

#### Changes to the Planning Act Second Units Rizaldo Padilla, MSO – Central City of Markham June 14, 2016

	Second Units	Units	
	1. Definitio	Definition of second units, and their benefits	
	2. Bill 140:		
	Stroi	Strong Community Affordable Housing Act, 2011	2011
	3. Bill 204:		
	• Pron	Promoting Affordable Housing Act, 2016	
	4. Illustrat	Illustration of the financial benefit of second units for a	its for a
	typical	typical homeowner in Markham	
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	What are S	What are Second Units?	
•	<ul> <li>Also known as apartments in</li> </ul>	Also known as accessory apartments, basement apartments, apartments in houses, second suites, etc.	
•	<ul> <li>Self-contained units i bathroom and kitche</li> </ul>	Self-contained units in a residential building containing bathroom and kitchen facilities for the exclusive use of the	
•	<ul> <li>occupants</li> <li>Second suites can be</li> </ul>	can be developed within existing communities	
•	<ul> <li>Can be incorporated</li> </ul>		
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	Benei	Benefits of Second Units
	• Can	Can provide safe and affordable housing
	• Gene apari	Generally cheaper than regular low-rise and high-rise apartments
	Seco     renta	Second units are some of the most affordable private market rental units and provide housing for many low-to-moderate
	incor	income renters
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Ď	Benefits of Sec	Second Units
•	<ul><li>Homeowners benefits:</li><li>Rent from second suite</li></ul>	benefits: econd suite can fund renovation or mortgage
•	Community benefits:	enefits:
	<ul> <li>Additional reservices</li> </ul>	Additional residents can support local businesses and services
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	Bill 140: Strong Commu	<b>Bill 140:</b> Strong Community through Affordable Housing Act, 2011	
	<ul> <li>Bill 140 includes a the affordable hot</li> </ul>	Bill 140 includes a broad range of actions to improve the affordable housing system	(D
	<ul> <li>One part on the part of the p</li></ul>	One part of the broader strategy for affordable housing are changes to the <i>Planning Act</i>	
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	Bill 140: P	Bill 140: Planning Act amendments
	<ul> <li>Included af interests</li> </ul>	Included affordable housing in the list of provincial interests
	<ul> <li>Provided municipa garden suites</li> </ul>	unicipalities with enhanced provision for es
	<ul> <li>Strengthen</li> </ul>	Strengthened provisions for second units
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	Planning	Planning Act amendment: Second Units	econd Units
	<ul> <li>Requirin</li> <li>for seco</li> <li>provisio</li> </ul>	Requiring municipalities to establish enabling framewor for second units through official plan and zoning by-law provisions allowing second units in:	alities to establish enabling framework nrough official plan and zoning by-law g second units in:
	<ul> <li>detached,</li> <li>semi, and</li> <li>row bouce</li> </ul>	hed, and	
	<ul> <li>Restricti municip</li> </ul>	Restricting appeals to the OMB to five year updates of municipal official plans	e year updates of
	<ul> <li>Providin</li> <li>for secondaria</li> </ul>	Providing authority for the Minister to make regulations for second units	o make regulations
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<u> </u>	rot adoite alla ml	solfication with sole	
	<ul> <li>Municip</li> </ul>	Municipalities required to:	
	– Proact	Proactively plan to accommodate second units	
	– Identif both e	Identify appropriate areas for second units within both existing and new development areas	hin
	<ul> <li>Onus on munici</li> </ul>	municipalities to:	
	– Ensure	Ensure their planning documents are kept up to	0
	date w	date with requirements in legislation	
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- Where should secondary units be permitted?
- Both in existing residential communities and in newly developing areas



	Municip	Municipal Considerations	
	<ul> <li>What areas</li> </ul>	What if there are constraints within certain areas of the municipality?	in
	<ul> <li>It is I with</li> </ul>	It is recognized that there may be inherent constraints within portions of a municipality like:	nts
	••	Flood-prone areas Inadequate servicing	
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}	Municipal	Municipal Considerations
	<ul> <li>Is the Minister second units?</li> </ul>	nits? nits?
	<ul> <li>Only if a municipa second unit policy restrictive standa</li> </ul>	Only if a municipality is attempting to frustrate the second unit policy requirement by creating overly restrictive standards
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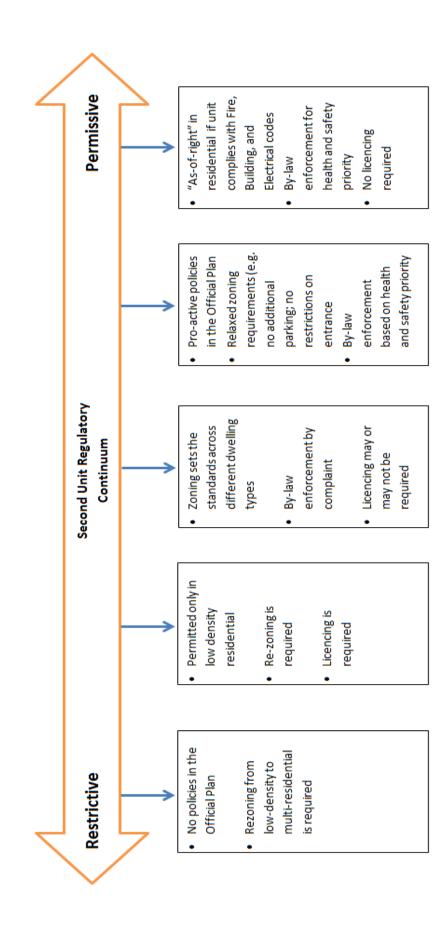
	Grandfathering of Se	of Second Units
	Planning Act amendments for second unit	nents for second unit
	provisions <u>do not</u> :	
	<ul> <li>Automatically legalize permit new ones</li> </ul>	legalize existing second units or les
	<ul> <li>Remove the need for e</li> </ul>	Remove the need for owners of any new units to
	obtain building permits	ts
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	Safety Stan	Safety Standards for Two Unit Houses	es
	<ul> <li>Second units m laws including:</li> <li>Building Code</li> <li>Fire Code, and</li> </ul>	Second units must comply with all relevant laws including: – Building Code – Fire Code, and	ant
	- Property	Property standards by-law requirements	
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	Policies a Municipal	Policies and Regulations in GTA Municipalities for Second Units	
	<ul> <li>Diverse municipal</li> </ul>	unicipal context	
	<ul> <li>But there are simil</li> </ul>	are similarities in second unit policies and	and
	zoning byl	zoning bylaw provisions	
	– Minimur	<ul> <li>Minimum size regulations</li> </ul>	
	<ul> <li>Restriction</li> </ul>	Restrictions on modifications to dwelling exterior	
	<ul> <li>Parking p</li> </ul>	Parking provisions	
	– Landscap	Landscaping standards	
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	LTAF Promo	LTAHS 2016 Update: Promoting Affordable Housing Act, 2016	
	• For	Mandate Development Charges exemption for second units in a new home	
	• Arr fac	Amend Building Code requirements to facilitate second units in new homes	
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# **Regulatory Continuum**



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\$799,000 list price (May 17/16) Based on CMHC assumptions

370 Williamson Rd, Markham



Financing: Illustrated sample



Financing

Maintenance/Utilities (0.6% listing price) \$400	2015 Taxes (from house listing) \$451		Listing Price (May 17/16) Mortgage Principal (20% down payment) Monthly Carrying Costs Monthly Carrying Costs Mortgage Payment (4.32% annual interest and 25-year amortization) (4.32% annual interest and 25-year amortization) 2015 Taxes (from house listing) Maintenance/Utilities (0.6% listing price
		0170 F17 4	Required Income (30% gross debt service ratio)
		\$3,488	Mortgage Payment (4.32% annual interest and 25-year amortization)
nortization)		\$4,338	thly Carrying Costs
t 25-year amortization) se listing)	t 25-year amortization)	\$639,200	gage Principal (20% down payment)
ation)	ation)	\$799,000	ng Price (May 17/16)

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Financing

<b>Conversion Cost</b> (2 years rent) (Adding a second unit)	\$21,600
Additional Monthly Carrying Costs for 2 <sup>nd</sup> suite	\$418
<b>Mortgage Payment</b> (4.32% annual interest and 25-year amortization)	\$118
Additional taxes (negligible increase in property value)	\$0
Maintenance/Utilities (75% of original expense)	\$300
Total Monthly Carrying Costs	\$4,755
Monthly Rent from 2nd suite	\$900 /mo.

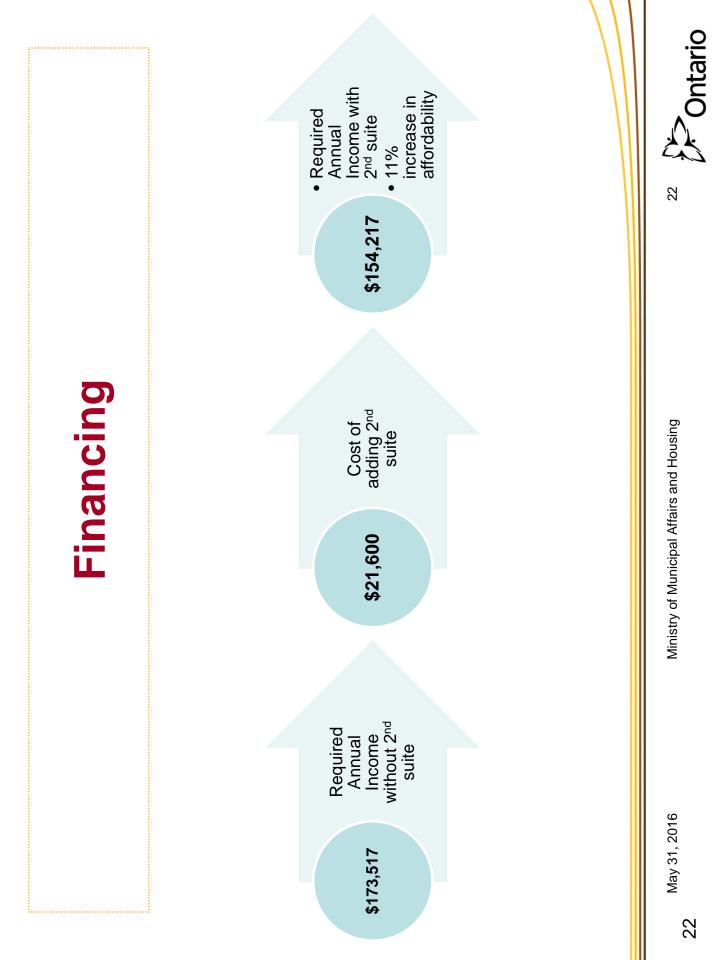
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#### Financing

Net Monthly Carrying Costs	\$3,855
Net Monthly Financial Benefit	\$484
Required Income with 2 <sup>nd</sup> suite (30% gross debt service ratio)	\$154,217 /yr.
Increase in House Affordability (before tax)	11%





## For more information:

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