

To: Warden and Members of County Council

From: Chief Administrative Officer

My Second Unit Program

RECOMMENDATIONS

1. That County Council approve the 'My Second Unit' funding program, as detailed in Report No. CAO 2022-10;
2. And further, that Council authorize the Chief Administrative Officer and the Director of Human Services to execute funding agreements, together with any other documents necessary to facilitate the Program.

REPORT HIGHLIGHTS

- The purpose of this report is to provide an overview of the proposed parameters of the 'My Second Unit' funding program, which was supported by Council in May 2022.
- The Program seeks to provide eligible homeowners with a grant of up to \$15,000 for the purpose of creating a new secondary rental unit within their home.
- Homeowners will be required to enter into a funding agreement to ensure the secondary unit is rented at or below the Ministry approved average market rent, to a tenant(s) with a total household income of less than \$92,700, for a minimum of 10 years.
- This program will maximize available funding and assist to provide more 'missing middle' housing to help address the current rental supply shortage.

Implementation Points

Upon Council's approval, staff will prepare for Program launch in September, including the release of various communications and guidance materials, as detailed in this report.

Financial Impact

On March 9, 2022, following consideration of [Report No. CAO 2022-03](#), Council passed a resolution authorizing the allocation of up to \$300,000 from the Affordable Housing Reserve to support the implementation of a secondary unit funding program. This allocation included the retention of required staff resources and the development of a communication and promotion strategy.

As there are sufficient funds remaining in the existing approved funding allocation, there will be no further impact on the current year's budget.







Communications

Since May 9, 2022, staff have consulted with various local municipalities (Chief Building Officials), County staff and the public, with respect to the proposed Program.

In particular, an extensive public consultation process was initiated on April 29, 2022, for the purpose of obtaining feedback and comments from the community with respect to the parameters of the Program. A copy of the survey results are provided as Attachment 1 to this report. Staff also held an online public information session on June 1, 2022, to provide an opportunity for open dialogue with the community. Through this process, a number of comments were received, which are detailed later in this report.

Should Council be supportive of the proposed Program parameters, as detailed in this report, staff will schedule for program launch in September, 2022. The Program will be promoted through various social media platforms, advertisements, and the County website.

Strategic Plan (2020-2022)

					
<i>WORKS WELL TOGETHER</i>	<i>WELL CONNECTED</i>	<i>SHAPES THE FUTURE</i>	<i>INFORMS & ENGAGES</i>	<i>PERFORMS & DELIVERS</i>	<i>POSITIVE IMPACT</i>
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DISCUSSION

Background

On March 9, 2022, County Council passed a resolution authorizing the allocation of up to \$300,000 from the Affordable Housing Reserve to support the implementation of a secondary unit funding program. The purpose of the Program is to provide grants in an amount of up to \$15,000 to eligible homeowners seeking to construct a secondary rental unit on their property. This funding

is intended to support the creation of more 'missing middle' rental housing by leveraging existing private housing stock throughout the County.

Since March, staff have consulted with various local municipalities, internal staff and the public, to gain a better understanding of the various perspectives that should be considered in the development of the Program. For Council's information, approximately 200 individuals participated in the online survey that was conducted, along with participation from approximately 50 individuals in the online information session.

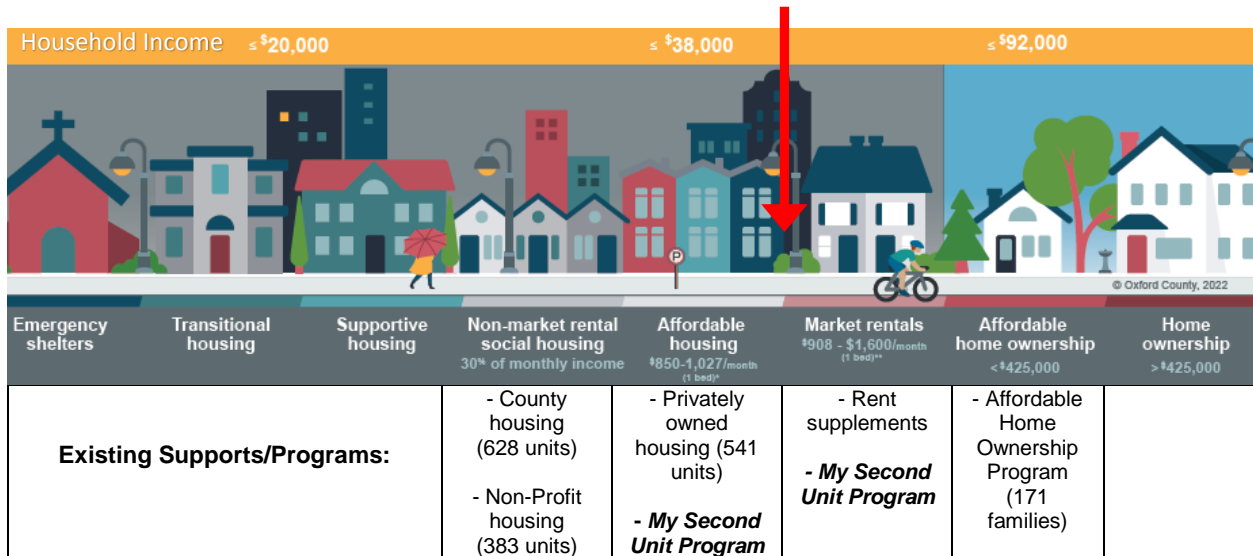
A variety of feedback was received through the noted consultation methods, in line with the following general themes:

- Responses showed representation from each of the local municipalities, with the greatest interest in the City of Woodstock.
- Only 14% of the respondents indicated that they would not be interested in constructing a second unit in their home.
- The majority of participants indicated that a second unit would be beneficial, as it would provide additional income, make use of existing vacant space, and allow them to remain in their home.
- Most respondents would have no issue with a 'rent cap' in exchange for funding.
- The majority of participants indicated that they would only consider becoming a landlord if the rental unit was a proper self-contained unit.
- The greatest impediments associated with creating a second unit include costs, tenant management, and landlord responsibilities.
- The biggest challenge associated with creating a second unit is submitting the required plans for building permit approval.
- A small portion of respondents indicated that they would benefit from assistance in selecting a tenant.

Comments

Leveraging private housing stock can be a relatively quick and cost-effective way to increase the supply of rental housing, particularly when compared to traditional new construction development. As market housing prices are now unaffordable for most families, rental units are becoming increasingly more important to meet the community's housing needs. In addition, with rising interest's rates and inflation, the proposed Program may provide an opportunity for homeowners to cover additional living expenses.

Moreover, the Program is expected to provide a greater opportunity to increase the supply of 'missing middle' rental housing throughout the County, and assist to address the gap in the housing continuum with respect to affordable rental housing and homeownership. This Program will provide assistance in the following areas of the Housing Continuum (as shown on the next page).



Proposed Program Parameters and Eligibility Requirements

In consideration of the feedback that was received, staff are proposing the following program parameters and eligibility requirements:

Parameters	Comments
The applicant(s) must own the property and live in the dwelling to which the second unit will be located.	This will ensure funding is being utilized as intended, such as offsetting housing costs, making use of existing vacant space, and providing an opportunity for homeowners to become landlords.
A financial contribution of up to \$15,000 will be provided to support the creation of a second unit.	Funding will vary depending on the total costs associated with creating the new unit, with proof of receipts being submitted by the applicant.
Funding Disbursement	Up to 30% of eligible funding will be provided to the applicant at the time of building permit approval, or confirmation of zoning compliance should a building permit not be necessary, with the remaining funds issued following proof of occupancy from the local municipality.
The second unit shall be rented at or below the Ministry approved average market rent (AMR) for a minimum of 10-years.	The current AMR for a one-bedroom rental unit in the County is \$1,062 per month. This rent seeks to capture households within the affordability threshold between affordable rental and homeownership.
The total household income of the proposed tenant(s) shall be no more than \$92,700, being the 6 th income decile according to Statistics Canada.	According to the housing needs assessment completed in support of the Master Housing Strategy, there is an increasing need to provide 'missing middle' rental housing for households with incomes between \$38,178 and \$92,700. The proposed income threshold will assist to address this gap in the housing continuum.

The Homeowner must sign a contribution agreement and promissory note.	This will ensure funding is secured and utilized for the intended purpose of the Program. The agreement will also stipulate funding terms and events of default, in cases where funding is required to be repaid.
The Homeowner shall provide annual verification of the rental rate.	Over the 10-year term, homeowners will be required to provide rental receipts and lease agreements on an annual basis.
Building Permit and Zoning Compliance	Homeowners will be required to submit an approved building permit, and/or proof of zoning compliance, prior to the disbursement of funds. This will ensure the unit is legal and constructed in accordance with relevant requirements.
Timelines	Homeowners will have a maximum of 8 months, from the date of application approval, to complete construction of the second unit.

It is important to note that while the proposed funding parameters are detailed above, the Program is expected to evolve as applications are processed. As such, staff will continue to monitor the success of the Program as it is implemented and consider modifications as the needs arise.

Proposed Program Resources

In addition to the above, the following assistance will also be available to homeowners participating in the Program:

- Lease Assistance: staff will be available to assist and guide prospective landlords who are not familiar with standard residential lease requirements.
- Building & Landlord Guide: this guide will provide homeowners with information regarding the building permit process, and the steps involved with obtaining a permit. Details with respect to becoming a landlord and constructing a second unit will also be included, in addition to valuable resources and contacts.
- Instructional Videos: the Landlord Self-Help Centre provides a variety of resources to landlords, including learning modules and instructional videos. These resources will be promoted through the County's Program.
- Overall Staff Assistance: staff resources have been dedicated to the implementation and administration of the second unit program. This position will specifically assist homeowners through the funding and building processes, and any other matters associated with the Program.

Proposed Program Launch

Program launch is expected in September 2022, in line with consideration of the additional residential unit (ARU) policies that are anticipated to be presented by Planning staff.

At this time, the proposed Program is initially expected to fund approximately 12 to 15 second units: However, staff will monitor interest in the Program and report back to Council with any requests for additional funds, if required.

Conclusions

The need to develop rental housing is identified as a goal in the Oxford County Strategic Plan, County Official Plan, Future Oxford Community Sustainability Plan, County's 10 Year Shelter Plan and the Zero Poverty Action Plan.

The proposed program is expected to provide a more cost-effective and efficient way to increase the supply of rental housing, and assist to address the gap in the housing continuum with respect to affordable rental housing and homeownership. This Program is a step forward in the County's efforts to support the creation of more 'missing middle' housing options.

SIGNATURES

Report Author:

Original signed by _____

Rebecca Smith, MCIP, RPP
Manager of Housing Development

Approved for submission:

Original signed by _____

Michael Duben, B.A., LL.B.
Chief Administrative Officer

ATTACHMENT

Attachment 1 – Survey Response Summary - June 6, 2022