

Region looking at forgivable loans to create second dwelling units

By Bill Rea

Peel Region is considering offering incentives, in the form of forgivable loans, to people who renovate their homes to create second dwellings.

Regional councillors recently discussed the Peel Renovates Phase 3 Creating Second Units Program, eventually deciding to refer it back to staff for more details.

The program calls for setting aside \$900,000 to allow for people to receive forgivable loans of up to \$50,000 for the renovations. Regional staff reported the loans will be for 15 years, written off in equal annual installments over that period. Human Services Commissioner Janice Sheehy told Brampton Councillor Grant Gibson that's the forgivable part. If the property is sold, the owner has to pay back whatever is still outstanding on the loan.

Staff reported this is the third phase of the Peel Renovates Program, which provides eligible low-to-moderate-income families, individuals, seniors and people with disabilities with funding help for renovations to deal with health, safety or accessibility issues in their homes.

This new program helps create second units, which staff said is an important source of affordable housing, pointing out it's also available in residential areas.

‘They can also provide needed extra income to homeowners and senior households to allow them to continue to live in their neighbourhoods and age in place,’ the staff report stated.

Staff added tenants for these second units would be chosen from the Region's Centralized Wait List.

They added the program is in keeping with the term of council priority to increase the amount of affordable housing.

The criteria to be eligible for the program includes having the second unit created at the homeowners principal address, property tax and mortgage payments must be up to date, the home is insured and the local municipality has to issue a building permit.

The Region will register a mortgage on title to the home to secure the loan.

Gibson thought the \$50,000 limit of the loans was high.

‘Sounds like a lot of money to renovate,’ he said.

Sheehy said it's similar to what's offered in other places, such as Halton Region, adding they want to offer incentives to people, but not too high.

Sheehy also said it's a pilot project, and the amounts of the loans could be tweaked in the future.

She said it will be evaluated in about a year.

Brampton Councillor Elaine Moore observed the program has the potential to address illegal secondary units, of which she said there are many in Brampton and Mississauga. She wondered if the 18 units this program would fund will be much of a help. Moore was concerned about the Region picking the tenants, wanting the homeowners to be involved.

Sheehy said the tenants will be selected, then referred to the homeowner. She added the Region would do checking into things like credit history before recommending them. As well, the owners will be provided information on their responsibilities as landlords.

Mississauga Councillor Carolyn Parrish wanted more of a financial commitment from the homeowners, getting them to ‘put some skin in the game.’

She suggested the program provide matching funding, up to \$25,000.

She also was concerned that the owner could sell the renovated home in a couple of years and make a nice profit on the deal.

‘This looks like it needs a bit of a rethink,’ Parrish remarked.

As well, she wasn't very pleased with Halton being used as a benchmark.

Sheehy said they looked at other jurisdictions, adding staff tightened the criteria as a result.

Parrish suggested the referral, commenting there is a long waiting list and the program to deal with it should be geared more to Peel's needs.

Mississauga Councillor Karen Ras agreed with the referral, asking what happens to the tenants if the home is sold.

Gibson agreed.

‘We like the program,’ he said. ‘We'd like to see better usage of it.’