots in the Town of Perth that could potentially support a garden suite.

With regard to adding secondary units as second floor additions, attached rear yard additions and second floor additions to garages, there is likely significantly more opportunity for these structures compared to garden suites. In other municipalities secondary units that are attached to the principal residence has been the preferred alternative for homeowners (likely due to costs, meeting the Building Code, etc.).

Following examples from other municipalities, the Town of Perth's Secondary Unit Grant Program is proposed to encourage an increase in the supply of affordable housing options. The focus of these efforts would be on single family homes with lot sizes large enough to accommodate an addition to the house or an accessory structure. The program would allow for the addition of one (1) secondary unit.

Pending approval of the recommendations contained in this report, staff will return to Council before September 2020 with the final program design and eligibility criteria, performance measures and communication/education details.

**Options:**

***Option 1: Recommended:***

**AS RECOMMENDED BY THE COMMITTEE OF THE WHOLE, BE IT  
RESOLVED THAT COUNCIL OF THE TOWN OF PERTH DIRECT STAFF TO  
DEVELOP A PILOT GRANT PROGRAM TO PROMOTE CONSTRUCTION OF  
SECONDARY UNITS AS AFFORDABLE HOUSING OPTIONS, AS  
PRESENTED IN STAFF REPORT 2020-COW-11.1.**

***Option 2: Not Recommended: Status Quo. Do Nothing.***

**Financial Considerations:**

Staff further recommends that the new program be funded under a grant program in the 2021 budget with a sum of \$100,000. This would be a pilot project which would provide \$5,000 to owner-occupied homeowners willing to provide newly constructed affordable housing. The funding for this program would be considered as part of the 2021 budget deliberations.

**Applicable Policy/Legislation:**

*Promoting Affordable Housing Act, 2016*  
*More Homes, More Choice Act, 2019*  
Provincial Policy Statement, 2020  
Town of Perth Official Plan  
Zoning By-law 3358

**Others Consulted:**

Directors  
Fire Chief  
Chief Building Official

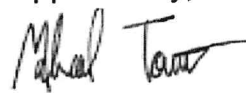
Respectfully submitted,



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Bradley Wright, Town Planner

Approved by,



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Michael Touw, CAO

## REPORT

**Date Presented:** July 27, 2020

**To:** Members of the Planning Advisory Committee

**From:** Bradley Wright, Town Planner

**Subject:** Pilot Grant Program to Promote Secondary Units as Affordable Housing Options

For Information Only ☐ Delegation ☐ Presentation ☐ Attachment ☒

### **Recommendation:**

**THAT THE PLANNING ADVISORY COMMITTEE RECOMMEND THAT COUNCIL:**

**DIRECT STAFF TO DEVELOP A PILOT GRANT PROGRAM TO PROMOTE CONSTRUCTION OF SECONDARY UNITS AS AFFORDABLE HOUSING OPTIONS AND BRING IT BACK IN THE FALL FOR APPROVAL AND PASSING OF A BY-LAW, AS PRESENTED IN STAFF REPORT 2020-PAC-8.1.**

### **Executive Summary:**

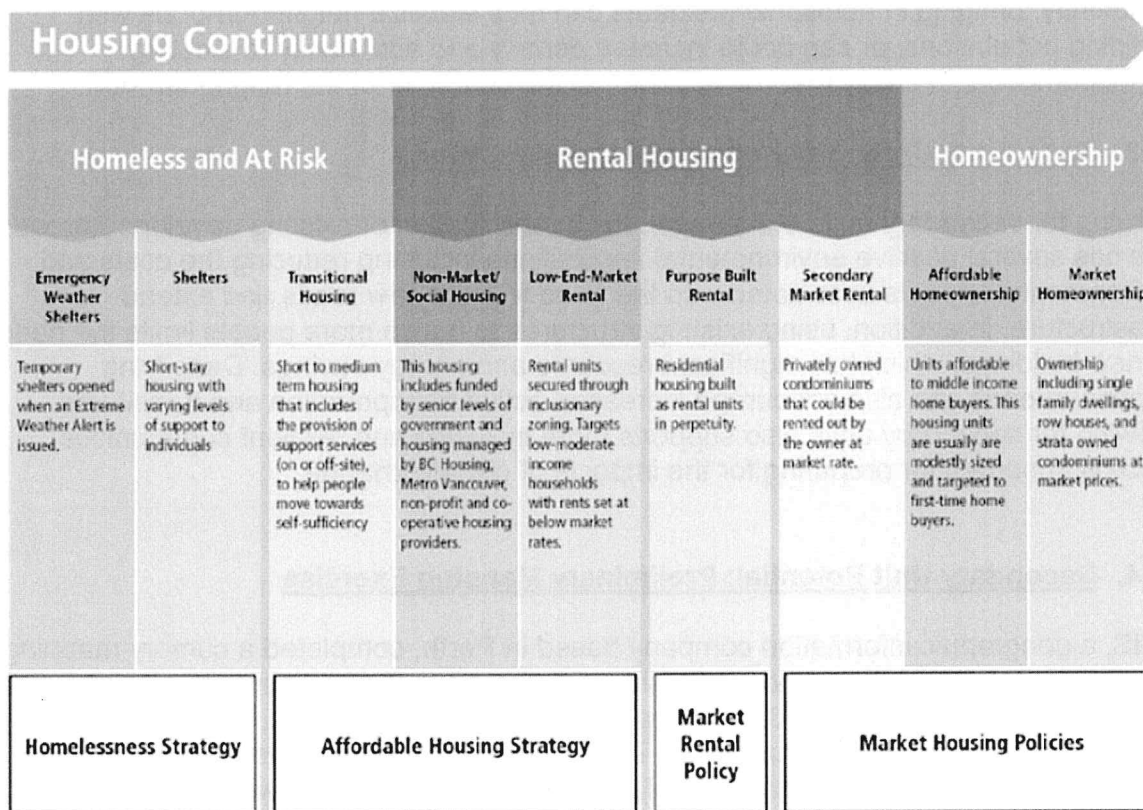
As a follow up to PAC Report 6.3, recent changes to the Provincial Policy Statement, and the economic impacts of the COVID-19 pandemic, this report provides a summary of an affordable housing grant program that could allow for an increased supply of housing options in the short term. This program would provide a \$5,000 grant for a homeowner to add a secondary unit either as part of the principal residence or as an accessory structure. The proposed grant program would consist of \$100,000 available to homeowners in the Town of Perth and run as a pilot program. The \$100,000 would be considered as part of the 2021 budget deliberations. The project duration would be for one calendar year with grants being awarded in 2021.

#### **1. Affordable Housing – Background**

Housing that is affordable is generally defined as situations where household spending on shelter is less than 30 per cent of a household's before tax income. Affordable housing is a very broad term that can include housing provided by the private, public and non-profit sectors as well as all forms of housing tenure; rental, ownership, and co-operative ownership, as well as temporary and permanent housing. Affordable housing can be geared to both low and moderate-income levels. Affordable housing is generally

defined as modest in terms of floor area and amenities, based on household needs and is priced at below average market housing rents in a community or area.

Providing housing solutions is complex. The figure below illustrates the housing continuum and how an affordable housing strategy provides solutions to a portion of this issue.



Source: <https://www.cip-icu.ca/Files/APE-2018-Projects/Storeys-Project-Innovative-Affordable-Housing-Poli.aspx>

By encouraging homeowners to construct additional dwelling units allows for the creation of more and different affordable housing options by leveraging existing private stock in the community. Leveraging private stock can be a relatively expeditious and cost-effective way to increase the supply of affordable housing in Town of Perth, particularly when compared to traditional new construction development.

## 2. Increasing Housing Supply and Mix: Secondary Units

In communities where single detached homes represent the dominant form of residential construction, secondary dwelling units present an opportunity to address a variety of policy issues, including housing affordability. A secondary dwelling unit is an independent dwelling unit that has been developed in conjunction with, but is secondary to, a principal residential dwelling. The use of secondary dwelling units offers potential to provide affordable rental housing, to gently increase residential densities, to reduce operating costs to home owners, and to add diversity and flexibility to a neighbourhood.

For a tenant, a secondary unit can represent lower cost rental accommodation, and can increase the overall supply of housing. Encouraging secondary units provides the opportunity for a tenant to live in a lower density neighbourhood, which is not always a viable option for a small household. In addition, allowing secondary units in mature neighbourhoods can afford the tenant access to the services that are available in such locations. For the homeowners, having a secondary unit can act as a mortgage helper, providing rental income, and potentially helping them qualify for the mortgage. For the community, bringing in additional residents can help stabilize neighbourhoods with declining populations, or can act to increase density and add vitality to existing neighbourhoods, in a way that will not change the character of the neighbourhood.

### **3. Secondary Units: Environmental Considerations**

Allowing for secondary units encourages the intensification of existing developed areas. This has several positive environmental implications including reducing the costs and environmental impacts associated with the need to build new roads and extend infrastructure. In addition, using existing structures to house more people limits the need for new buildings, which has significant resource and energy savings. Densifying neighbourhoods can also encourage increased active transportation and transit use. Allowing for secondary units also supports more inclusive and resilient communities, which is important for preparing for the impacts of climate change.

### **4. Secondary Unit Potential: Preliminary Mapping Exercise**

CGIS, a geographic information company based in Perth, completed a cursory mapping exercise to determine the number of residential parcels that could support garden suites. Using lot sizes of more than 10,000 square feet as an initial criterion, CGIS calculated that there are 360 residential lots in the Town of Perth that could potentially support a garden suite. There are likely additional garden suite opportunities within the Town, however, this exercise was completed to get an initial understanding of the scale of this opportunity.

With regard to adding secondary units as second floor additions, attached rear yard additions and second floor additions to garages, there is likely significantly more opportunity for these structures as compared to garden suites. In other municipalities, units that are attached to the principal residence has been the preferred alternative for homeowners.

After considering the Ontario Building Code and the costs of extending municipal services to accessory structures/garden suites/garages, the preferred additional unit construction method is an attached second unit to the principal residence either in the rear yard or as a second floor addition to an existing one-storey single family residence. Additional costs of municipal services, electricity and heating for accessory structures would likely result in somewhat higher capital costs for construction. The uptake of the preferred secondary unit construction will depend on multiple factors and will ultimately be decided by the homeowner.



## **5. Town of Perth Secondary Unit Grant Program**

Following examples from other municipalities, the Town of Perth's Secondary Unit Grant Program is proposed to encourage an increase in the supply of affordable housing options. The focus of these efforts would be on single family homes with lot sizes large enough to accommodate an addition to the house or an accessory structure. The program would allow for the addition of one (1) secondary unit.

An owner-occupancy requirement will be considered for eligibility, as this requirement has been added to other municipal grant programs. The duration of the funding agreement would be either a five-year or ten-year funding agreement. The homeowner would be required to apply and pay for building permits. The homeowner would also be required to show proof of a rental rate set at 80% of the average market rent, or lower, for the Town of Perth. Additional eligibility criteria would be considered.

**Table 1** lists the eligible construction activities for the grant program. The intent is to focus on new construction.

**Table 1. Eligible construction activities for grant program.**

New construction of second dwelling unit attached to principal residence (rear)
New construction of second dwelling unit as second floor unit
New construction of second or third dwelling unit as second floor unit to existing or new garage
New construction of second or third dwelling unit as garden suite

**Table 2** provides a list of ineligible construction activities for the grant program. As existing single family homes and garages/accessory structures have not been designed for secondary unit or human habitation, retrofitting is required to meet the Ontario Building Code. Furthermore, with respect to basement or attic space, in-law suites, granny suites, or legal non-conforming suites may currently exist. Due to the need to meet the Ontario Building Code, retrofitting these spaces may present challenges to both the homeowner and municipal staff in terms of costs and review time. It is also possible that there may be existing retrofitted units that would be taking advantage of the grant program if the second unit is in conformity with the Ontario Building Code and close to completion. By making only new construction eligible, it would level the playing field of grant applicants.

**Table 2. Ineligible construction activities for grant program.**

Retrofitting basement or attic
Retrofitting existing garage or accessory structure

### **Next Steps**

Pending approval of the recommendations contained in this report, staff will return to Council before September 2020 with the final program design and eligibility criteria, performance measures and communication/education details. Program evaluation results will be shared with Council. If the program is successful, additional funding may be requested to expand the program's reach.

**Options:**

***Option 1: Recommended:***

**DIRECT STAFF TO DEVELOP A PILOT GRANT PROGRAM TO PROMOTE CONSTRUCTION OF SECONDARY UNITS AS AFFORDABLE HOUSING OPTIONS AND BRING IT BACK IN THE FALL FOR APPROVAL AND PASSING OF A BY-LAW, AS PRESENTED IN STAFF REPORT 2020-PAC-8.1.**

**Option 2: Not Recommended: Status Quo. Do Nothing.**

**Financial Considerations:**

Staff further recommends that the new program be funded with under a grant program in the 2021 budget with a sum of \$100,000. This would be a pilot project which would provide \$5,000 to owner-occupied homeowners willing to provide newly constructed affordable housing. The funding for this program would be a consideration as part of the 2021 budget deliberations.

**Applicable Policy/Legislation:**

Promoting Affordable Housing Act, 2016  
More Homes, More Choice Act, 2019  
Provincial Policy Statement, 2020  
Town of Perth Official Plan  
Zoning By-law 3358

Respectfully submitted,



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Bradley Wright  
Town Planner