The City of Kingston is offering the Second Residential Unit Affordable Housing Grant Program to stimulate homeowner investment to create alternate housing options within the City. The program provides a forgivable loan of the lesser of $15,000 or 75% of the costs associated with developing a second residential unit. Funding will be provided to owner-occupied households who create a second residential unit and commit to providing the unit at an affordable rental rate to an income qualified household for a minimum five year affordability period.

The eligibility criteria, general terms of the program, and application process are set out below.

**Program Eligibility Criteria and Terms of Funding**

The following seventeen (17) bullet points outline the program eligibility criteria and terms of funding:

- Eligible properties must be located in the City of Kingston.
- Eligible projects must demonstrate compliance with the applicable zoning by-law provisions for second residential units.
- All required work must be completed in accordance with regular Building Permit approval and inspection processes.
- Homeowners accessing program funding must have their primary residence located at the property that is receiving the funding. The homeowner must provide confirmation of their continued residency upon request.
- Loan Agreements providing $5,000 or more in funding will be secured in the form of a second mortgage which shall be registered in second position behind the property’s primary mortgage obligation.
- Loan Agreements providing less than $5,000 will provide security in the form of a Promissory Note.
- Funding will be provided upon the completion of all of the following:
  - signing and proof of registration of the Loan Agreement;
  - submission of a copy of the Occupancy Permit issued by the Building Inspector;
  - submission of a copy of the lease confirming the affordable rent;
  - submission of the tenant household’s income confirmation (i.e. previous year’s income tax Notice of Assessment);
  - submission of a copy of homeowner’s current home insurance coverage;
  - submission of all receipts related to development/construction costs.
- For Loan Agreements providing over $5,000, eligible applicants are required to obtain their own legal advice to register the Loan Agreement. The associated legal fees will be rebated by the City up to $700 and will come out of the maximum loan amount.
Following the initial occupancy the rent charged can be increased annually in accordance with the Residential Tenancies Act’s annual Rent Increase Guideline.

Upon a subsequent tenancy occurring during the five year affordability period the rent charged to a new tenant must be the same rent that was charged to the vacating tenant.

The funding will be forgiven and can be discharged at the request and expense of the homeowner on the fifth (5th) anniversary date of the occupancy of the second residential unit.

Following the five year affordability period, for a tenant that continues to reside in the second residential unit, rent increases must be consistent with the increase provisions of the Residential Tenancies Act. Upon the first vacancy occurring following the five year affordability period, the rent charged can be any amount agreed to by the homeowner and the new tenant.

Contravention of the Loan Agreement may result in the required repayment of the loan.

An application should be submitted once the homeowner has confirmed the project will proceed.

Applications submitted following completion of the project will not be considered.

Eligible properties must not have any outstanding property taxes or other outstanding fees or charges owed to the City of Kingston.

Any misrepresentation may result in an application being deemed ineligible.

Second Residential Unit Tenant Household Eligibility Criteria

The four (4) bullet points outline the tenant eligibility criteria:

- The homeowner will select the tenant household. Family members are eligible tenants; however, the Maximum Income Level criteria for the tenant household must be met.
- The affordable rent charged to the tenant household must be no more than 80% of the Average Market Rent for a similar sized unit. Average market rents are reported by the Canada Mortgage and Housing Corporation (CMHC) annually. The following table outlines the affordable rent (inclusive of utilities) for a unit occupied in 2020.

**Affordable Rents**

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Average Market Rent</th>
<th>80% Average Market Rent (Affordable Rent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor Unit</td>
<td>$814</td>
<td>$651</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>$1,101</td>
<td>$881</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$1,295</td>
<td>$1,036</td>
</tr>
</tbody>
</table>

- During the five year affordability period, at the time of a new tenancy commencing the household’s gross income must be below the maximum income levels outlined below. During the affordability period an in-situ tenant’s income may increase beyond the Maximum Income Levels.
### Maximum Income Levels

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>Maximum Income Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor Unit</td>
<td>$26,000</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>$33,000</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$46,000</td>
</tr>
</tbody>
</table>

- The gross maximum income level is to be verified by the homeowner prior to offering a lease. The household’s gross income can be determined by requesting receipt of all household members’ most recent Canada Revenue Agency Notice of Assessment. The Notice of Assessment(s) must be provided to the City prior to issuance of the funding.

### Application and Selection Process

The following three (3) bullet points outline the application and selection process:

- Applications are accepted and reviewed on an ongoing basis.
- Program approvals are subject to projects meeting all eligibility criteria and available project budget.
- Approved applicants will be issued a Conditional Letter of Commitment which provides a one year period to complete the work and occupy the second residential unit in compliance with the Loan Agreement.

For clarification regarding the above information provided, please contact 613-546-2695 extension 4949 or email housing@cityofkingston.ca.