



PARTNA

Policy Background and Case Study Review for Partna, a Community Based Approach to Missing Middle Housing Development and Management

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PARTNA

Why the name ‘Partna’?

In Jamaica, ‘partna’ is a community loan program that builds financial strength among lower income people through inclusion, relationship building, and care. The Jamaican tradition is found also in other African cultures – such as “susu” in West African cultures, for example. The naming of this social enterprise is to honour these Black cultures. Jamaican heritage in particular is shared by Partna’s Planning Director and Finance Director.

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Team

Partna is lead by Cheryll Case and Jason John, with support and advisement from a diverse network of city-building leaders. *not all those engaged for advice are included in the Advisor Panel.

Team Members

Cheryll Case - Planning Director

Cheryll practices a human rights approach community planning. Her workshops have been attended by hundreds of residents, and her advice sought by federal, provincial, and municipal agencies and leaders in housing.

Jason John - Finance Director

Jason has over 13 years of banking experience and is known for bringing passion, enthusiasm, and a wealth of knowledge to his team and clients in real estate. He has a strong vision of the future.

Alexander 'AJ' Bimm – Urban Planner, student

Advisor Panel

Abigail Moriah – M.Sc.PL, RPP – 10 years in development planning

Gregory Banfield – MBA – 20 years in financial management

Parimal Gosai – Realtor at GOCO Solutions – 14 years in real estate and estate law

Lamont Wiltshire – Housing developer, Wiltshire Homes – 12 years in housing development

Collaborators

Dr Alan Walks, Professor and housing researcher, University of Toronto

Shanna-kay Smith, Interior Designer

Margeaux Weinrib, Report Design

Thomas Mccavour, Engagement, student

Pilot Site Collaborators

Keesmaat Group

KPMB

This research is supported by funding through the Balanced Supply of Housing Node of the Canadian Housing Evidence Collaborative. This funds research on how other similar models have been operated, the surveys of community groups on the design of Partna, and the design of outreach material. This research is done in partnership with the University of Toronto Mississauga via collaborations with Dr Alan Walks.





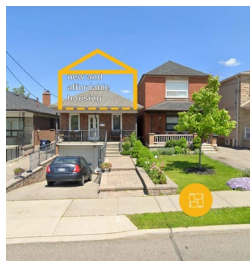
About

Partna is an emerging **social enterprise** affordable housing organization working to establish a **scattered land trust** in partnership with owners of single and semi-detached homeowners. In the City of Toronto, this is tapping into the huge potential seen in the over 2.2 million empty bedrooms¹, the 10,000s of detached home properties presently below their maximum built form potential as dictated by today's land use policies, and many more who's potential continues to be explored as the City looks at expanding housing options in Neighbourhoods. Partna aims to accomplish this goal through collaborations with government and community members. Governments contribute through their integration of affordable housing provisions in low-rise development housing policies. Communities contribute by building place based resident associations where neighbours collaborate to identify opportunities for affordable housing and encourage Partna collaborations to increase local affordable housing supply.

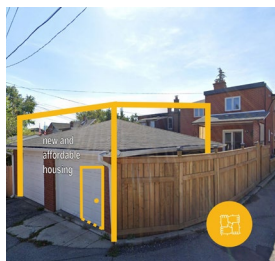
Development Options



Remodeling and basement improvements



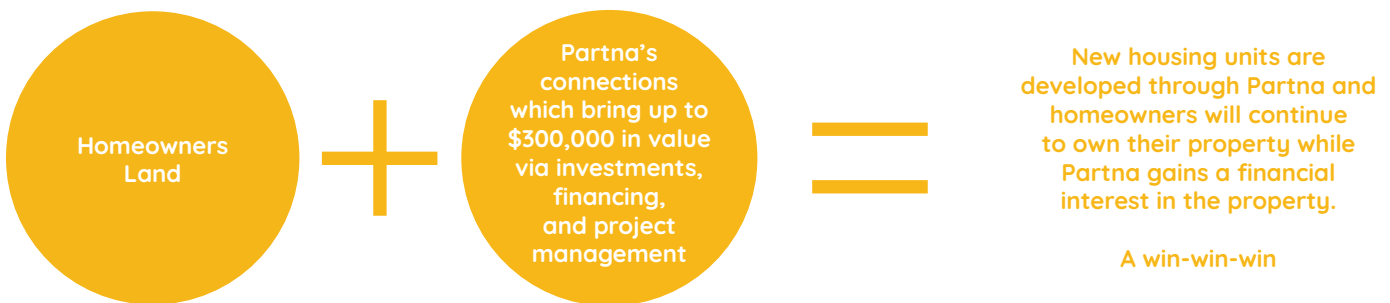
Secondary property development, including garage transformations, garden suites, and laneway suites



Property redevelopment an assembly



How Partna Works



Win 1: Homeowner develops a new asset and collects rent

Win 2: Partna serves its mission of providing affordable housing to a moderate-low-income households

Win 3: Job training opportunity for marginalized groups - such as those identifying as BIPOC, women or other marginalized genders

1. Canadian Centre for Economic Analysis. (2017). Understanding the Forces Driving the Shelter Affordability Issue.



Circular Economy

Partna works to facilitate a circular housing economy that incentivizes the financial and planning systems to produce and maintain relationships that meet private interests while ensuring housing is managed as a human right.



Partna's circular economy model is more environmentally and socially sustainable than the common and more linear economy. The value created through the Partna model produces wealth for the homeowner while also establishing equity that contributes to local community affordable housing development funds. This circular model combats the process of gentrification while also building stronger communities. In the linear economy process, the homeowner benefits while the neighbourhood becomes more exclusive; in the circular economy process, the homeowner benefits while the neighbourhood becomes more inclusive.

Typical Economy (linear)





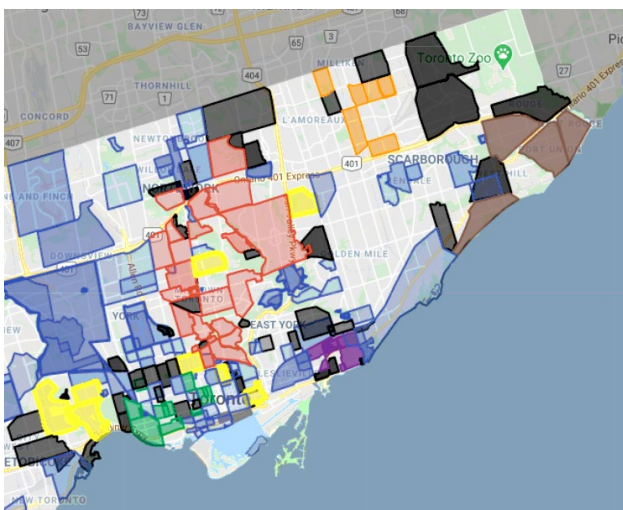
Building Community Power for Human Rights

Partna's approach is about building community power to reshape the planning and financial systems process causing adverse and negative harm onto marginalized people. The community power building process includes building solidarity among homeowners and renters to collectively implement this shift. This collective process is sustained through grassroots local organized community groups and organizations. There are 100s of local organizations in each of Toronto, Guelph, London, Vancouver and cities across Canada that can be leveraged to conduct this community building process.

See **Appendix 1: Systemic Discrimination in the Planning of Single Family Neighbourhoods**, for more details on systemic discrimination within the existing planning and finance system.

Identified partner groups include:

- Community Associations
- Resident Associations
- Neighbourhood Associations
- Homeowner Associations
- Tenant Associations
- Non-profits
- Local Affordable Housing Working Groups



Toronto Atlas of Neighbourhood Groups and Organizations map of neighbourhood groups and organizations across the City of Toronto.

Neighbourhood groups and associations are volunteer and community led. They provide invaluable programming that establishes and maintains social relationships between residents within a neighbourhood. Programming by these groups include: gardening clubs, holiday festivities, parent support groups, affordable housing working groups, heritage and history groups, among other things. They are incredibly powerful at distributing news. 75% of Partna community survey respondents belong to a community group of some kind.



Vision

The Partna social enterprise scattered land trust, and its partner homeowners, developers, and community organizations guide government to develop and manage transformational planning and financial systems that 1) develops new assets which supports existing homeowners, 2) produces affordable housing accessible to low and moderate income households, and 3) increases community vibrancy through the development of community relationships and autonomy to identify and produce new affordable housing.

This vision is to achieve a circular economy. In the circular economy process, the homeowner benefits while the neighbourhood becomes more inclusive. This is as opposed to the linear economy process, the process commonly in effect, where the homeowner benefits while the neighbourhood becomes more exclusive. More info on this on the Appendix 1 - Systemic Discrimination in Planning and Finance and Appendix 2 - Affordable Housing Case Studies.

Mission

Partna's mission is unlocking the ability for underutilized housing in Neighbourhoods to contribute to the affordable housing supply. To do this, we aim to help everyday homeowners add affordable housing by redeveloping or making other improvements to their property.

Problems Addressed

- **Housing unaffordability:** Raising cost of housing, and lack of funds to increase affordable housing supply
- **Linear economy:** public policy decisions often transfer public dollars into to private hands, this transfer also often bypasses BIPOC and rental households. This contributes to gentrification
- **Growing inequality:** Financial and planning systems inequitably enrich White people and homeowners while not promoting redress for marginalized groups or renters

Outcomes

For Homeowners

- Improve their property, and develop income from this asset's development
- Improve ability to maintain home without foreclosure due to market shifts
- Improve the health of their family and community by creating affordable housing

For Investors

- Consistent financial returns and produce a positive social impact

For Community

- Increase social responsibility and cohesion through integration and collaboration among grassroots networks

For Government

- The circular economy model, through public-private partnerships, creates more value for money in the creation and retention of new affordable housing



Solution Components

Strategic Fund and Financial Policy Development

- Activation and development of private sector capacity to invest in sustainable affordable housing, in contribution of a circular economy
- Coordinating with public sector (federal agencies including CMHC, provincial streams, and municipal streams) funds to maximize social benefit of investment
- Community outreach model develops community relationships that contribute to affordable housing protection and production

Debt and Asset Management

- Partna will manage the construction loan and cover all interests and fees associated with the debt needed to complete renovations and to apply for the property development
- Partna provides homeowner with financing, planning, and other support to facilitate property redevelopment
- Homeowner collects a portion of rent from the new unit while also contributing to the health of their community by providing affordable housing

Affordable Housing Provision

- Newly developed unit, will be rented at affordable rates to lower-moderate income households

Jobs Training for Marginalized Groups

- Partnership with BIPOC led development firms and development firms who agree to provide job training opportunities for those identifying as BIPOC or women

Policy Shifts That Support Achievement of Outcomes

In addition to general subsidies and supports, the following programs have been identified to contribute to the success of Partna.

Federal programs that, for properties managed through non-profits or community groups for the purposes of affordable housing:

- Preferred rates on the refinance of property
- Property gains deferral program – where if affordable housing is produced and managed through Partna, there is a the property gains tax paid is reduced

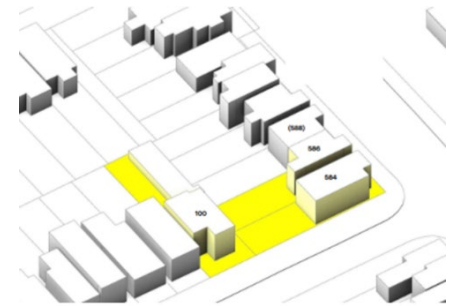
Municipal programs that

- Lower development charges in exchange for the development of affordable housing that is maintained affordable in perpetuity
- Deferral of property tax being paid on the increase in home value, resulting from the addition of housing on the property
- Provide an increased financial subsidy if construction team includes a larger representation of BIPOC or women-identified people
- Increase development charges when new housing construction does not meet affordable housing cost targets
- Employ community planners, community developers, and other professionals to coordinate with local community groups to develop their capacity to establish and maintain community and volunteer run affordable housing working groups (as part of or separate from existing neighbourhood groups/organizations)



Next Steps

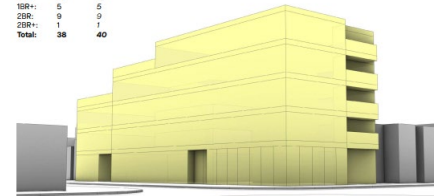
1. Continue exploring pilot assembly site in collaboration with the City of Toronto, Keesmaat Group, and KPMB. This is a mixed-income development with affordable rental apartments.



Option

GFA: 2900 m²
 FSR: 2.7
 Building Height: 16m

Unit Mix:	01:
0BR:	2
1BR:	21
1BR+:	5
2BR:	9
2BR+:	1
Total:	38



2. Thorough analysis of 130+ survey results received via the **Partna community survey**. This includes analysis of survey responses, the planning, urban design and architectural analysis of properties owned by interested homeowners, and the establishment of typologies base on responses.

Key preliminary findings:

- 73% own a single/semi-detached or other low rise home
- 74% are members of a neighbourhood group or organization
- 56.7% are **very interested** in collaborating with Partna, 33% are **interested**, 8% **potentially interested**
- 91% believes their property could add affordable housing on it
- 26% identify as Black, 15.3% identify as Indigenous, 9.8% identify as persons of colour

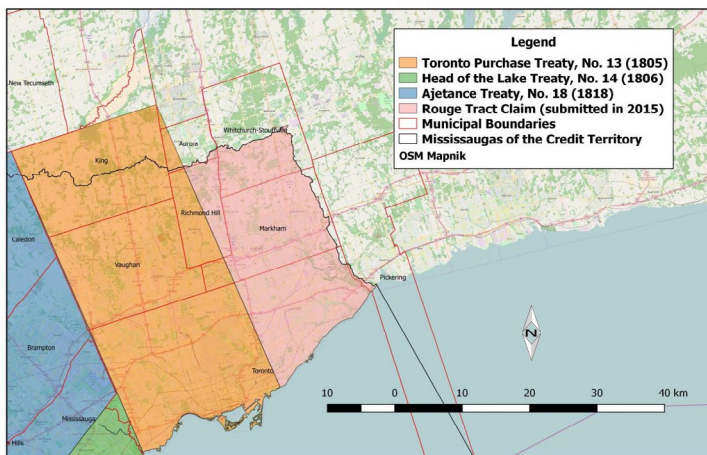
3. Further develop venture model and governance model for operating multiple affordable housing sites. This includes engagement with survey respondents, workshopping with advisors, government leaders, and other industry experts



Appendix 1 - Systemic Discrimination in Planning and Finance

Human rights perspectives give guidance on identifying systemic discrimination. Systemic discrimination is the way in which policies and human culture have been shaped by societies most powerful and results in harm to marginalized people (those who are lower income, women, racial minorities, new immigrants, the young, and the Indigenous for example). Systemic discrimination's power lays in that harmful processes are assumed to be "natural" or "neutral", despite these processes having adverse and negative impacts on marginalized people while having a lesser impact on those who are wealthier or of a dominant class.

Below is a short summary timeline of examples that show the systemic discrimination that is foundational to the existing planning of single family neighbourhoods and movement to encourage missing middle housing. Links and more info at www.CPplanning.ca/planning-and-race



Municipal Boundaries Related to the Toronto Purchase Treaty, No.13 (1805)

Colonization

The colonial relationship to land has a negative impact on Indigenous people. It has resulted in the fact that 9.9% of Toronto's homeless population is Indigenous, despite Indigenous people only representing 2% of the City's population².

Prior to the signing of the 1805 Treaty, First Nation's people maintained their economy through their traditional and close relationship to land. The impact of colonization was immediately felt. In 1815, only 10 years after the signing of Treaty 13, the First Nations had to write a letter to the Crown asking for protection

from British settlers. This protection was requested because British settlers were not keeping their end of the agreement as signed in the Treaty. The Treaty agreement, was that in exchange for 40lbs of bread worth in money settlers could use the included 250,000 acres of while the First Nations maintain their hunting and fishing rights³.



1903-60s

The colonial relationship with land has also been established to favour wealthier and White men over women or people of other racial identities.

In 1903, when apartment buildings were no more than 4 storeys tall:

"Not only is pride in their families vanishing but pride in their housekeeping as well ... apartment life will complete the process"

- Canadian Architect and Builder, 1903



There was an innate bias towards wealthier residents from the beginning. In Toronto, there were numerous accounts of multi-family house construction permit requests being denied more often when made in wealthier neighbourhoods⁴.

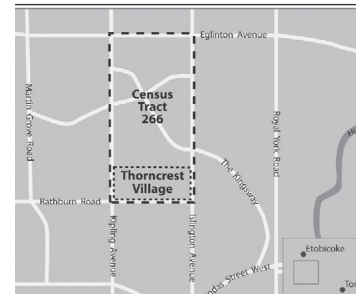
Built between 1945-1960s, Thorncrest Village is an example of the social context that led to the development of single-family neighbourhoods. Developers prioritized their service to wealthier households, municipalities prioritized land use for wealthier households, and wealthier (and Whiter) households escaping more common people and people of diverse ethnic backgrounds. This socio-economic and racial segregation fuels apathy to poverty and racism.

Financial Policies (1940s-today)

Homeowner households are wealthier, more economically stable, and the recipient of more government subsidies than are tenant households. Whether the home was purchased or inherited, home ownership provides residents with wealth and economic security not available to those who pay monthly rent for their housing. Government policy biases are evident in the result of the 2010 study 'Government Subsidies to Homeowners versus Renters in Ontario and Canada' prepared by Frank Clayton and hosted on the Hulchanski research hub. In 2008 and 2009, the federal, provincial, and municipal government provided an average of \$4,452 in tax breaks and subsidies for every homeowner household, versus \$703 for renter households. This was while the average 2008 homeowner income in Ontario was \$92,885 and renters was \$45,558.

*A Model Suburb for Model Suburbanites: Order, Control, and Expertise in Thorncrest Village*⁵

Patrick Vitale



dential environment.” Clark collected comments from residents about why they moved from Toronto to Thorncrest Village. One told him he moved because their previous home was not in a “good area” and “foreigners were starting to get in.” Another, “We were driven out by immigrants.” Other residents described their previous neighbourhoods as “a working man’s district,” “working and lower middle class,” and “average.”⁵³

Throughout the 1950s and 1960s, while never referring to their own racial identities, Thorncrest Villagers made frequent reference to those who did not live in the neighbourhood, most commonly through references to the exoticism of other ethnicities at parties held at the clubhouse. These parties were consistently organized around an ethnocultural theme, including Hungarian, Italian, Chinese, Hawaiian, Mexican, Québécois, and a Calypso Party with West Indian dancers. The invitations for the parties often called on residents to dress and perform a racialized part. The flyer for the Chinese party requested that attendees “Dress Occidental or Accidental.”⁹² An article recounting the

2. Toronto Aboriginal Support Services Council. (n.d.). Toronto Aboriginal Research Project: Final Report.
3. Mississaugas of the New Credit. (2017). Toronto Purchase Specific Claim: Arriving at the Agreement.
4. Dennis, R. (1998). Apartment Housing in Canadian Cities, 1900-1940.
5. Vitale, P. (2011). A Model Suburb for Model Suburbanites: Order, Control, and Expertise in Thorncrest Village

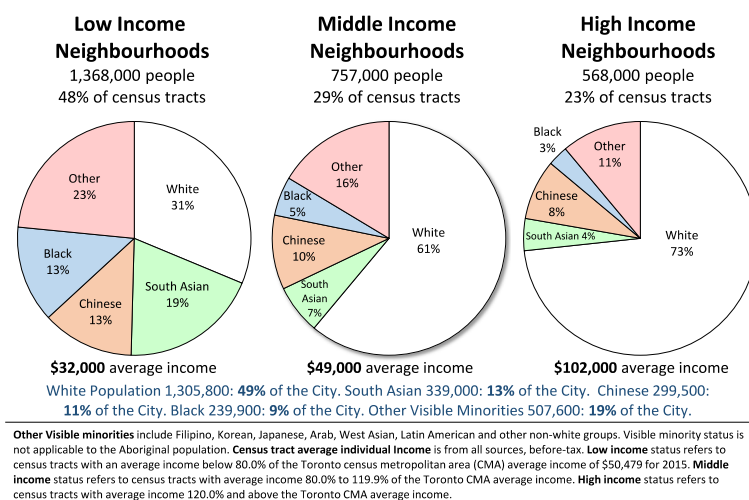


Results of Systemic Discrimination within Planning and Finance

Today's land use planning processes and systems continue the patterns of systemically disadvantaging renters and lower income residents. This includes the lack of redress to produce equitable outcomes. The results onto marginalized people and the deepening of inequality resulting from today's policies include the following:

1. The average person consulted by the City of Toronto about land use are White, male, homeowners over the age of 55⁶
2. Neighbourhoods are increasingly racially segregated, where higher income neighbourhoods are whiter and lower income neighbourhood include more non-White racial populations (see below)⁷
3. Evictions are experienced more so by Black, Indigenous, and People of Colour identified persons⁸
4. The development and construction sector is a White dominated sector in the Toronto region, despite the region being over 50% non-White. This leads to wealth generation for White communities more so than others, and the racial exclusion of non-White people from the sector^{9,10}
5. The impacts of a deepening wealth gap across races and deepening separations between homeowners and renters is exacerbated by the lack of new community housing development¹¹
6. Existing and emerging land use policies on single family housing allows existing homeowners to increase the value of their property, and future plans to permit the development of additional housing units on private property will predominately benefit homeowners with marginal benefit to renters
 - i. Growing volumes of bungalows being redeveloped into luxury single family homes
 - ii. Laneway houses and garden suites, wherein the existing homeowner retains the full and private financial equity and rent resulting from publicly produced policies and programs
 - iii. Government subsidies to homeowners are retained by property owner

Toronto's Segregated Ethno-Cultural Population, 2016⁷



NEIGHBOURHOOD
CHANGE
Research
Partnership

Neighbourhood Change Research Partnership
University of Toronto, February 2018
www.NeighbourhoodChange.ca

Source: Statistics Canada,
Census Profile Series, 2016

6. City of Toronto. (2016). [Introducing the Inaugural Toronto Planning Review Panel](#).
7. Neighbourhood Change, University of Toronto. (2018). [Toronto's Segregated Ethno-cultural Population, 2016](#).
8. Wellesley Institute (2020). [Forced Out: Evictions, Race, and Poverty in Toronto](#)
9. Toronto Community Benefits Network. (2020). [Dismantling Systemic and Anti-Black Racism in Construction](#)
10. Ahsan S. Belay R., Moriah A. Nash G. 2020. [Why is Urban Planning So White?](#)
11. [United States Habitat for Humanity. \(2020\). The Role of Housing Policy in Causing Our Nation's Racial Inequalities - on the Role it Must Play in Solving Them.](#)



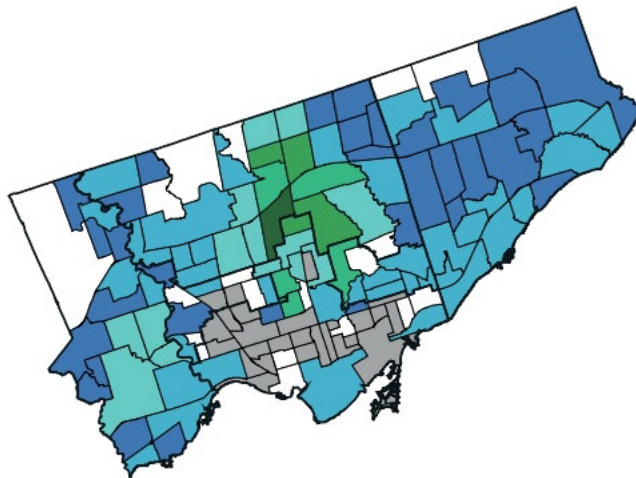
	Black	Indigenous	British	Italian
Homeownership	34%	16%	58%	83%

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Due to systemic discrimination within the financial and planning policy systems, neighbourhoods are increasingly socio-racially segregated, and affordable housing construction is dis-incentivized while luxury housing development is encouraged. The promotion of detached homes to be redeveloped into luxury homes has resulted in over 9,000 detached homes in Toronto being redeveloped between 2001 and 2016 – while these homes would not have been supported to become multi-family homes.

Map 9: Percentage of Detached Dwellings Rebuilt Between 2001 & 2016

% of Detached Homes Rebuilt	Neighbourhoods	
	#	%
20.01 to 23.70%	1	1%
15.01 to 20.00%	4	3%
10.01 to 15.00%	5	4%
5.01 to 10.00%	14	10%
1.01 to 5.00%	40	29%
0.03 to 1.00%	33	24%
0%	17	12%
No (RD) Property	26	19%



13

12. Canadian Mortgage and Housing Corporation (2006). Immigrant and Housing: A Review of Canadian Literature From 1990 to 2005

13. CP Planning (2017) Protecting the Vibrancy of Residential Neighbourhoods.

Partna Mends Policy Gaps to Guide for Redress

The Vision, Mission, Outcomes, of Partna as well as the policy objectives identified to support Partna are designed to mend policy gaps and guide for redress that allows planning and financial systems to produce outcomes that enable lower income and tenant households to establish secure access to affordable housing and economic wellbeing resulting from their relationship to land.










Appendix 2 - Affordable Housing Case Studies

The following section overviews eight different approaches to increase affordable housing at the low rise scale of development. Case studies are drawn from across North America. They include independent organizations and projects, municipal programs, and others. Each case study consists of a summary of the initiative and an overview of the financial model. The case studies provide essential information for Partners on how similar approaches are being applied to build affordable housing at the low rise scale.

See the table below for a summary of the case studies. Icons are used to differentiate the types of partnerships for each case study, please see below for the Partnership Legend.

Partnerships Legend








Icon	Organization Type	Description
	Non-profit	A charity, organization, or foundation with a mission to further a social cause
	Local Government	A public administration, such as a municipality
	Government Agency	A government-appointed commission or organization responsible for the oversight and administration of specific functions
	Education Institution	An institution designed to provide education and advance research
	Financial Institution	An organization engaged in providing financial or monetary support (i.e., bank or private lender)
	Community Development Financial Institution	A private financial institution that solely makes direct financial investments to community and economic development projects. This is a concept common in the United States. It is dedicated to delivering responsible, affordable lending to help equity-seeking groups enter the economic mainstream. For an example see Case Study 1: LA Más Backyard Homes Project
	Credit Union	A non-profit, member-owned, financial cooperative or financial institution which is controlled by members and operated on the principle of helping people and providing members with competitive rates and financial services.



Summary of Case Studies

Number	Case Study	Description	Affordability Period and Rate	Property Management	Partnerships
1	<p>La Más Backyard Homes Project</p> <p>Non-profit Los Angeles, U.S.</p>	<p>Development/Financing</p> <p>Offers homeowners support with financing, designing, planning, and construction of a new Accessory Dwelling Unit (ADU) on their property</p> <p>Purpose: Develop affordable units</p>	<p>La Más rents unit from the homeowner at an affordable rate for a minimum of 5 years</p>	<p>La Más manages the unit for a minimum of 5 years</p>	<p>NP GA</p> <p>FI CDFI</p>
2	<p>Austin Alley Flat Initiative</p> <p>Non-profit Austin, U.S.</p>	<p>Renovation/Mortgage</p> <p>Provides homeowners discounted services and secures permits and fee waivers</p> <p>Purpose: Develop affordable units</p>	<p>Homeowners agree to comply with Austin's SMART Housing requirements for 5 years and commitment to only renting to low-income tenants with rent not exceeding more than 28% of the tenants household income</p>	<p>Homeowner responsibility</p>	<p>NP EI</p>
3	<p>United Dwelling</p> <p>Private South California, U.S.</p>	<p>Development/Financing</p> <p>Manages design, permitting, construction process to transform underused spaces (e.g., garages/backyards) into affordable units and then leases the unit from the homeowner to provide affordable housing.</p> <p>Purpose: Develop affordable units</p>	<p>United Dwelling leases the affordable unit from the homeowner for 12-15 years.</p>	<p>United Dwelling manages the unit for 12-15 years.</p>	<p>NP</p>
4	<p>Peel Region's Second Unit Renovation Program</p> <p>Public Peel Region, Canada</p>	<p>Financing</p> <p>The program provides homeowners with a \$20,000 loan to upgrade or legalize a secondary suite. An additional \$10,000 is available if the homeowner agrees to rent at Canadian Mortgage and Housing Corporation (CMHC) affordable rates for a period of 10 years</p> <p>Purpose: Upgrade or legalize secondary units and rent at or below market rate</p>	<p>If a homeowner agrees to offer affordable housing, then rent must be set at an affordable rate for 10 years..</p>	<p>Homeowner responsibility</p>	<p>LG</p>



Number	Case Study	Description	Affordability Period and Rate	Property Management	Partnerships
5	Halton Region's Second Unit Pilot Program Public Halton Region, Canada	Financing 16-month Second Unit Pilot Program provides homeowners with up to 75% of the cost or \$50,000 financial assistance to create secondary units Purpose: Develop affordable units	Rents capped at no more than 100% Average Market Rate set by CMHC. No time period restrictions.	Homeowner responsibility	
	Affordable Laneway Suites Program Public Toronto, Canada	Financing The City of Toronto provides funding in the form of a forgivable loan of up to \$50,000 for homeowners who want to a laneway suite Purpose: Develop affordable units	Laneway loan rent cannot exceed the City of Toronto Average Market Rate rent for the bedroom type for 15 years	Homeowner responsibility	
6	As-of-Right Zoning for Secondary Suites Public Toronto, Canada	Policy Permission The city of Toronto amended By-law to allow for more secondary suites to be built "as-of-right" Purpose: Facilitate the construction of secondary suites	No set period or rate	Homeowner responsibility	
7	Open Door Affordable Housing Program Public Toronto, Canada	Financing Provides financial contributions for private or non-profit organizations to build affordable housing, including capital funding and incentives such as exceptions from planning application fees, development charges, property taxes Purpose: Develop affordable units	No set period or rate	Homeowner responsibility	  
8	Vancity Laneway Housing Bundle Financial Institution Vancouver, Canada	Financing Offers a Laneway Homeowner's Mortgage Bundle for a fixed rate mortgage to help finance the construction of a laneway home Purpose: Develop affordable units	Homeowners can apply for a 5-year, 7-year, or 10-year fixed-rate mortgage	Homeowner responsibility	



Key Takeaways from Case Studies



1. *Pre-designed Units*

Many of the projects, including the Backyard Homes Project, Austin Alley Flat Initiative, and United Dwelling offered pre-designed floor plans, and designs for them to choose from with baseline cost. This process helped the organizations to save overall cost, rather than creating custom builds for each unit. Overall, such cost-saving measures helped incentivize homeowners who may not have the financial means to complete the construction process on their own.



2. *Short Term Affordability*

The period of affordability ranged from 5 to upwards of 15 years. With lower affordability commitments, it is easier to convince homeowners to rent out their unit at accessible rates. However, this may give rise to concerns of rent-hikes, or eviction once the commitment period ends. As such, it is important that the affordability term includes the production of long term benefits.



3. *Community Involvement*

Projects such as the Backyard Homes Project and the Austin Alley Flat Initiative maintained a commitment to community involvement in the project. For example, before launching the Backyard Homes Project, LA Más heard from over 100 homeowners around Los Angeles as well as experts in housing, finance, and development to get a consensus on best practices and successful models. Both projects also emphasized their partnership with homeowners, providing them with landlord training, and tenant support.



4. *Financing*

The investment in partnership with homeowners is seen as a more cost effective model than government investing in the public purchase of land. The elimination of land costs allows finances to flow directly into the development of new affordable housing units.

Currently, mortgage and financial products are not tailored toward additional unit financing. As a result the development of a financial model to support homeowners looking to build new units was an important factor for many projects. Some notable finance strategies include a new loan where homeowners can use the expected income from the new unit to qualify for pre-construction and development loans. Government financing is also significant as the loans are mostly forgivable, ultimately providing a significant incentive for homeowners.



5. *Linear Economy*

When monetary incentives or funds are provided to homeowners for creating alternative housing, such as a secondary suite, it contributes to a linear economy. Providing funds to the homeowner for additional suites increases the property value, increasing the homeowner's wealth. The produced housing is often only required to be affordable for a limited time term. Afterwards, the financial benefit is entirely retained by the private property owner and the government needs to reinvest in a newly identified "low hanging fruit". When invested into non-profit housing, public investments are more circular as these organizations reinvest back into housing affordability.



Case Study 1: LA Más Backyard Homes Project, Los Angeles, United States

Summary

The Backyard Homes Project is focused on providing incentives to homeowners to create an affordable rental unit in their backyard. The Backyard Homes Project is a joint effort between LA Más, Genesis LA Economic Growth Federation, JP Morgan Chase & Co., Self-Help Federal Credit Union, Restore Neighbourhoods LA, St. Joseph Centre, LA Family Housing, and Housing Rights Centre. Together they offer homeowners support with the design, financing, planning, and construction of a new Accessory Dwelling Unit (ADU) on their property. In exchange for this support, homeowners are required to commit to renting out the new unit to a Section 8 tenant for a minimum of 5 years.

Financing

The Backyard Homes Project received a \$1.75 million grant from the JP Morgan Chase Foundation to pilot the project with 10 homeowners. To help homeowners finance the construction of their ADU, the Backyard Homes Project offers a 'Permanent mortgage product', whereby homeowners can refinance their existing mortgage and take out funds to pay for the construction.

- When considering the construction loan it considers 75% of the projected rental income as qualifying income.
- Fixed-rate, 10/15/20/30-year terms available
- The loan will be enough to cover the remaining mortgage on the primary home, as well as takeout funds to pay for the cost of construction, and (if applicable) repay the pre-development funds.



Example of 1-Bedroom Garage Conversion, Modern-Inspired and Designed Warm and Neutral

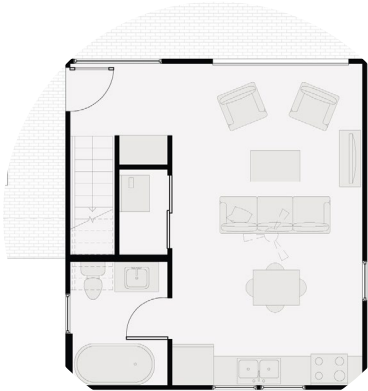




Case Study 2: Austin Alley Flat Initiative, Austin, United States

Summary

The [Austin Alley Flat Initiative](#) is a movement to promote the construction of affordable housing in alleyways. The Initiative was founded in 2005 by the [University of Texas School of Architecture](#) and is a collaboration between the [University of Texas Centre for Sustainable Development](#), [Guadalupe Neighbourhood Development Corporation](#) and [Austin Community Design and Development Centre](#). Homeowners work with the Initiative and are provided with discounted services and secure permits and fee waivers. In exchange, homeowners have to agree to comply with [Austin's SMART Housing](#) requirements for 5 years, which is a commitment to only rent to low-income tenants (households with income at or below 80% Median Family Income) with rent being no more than 28% of the tenants household income.



Financing

Alley Flat Initiative participants receive discounted architectural services and permit fee waivers in exchange for complying with affordability and sustainability requirements. [Financing](#) options include "traditional mortgage" or a "home equity loan"

Traditional Mortgage:

- Can work regardless of whether a home is currently mortgaged
- Homeowner qualifies for a new, larger mortgage which includes the construction cost of the new unit. Construction funds are released as progress is being made. After construction is complete, the homeowner begins making payments on the new mortgage.

Home Equity Loan

- A second loan that typically has a shorter term than a mortgage.
- Homeowners borrow against the existing equity in their property.
- Rates are generally higher than traditional mortgages.



Example Austin Alley Flat's Housing Model "[Arthur](#)". Details: 848 sq.ft., 1 Bedroom, 1.5 Bathroom, <40 Ft Wide, Two Levels

Typical terms are 15-30 years with a low-interest rate





Case Study 3: United Dwelling, Los Angeles, United States

Example UD's Studio Backyard Home



Summary

United Dwelling (UD) is an organization that transforms underused spaces such as garages and backyard units into affordable homes. They manage the design, permitting, and construction process, in exchange for an agreement with the homeowner to lease out the newly constructed unit to United Dwelling for 15 - 25 years. There is no financing required by the homeowner. After the lease period, the homeowner owns the new unit. Homeowners also have the option of buying out United Dwelling from the lease at an earlier period. United Dwelling partnered with Chrysalis, a non-profit dedicated to providing a pathway for low-income, for the construction of the new ADU units.



Financing

United Dwelling won a \$1 million grant from the LA Housing Innovation Challenge to launch this project. The monthly rent is split between the homeowner and United Dwelling, who uses those funds for tenant management. 9.5% of funds are reinvested in building new ADU's. To mitigate construction and transportation cost, United Dwelling builds 3 to 5 units in a neighbourhood at a time.





Case Study 4: My Home Second Unit Renovation Program, Peel, Canada

Summary

The [Peel Region My Home Secondary Unit](#) program provides homeowners with a \$20,000 forgivable loan to upgrade or legalize a secondary suite. They can receive an additional \$10,000 if they rent to a tenant that is referred by Peel. In exchange for this loan, homeowners have to agree that rent will not exceed CMHC affordable rates for at least 10 years. In addition, the unit can only be rented to tenants with a maximum of \$61,642 annual household income. Homeowners must also undergo mandatory landlord and human rights training through the Region of Peel.

Financing

The Loan is registered as a mortgage on the property for 10 years, after which it will be removed if the homeowner meets all requirements.

Example of Affordable Rates for 2020

When renting out a second unit, landlords can use the following rates set for their municipality:

Municipality	1 Bedroom	2 Bedroom	3 Bedroom
Brampton	\$1,019.00	\$1,158.00	\$1,230.00
Caledon	\$1,019.00	\$1,158.00	\$1,230.00
Mississauga	\$1,038.00	\$1,173.00	\$1,285.00



Neighbourhood visualization of second units.

What are second units?

Second units are self-contained residential units with a private kitchen, bathroom facilities and sleeping areas within dwellings or within structures ancillary to a dwelling (e.g., above laneway garages).

Second units are also referred to as secondary suites, basement apartments, accessory apartments, granny flats, in-law apartments, or nanny suites.

Ministry of Municipal Affairs and Housing. (2017). Second Units - Info Sheet - Spring 2017.





Case Study 5: Halton Region's Second Unit Pilot Program, Halton, Canada

Summary

In 2016, Halton Region launched the 16-month [Second Unit Pilot Program](#) to provide homeowners with up to 75% of the cost or \$50,000 financial assistance to create secondary units with the goal of developing more affordable housing. In exchange for the loan, rents must be capped at no more than 100% Average Market Rent set out by CMHC.

Financing

Funding for homeowners is provided in the form of a 15-year interest-free forgivable loan. No monthly payments are required.

What is a Secondary Dwelling?

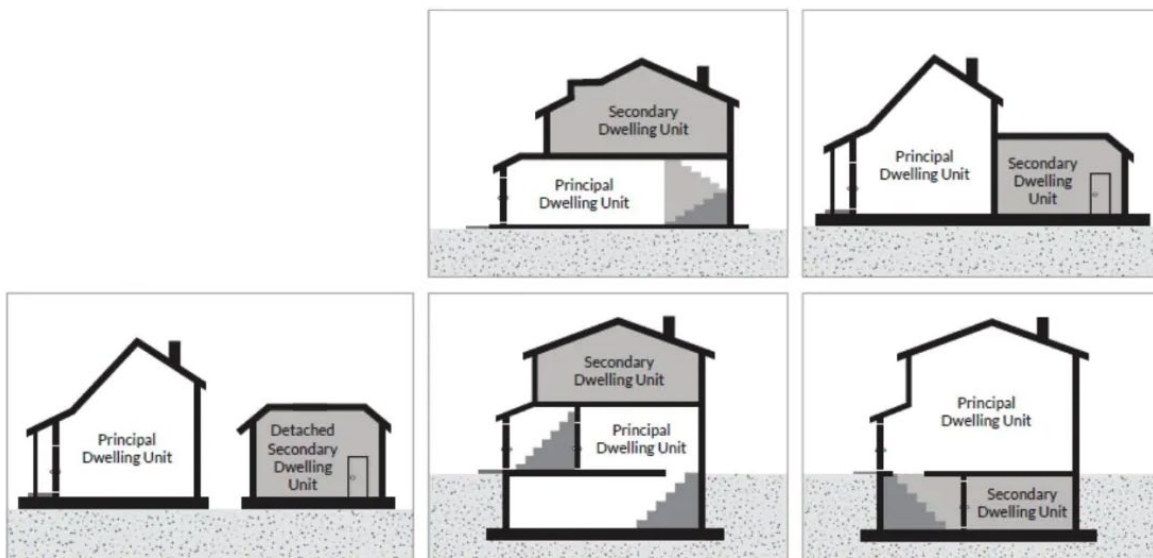


Image retrieved from [CBC](#), 2020





Case Study 6: Affordable Laneway Suites Program, Toronto, Canada

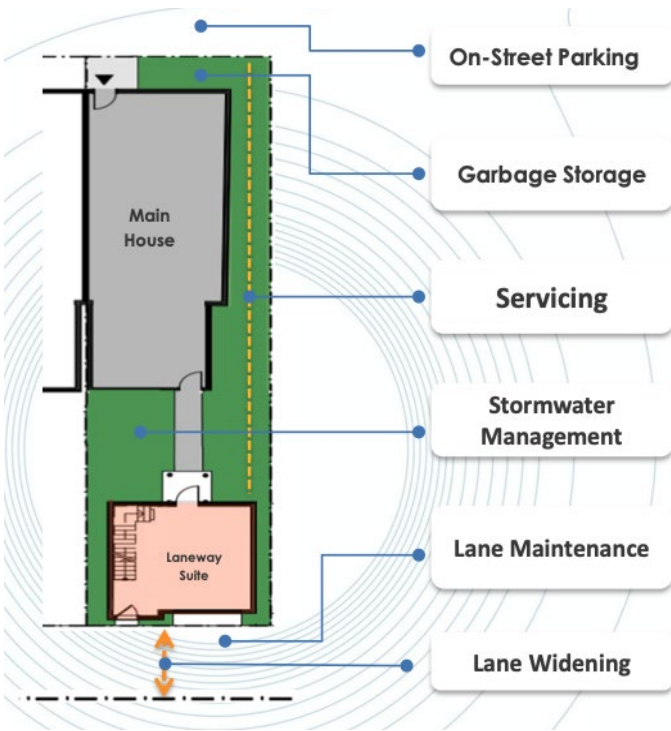
Summary

In June 2018, The City of Toronto has an Affordable Laneway Suites Pilot Program which provides funding in the form of a forgivable loan of up to \$50,000 for homeowners that want to develop a laneway suite. In exchange for the loan, rent cannot exceed the [City of Toronto Average Market Rent](#) during a 15 year period, which is set by Canadian Mortgage and Housing Corporation.

Laneway suites must be built on a single-family home property abutting a public lane and homeowners must enter into an Affordable Laneway Suites Contribution Agreement with the City of Toronto.

Financing:

The loan is forgiven in the 15 years from the date the first tenant occupies the suite.



Examples of Laneway Houses from [City of Toronto Presentation](#), 2017





Case Study 7: As-of-Right Zoning for Secondary Suites, Toronto, Canada

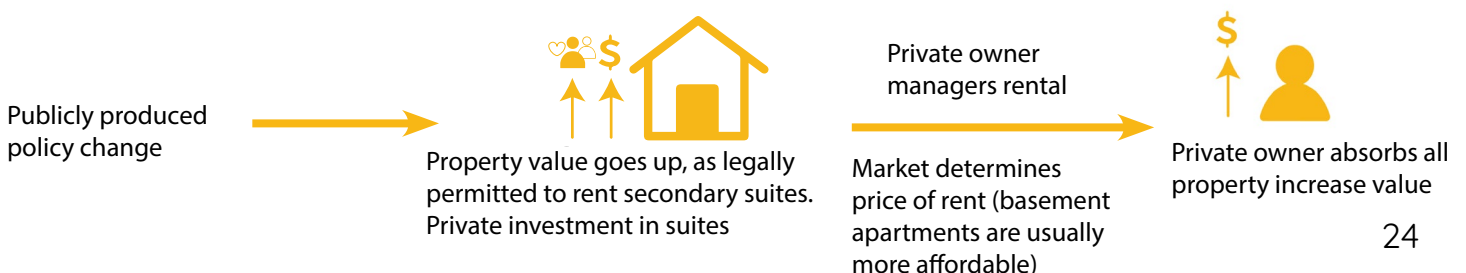
Summary

In 2019, the City of Toronto amended their [By-law](#) to allow more secondary suites to build “[as of right](#)”, meaning that the construction of secondary suites are permitted within the current zoning by-laws and do not require further review processes. The Amendment was in response to provincial policy changes that encouraged the creation of secondary units. The amendment was a City incentive to increase secondary suites and streamline the construction process. Some notable changes in the By-Law include no or reduced parking requirements, permitting secondary suites in townhouses, removing minimum unit sizes, and the [waiving development charges](#)

What Defines a Secondary Suite?

“ self-contained living accommodation for an additional person or persons living together as a separate single housekeeping unit, in which both food preparation and sanitary facilities are provided for the exclusive use of the occupants of the suite, located in and subordinate to a **dwelling unit**. ”

Quote defining secondary suites from [City of Toronto](#)





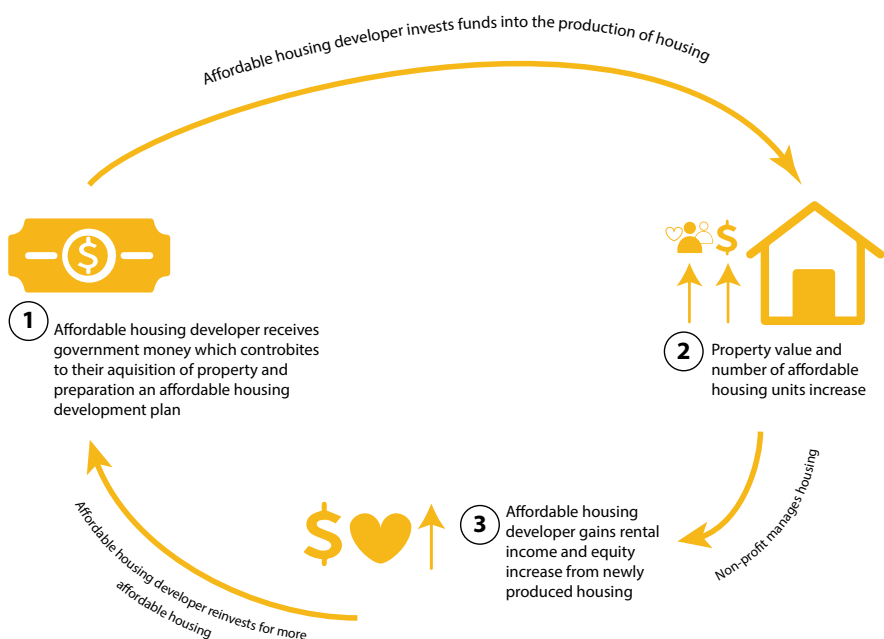
Case Study 8: Open Door Affordable Housing Program, Toronto, Canada

Summary

In 2016, the City of Toronto approved the [Open Door Affordable Housing Program](#) to accelerate affordable housing construction. The program is designed to assist the City in achieving its Housing TO 2020-2030 Action Plan goal of developing 40,000 new affordable rental homes and 4,000 new affordable homes by 2030.

The Program provides financial contributions for private or non-profit organizations looking to build affordable housing. These include capital funding and incentives such as exceptions from planning application fees, development charges, property taxes. It also allows for fast-tracking planning approvals through the “Open Door Planning Service”.

The City is working with federal and provincial agreements, [CreateTo](#), [Toronto Transit Commission](#), [Toronto Parking Authority](#), [Waterfront Toronto](#), and [Toronto Community Housing](#) to activate surplus land from housing development and seek agencies to develop the land through an RFP Process.





Case Study 9: Vancity Laneway Homeowners Bundle, Vancouver area, Canada

Vancity offers a Laneway Homeowner’s Bundle to help finance building a laneway home.

The Bundle includes:

- \$750 in closing cost and appraisal services, plus a preferred interest rate
- Up to 1% cash back when a homeowner transfers an existing mortgage
- Earn up to 1% cash back when a homeowner transfers an existing mortgage
- Homeowners can apply for a 5-year, 7-year, or 10-year fixed rate mortgage
- Homeowners can use cash towards renovations and investments



Vancouver laneway house. Photo retrieved from <https://vancouver.ca/people-programs/laneway-houses-and-secondary-suites.aspx>



