

Suite Potential

Your Guide to Laneway and Garden Suites in the City of Toronto

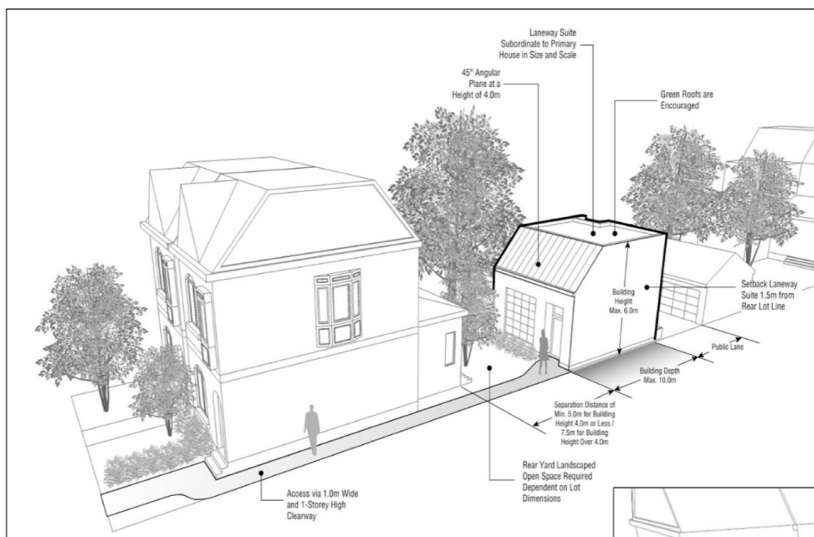
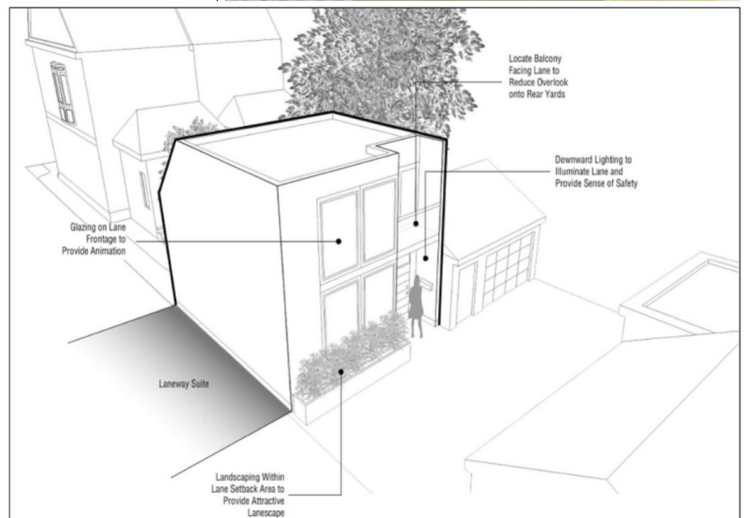
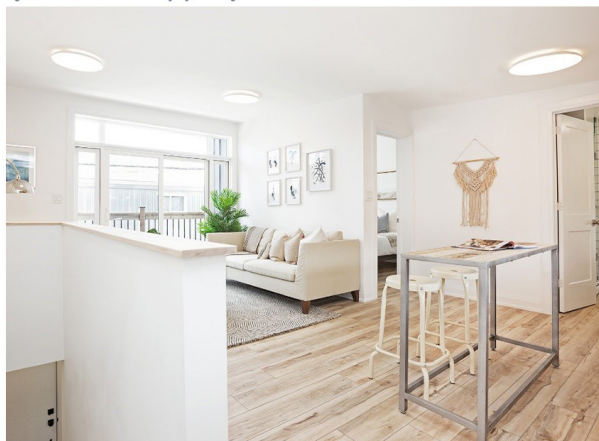


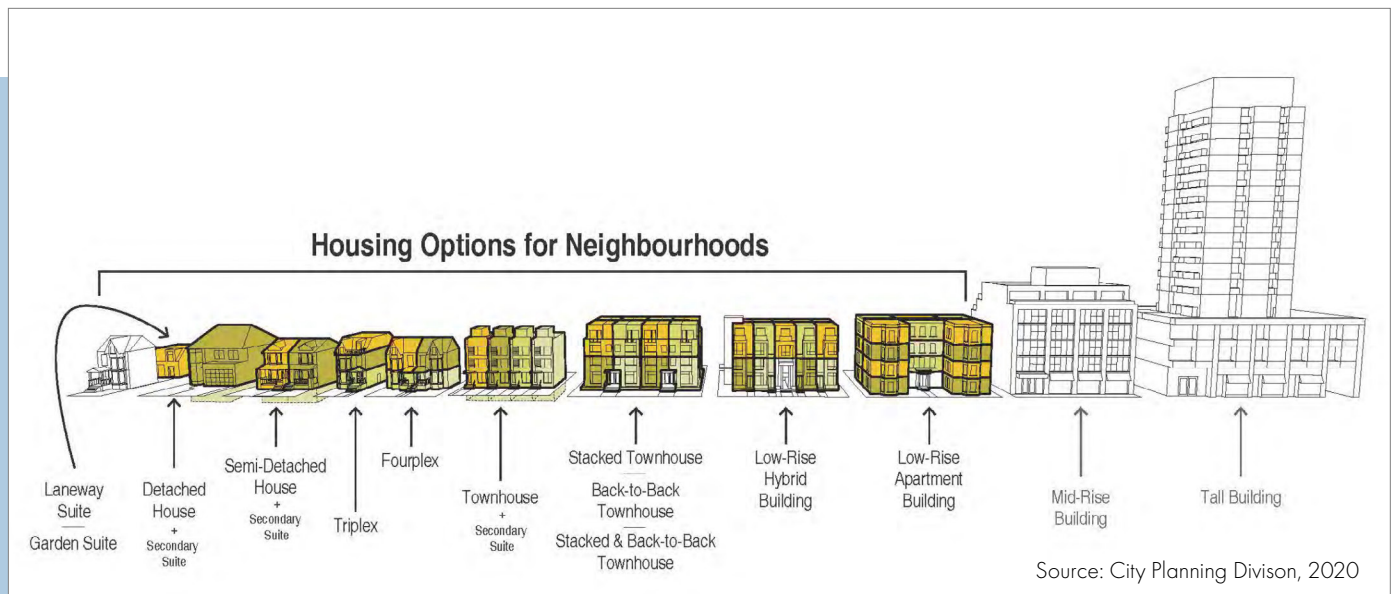
Figure 5 – Schematic of Laneway By-law Regulations



Canada is growing and so too is the city of Toronto.

As the population continues to grow, the City of Toronto is looking at ways to encourage the creation of “missing middle” housing options such as duplexes, triplexes, townhomes and small apartment buildings.

Now, through the Expanding Housing Options in Neighbourhoods (EHON) program, those possibilities also include laneway houses and garden suites.



What are Laneway Houses and Garden Suites?

Approved by Toronto City Council in the summer of 2018, **laneway houses** are self-contained residential units built on the same lot as a detached, semi-detached, townhouse or other low-rise dwelling. Laneway houses are smaller than the original home and are located in the backyard alongside a public laneway. They are completely detached, with their own kitchen, water and sewer service—but they cannot be severed from the main property. See Toronto’s **laneway housing bylaws** for more details.

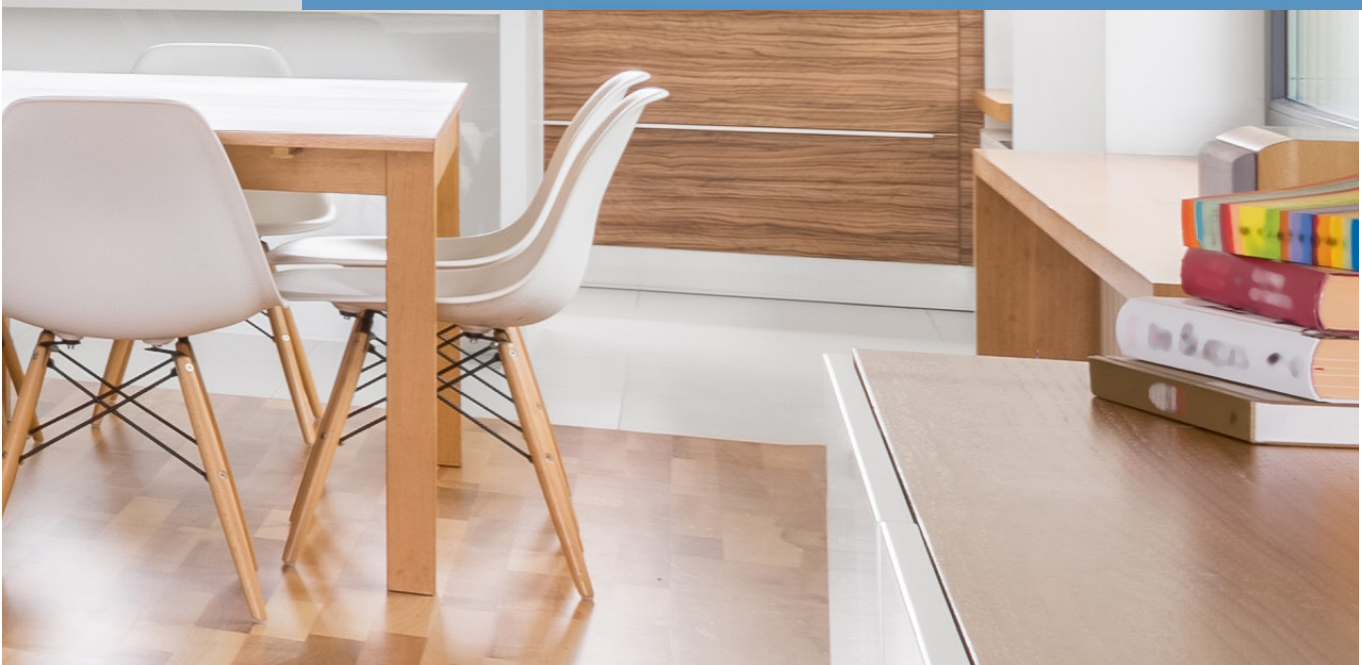
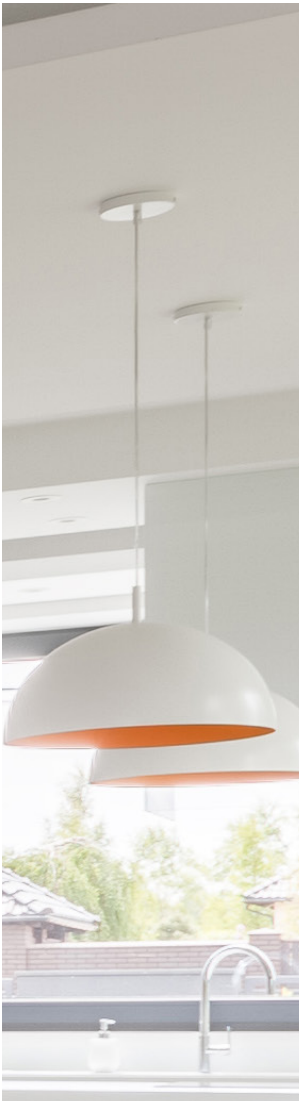
To further expand housing options in residential city neighbourhoods, Toronto City Council approved the construction of **garden suites** in February 2022. The bylaw amendments are designed to permit the construction of garden suites, which are separate, self-contained units located in the backyard of a residential home. Laneway proximity is not required for garden suites since they are accessed along the side of the existing home. **[Click here for a summary](#)** of garden suite rules and regulations.

Suites Offer Income (or In-Law) Potential.

Laneway homes and garden suites are typically used as rental properties or to house family members—meaning they are attractive options for new AND existing homeowners!

What are the benefits of laneway or garden housing?

- The new suite could be rented to generate additional cashflow for the owner, which could be used to accelerate mortgage payments, save for post-secondary education, retirement, vacations, or anything at all.
- As Toronto housing prices continue to grow over the long-term, a laneway/garden suite is a great option for growing or changing family dynamics and can be used by grandparents, children, parents, in-laws, nanny or a host of other options.
- A separate rental suite will add value and make the property more attractive to future buyers.
- If construction of the laneway/garden suite is financed through a loan on the primary property, and the space is then rented, the mortgage interest on that portion of the mortgage may be tax-deductible. (If a family member lives there rent-free, this deduction would not apply.)
- **Financial incentives** are available. Development charges can be deferred for ancillary dwellings; as well, forgivable loans of up to \$50,000 are being offered by the City. However, these loans come with strings attached. The new unit must be rented and the rent will be capped at the City's average market rent for a 15-year "affordability period."



Financing/Mortgage Considerations:

- The suite must be self-contained (e.g. have a functional bathroom and kitchen).
- A laneway suite must be located above or in the space reserved for a detached garage and have an entrance via a laneway (no other outbuildings).
- A garden suite must be no larger than 40% of the rear yard area or 60 square meters (refer to the following guide for more information).
- Must be minimum 350 square feet (33 square meters) and must not be the largest structure on the property.
- A full appraisal is required in order to have the full property value assessment.

Other Considerations for Homeowners:

- If there is not sufficient equity in the primary residence to fund the construction of laneway or garden housing, applicants may need to pursue private construction financing. Different lenders have different policies pertaining to ancillary dwellings.
- If a property is purchased with the intention of adding a garden suite or laneway home, buyers must be able to show lenders a budget, contractor's quote, approved building plans and, if possible, a permit. This will allow them to obtain maximum valuation on the property.
- If buying a pre-fabricated building to place on their lot, homeowners must be aware that payment terms are usually cash on delivery, which may necessitate special financing.

Garden Suites



Garden suites located in rear yards behind a single detached house, a semi-detached house and a townhouse or low-rise apartment block.

Questions?

Contact us today to discuss your laneway or garden suite options.

Whether you're looking to add a laneway/garden suite to your existing property, or purchase a new property with laneway/garden suite potential, we can help get you started:

- **What are the budgetary considerations?**
- **Do you have sufficient borrowing power?**
- **What will the carrying costs be once you have a tenant?**
- **What are the next steps?**

At Outline Financial, we have direct access to over 30 banks, credit unions, mono-line and other lenders all in one convenient service. As a specialist in laneway and garden suite financing, we work with lenders that understand the process and can make your financing process as smooth as possible.



**Connect with us
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your own "suite"
solution.**



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