The City of Kingston is offering the Second Residential Unit Affordable Housing Grant Program to stimulate homeowner investment to create alternative housing options within the City.

This program includes two different funding streams:

1. **Second Residential Unit Municipal Fee Rebate**
   - This stream provides a forgivable loan for projects within areas of the City where Planning applications are required to permit a second residential unit. Eligible expenses include required municipal application fees of up to a maximum $7,000. Forgiveness of the loan is dependent on providing the unit at an affordable rental rate to an income qualified household for a minimum one year affordability period.

2. **Second Residential Unit Affordable Housing Grant**
   - This stream 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.

A Second Residential Unit, also known as a basement apartment, granny flat, or in-law suite is a self-contained accessory dwelling associated with a single-detached, semi-detached, or row house dwelling. Second residential units must meet applicable Zoning By-Law and Building Code regulations in order to provide healthy and safe living conditions while integrating appropriately within the neighbourhood.
1. Introduction

To complement existing affordable housing programs available within the City of Kingston, the Second Residential Unit Grant Program is now being offered to allow homeowners to participate in the creation of additional modestly priced rental housing within the City. Participants of the Second Residential Unit Grant Program must commit to:

1) renting the suite at an affordable rate for an agreed upon period of time, and

2) rent the suite to a household that meets certain household income criteria.

Provided these two requirements are met, there are no other conditions or requirements on who can rent the suite. This guide provides an overview of the Second Residential Unit Grant Program including program eligibility criteria and affordability period requirements.

Second Residential Unit Grant Program Highlights

- Provides financial assistance in the form of a forgivable loan to homeowners who create a new second residential unit or renovate an existing second residential unit to meet appropriate Building and Fire Code requirements.

- A Funding Agreement will be executed between the homeowner and the City; the agreement will specify the requirements of the homeowner and other terms and conditions of the loan.

- All Funding Agreements providing greater than $5,000 will be secured through registration on title of the property behind any primary mortgage financing; projects receiving less than $5,000 will provide appropriate security in the form of a Promissory Note.

- Full forgiveness of the loan is dependent on maintaining compliance with the Funding Agreement for the duration of the affordability period; contravention of the funding agreement may result in the required repayment of the loan.

- Prior to receiving conditional acceptance into the program, the property must not have any outstanding property taxes or other outstanding fees or charges owed to the City of Kingston.

- Program funding is dependent on available municipal budget associated with the Affordable Housing Capital Investment Program. Eligible projects submitted during or following construction will only be considered if funding is available.
2. Program Streams

2.1 Second Residential Unit Municipal Fee Rebate

The Second Residential Unit Municipal Fee Rebate stream is intended to reduce the costs associated with the creation of a second residential unit within areas of the City where municipal planning approvals are required. Eligible expenses include application fees collected by the City’s Planning & Development Department at the time a required application is submitted by a homeowner. Typical applications required within the urban area of the City (i.e. generally areas south of Highway 401) include Zoning By-law Amendment or Minor Variance. Within areas north of Highway 401, a Holding Symbol Lift application will be required. The fees associated within these applications are as follows:

### Municipal Planning Application Fees

<table>
<thead>
<tr>
<th>Application Type</th>
<th>Application Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zoning By-law Amendment</td>
<td></td>
</tr>
<tr>
<td>a. Minor Application (no addition to the building is proposed)</td>
<td>$3,591.60</td>
</tr>
<tr>
<td>b. Basic Fee (generally required when an addition is proposed)</td>
<td>$6,959.25</td>
</tr>
<tr>
<td>Holding Symbol Lift (required in rural area north of HWY 401)</td>
<td>$2,020.60</td>
</tr>
<tr>
<td>Minor Variance (required when minor relief from zoning by-law is required)</td>
<td>$2,158.85</td>
</tr>
</tbody>
</table>

**Note:** In addition to the application fees, additional costs may be incurred by the homeowner to acquire any studies or reporting required in support of the application. Fees associated with such studies and reporting are not eligible for reimbursement within this funding stream; however, these costs could be eligible expenses within the Second Residential Unit Affordable Housing Grant program.

The Second Residential Unit Municipal Fee Rebate stream provides a maximum of $7,000 of funding to cover required application fees. A homeowner participating in this grant stream is required to rent the suite at an affordable rate to an income qualified household for a minimum one year affordability period. Upon occupancy of the unit, the homeowner will be required to provide proof of the rental rate and the tenant household’s gross income as indicated on the previous year’s Canada Revenue Agency Notice of Assessment (Line 150) before the funding will be provided. If the second residential unit becomes vacant during the one year affordability period, a new tenant must be selected that meets the income qualification and proof of income eligibility must be provided to the City. After the one year period, the homeowner has no further obligations with respect to the affordability agreement; however, rental rate increases would be subject to maximum rates as established annually by the Residential Tenancies Act as long as the occupant continues to reside in the suite. After the one year affordability period, and upon a new tenant taking occupancy of the second

Affordable Housing Second Residential Unit Grant Program Guideline
residential unit, the rental rate could be re-established at an agreed upon amount with the new tenant. Provided the homeowner meets the requirements of the one year affordability period, no repayment of the funding assistance would be required.

2.2 Second Residential Unit Affordable Housing Grant

The **Second Residential Unit Affordable Housing Grant** stream provides a further level of financial assistance to homeowners who create a new second residential unit or upgrade an existing second residential unit to meet appropriate Building and Fire Code requirements. Within this funding stream a minimum five year affordability period is required. The maximum funding available is the lesser of $15,000 or 75% of the incurred costs; receipts will be required as proof of expenses. Homeowners accessing this funding program must have their primary residence located at the property that is receiving the funding. Upon occupancy of the unit, the homeowner will be required to provide proof of the rental rate and the tenant household’s gross income as indicated on the tenant’s previous year’s Canada Revenue Agency Notice of Assessment (Line 150). On the anniversary of the initial occupancy, the homeowner will be required to submit proof of the monthly rental rate. After the initial occupancy, the homeowner would only need to prove tenant income eligibility if the occupancy changes during the five year affordability period.

After the five year affordability period, the homeowner has no further obligations; however, rental rate increases would be subject to maximum rates as established annually by the Residential Tenancies Act as long as the occupant continues to reside in the suite. After the affordability period and upon a new tenant taking occupancy, the rental rate could be re-established at an amount agreed upon with the new tenant. Provided the homeowner meets the requirements of the five year affordability period, no repayment of the funding assistance would be required.

3. Frequently Asked Questions

- Participants in the **Municipal Fee Rebate** program must enter into a funding agreement establishing a one year affordability period.
- Participants in the **Affordable Housing Grant** program must enter into a funding agreement establishing a five year affordability period.
- The funded suite must be available for rent throughout the entire term of the Funding Agreement.
✓ The owner of the home must comply with the funding agreement for the entire affordability period in order for the loan to be fully forgiven at the end of the term.

✓ The funded property must be the primary residence of homeowners who participate in the Affordable Housing Grant program stream.

**How does the City determine the affordable rental rate?**

✓ The maximum rent charged is 80% of the Canadian Mortgage and Housing Corporation’s Average Market Rent for a comparable sized unit; the 2017 rates for the Kingston area are as follows:

<table>
<thead>
<tr>
<th>Bedroom Count</th>
<th>2017 Average Market Rent (Utilities Included)</th>
<th>80% Affordable Rent (Utilities Included)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor Unit</td>
<td>$694</td>
<td>$555</td>
</tr>
<tr>
<td>One Bedroom</td>
<td>$942</td>
<td>$754</td>
</tr>
<tr>
<td>Two Bedroom</td>
<td>$1,119</td>
<td>$895</td>
</tr>
</tbody>
</table>

Note: Average Market Rents are revised annually on January 1; during occupancy regular annual rent increases are permitted in accordance with the Residential Tenancies Act. No additional fees for parking are permitted.

**What happens if I want to sell my home prior to the end of the affordability term?**

✓ For both programs, if you sell or transfer ownership of your home during the term of the Funding Agreement, you can either transfer the agreement to the new owner or payout the balance of the loan.

✓ In the case of transferring to a new homeowner, the new owner will be responsible for fulfilling the terms and conditions of the agreement.

✓ For the Affordable Housing Grant, if the Funding Agreement is not transferred to the new homeowner, you will be required to repay the outstanding prorated balance of the loan (i.e. prorated based on 20% per year of compliance with the funding agreement).
Am I eligible to receive funding through the program?

✔ Your property must be within the City of Kingston and meet the requirements of the Ontario Building Code and applicable zoning by-law requirements.

✔ If you have property taxes in arrears or other outstanding charges owed to the City, conditional acceptance into the program will not be issued until the arrears are cleared.

What are the income eligibility criteria for tenants of the second residential unit?

✔ Upon the initial tenancy being established, or when a new tenancy occurs at any point during the affordability period, the tenant’s gross household income must be below the following maximum household income limits:

<table>
<thead>
<tr>
<th>Bedroom Count</th>
<th>Maximum Income Limit</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>$40,000</td>
</tr>
</tbody>
</table>

Note: Gross household income is the total of the incomes of all members of the household as established by the before tax income as stated on the previous year's Canadian Revenue Agency Notice of Assessment (Line 150). Upon a new tenancy occurring during the one or five year affordability period, confirmation of the tenant’s income is required to be provided to the City.
### The programs at a glance

<table>
<thead>
<tr>
<th>Funding Program Objective</th>
<th>Second Residential Unit Municipal Fee Rebate</th>
<th>Second Residential Unit Affordable Housing Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provides a fee rebate to homeowners in areas of the City where Municipal Planning application fees are required to permit a second residential unit.</td>
<td>Provides funding assistance to offset the costs associated with the development of a second residential unit.</td>
</tr>
<tr>
<td>Amount of Funding Available</td>
<td>Up to $7,000 is provided to cover costs associated with applications for zoning by-law amendment, minor variance, or holding symbol lift.</td>
<td>The lesser of $15,000 or 75% of eligible construction costs; receipts are required to claim expenses.</td>
</tr>
<tr>
<td>Length of Affordability Period</td>
<td>The homeowner must rent the second residential unit at an affordable rental rate for a minimum one year period.</td>
<td>The homeowner must rent the second residential unit at an affordable rental rate for a minimum five year period.</td>
</tr>
<tr>
<td>Tenant Selection</td>
<td>Any tenant household can occupy the second residential unit provided the income eligibility criteria outlined within this guide are met at the time that the tenancy commences.</td>
<td>Any tenant household can occupy the second residential unit provided the income eligibility criteria outlined within this guide are met at the time that the tenancy commences.</td>
</tr>
<tr>
<td>Repayment Requirements</td>
<td>Repayment of the loan is not required provided the second residential unit is rented to an income qualified household throughout the one year affordability period.</td>
<td>Repayment of the loan is not required provided the second residential unit is rented to an income qualified household throughout the minimum five year period. If a homeowner should be required to cancel the agreement or no longer qualifies, repayment of the loan will be prorated.</td>
</tr>
</tbody>
</table>
**Homeowner Responsibilities**

1. Homeowner submits funding application to Housing & Social Services Department
2. Housing Department reviews application eligibility and issues letter of Conditional Funding Offer to qualified projects
3. Following issuance of the Conditional Funding Offer, the homeowner has one year to acquire a Building Permit and complete the required work
4. Final inspections occur and Occupancy Permit is issued
5. Homeowner provides proof of Occupancy Permit
6. Homeowner provides proof of lease, affordable rent, and tenant income confirmation; affordability term commences
7. Funding Agreement and promissory note (if required) are signed
8. Funding agreement is registered on title if required; funding is provided to homeowner
9. Loan is forgiven in full for Municipal Fee Rebate Program participants
10. End of year five, Affordable Housing Second residential unit Grant loans are forgiven in full

**City of Kingston Responsibilities**

**Before submitting an application you should…**

- Review the information materials provided on the Housing Department’s Second Residential Unit information webpage: [www.cityofkingston.ca/secondarysuites](http://www.cityofkingston.ca/secondarysuites)
- Complete the Zoning Checklist and review with the Planning, Building & Licensing Department to determine if your property meets the Zoning By-law requirements. For assistance completing or to review the Zoning Checklist with a Planner contact: Planning and Development Department, 1211 John Counter Boulevard, (613) 546-4291 extension 3180 or planning@cityofkingston.ca
- Determine how the construction of your second residential unit will be funded and whether the City’s grant assistance and affordability period requirements fit your objectives.
- If you have additional questions about the funding program or to submit an application contact: Housing Department, (613) 546-2695 extension 4949 or housing@cityofkingston.ca

This document is available in alternate format upon request.