

**CORNERSTONES GRANT PROGRAM
FOR AFFORDABLE HOUSING**

**UPGRADING EXISTING
SECONDARY SUITES IN
EXISTING HOMES**

INFORMATION GUIDE

Introduction

Cornerstones, Edmonton's Plan for Affordable Housing 2006 to 2011 is City Council's innovative five-year plan to increase the supply of safe, adequate and affordable housing in Edmonton.

As part of its diverse Plan, the City has launched three distinct programs for increasing the supply of affordable housing through secondary and garage suites:

- Upgrading Existing Secondary and Garage Suites in Existing Homes;
- Building New Secondary and Garage Suites in Existing Homes; and
- Building New Secondary and Garage Suites in New Homes.

Upgrading an *Existing* Secondary or Garage Suite in an *Existing* Home.

Edmonton is home to an estimated 8,000 – 10,000 existing secondary suites - many do not have approved Development and/or Building Permits and were not built to meet zoning and/or safety code requirements. Existing Secondary and Garage Suites that have not been built to building code requirements present significant risks to residents, owners, surrounding neighbours and taxpayers in terms of fire, life-safety and health.

With Edmonton's Plan to increase the supply of affordable housing, the City wants to retain safe existing secondary suites in the rental market. Through the Cornerstones Grant Program for Upgrading Existing Secondary Suites in Existing Homes, the City will provide a financial incentive to encourage owners of non-conforming secondary suites to upgrade them to the recently modified Fire Code (Standata 97-FCB-031).

By upgrading to City zoning and Provincial safety code requirements under the Fire Code, these upgrades will help reduce health and safety concerns and extend the life of existing secondary suites as an affordable housing option for lower income households in Edmonton.

What is a Secondary Suite or Garage Suite?

Under the Program, the term "Secondary or Garage Suite" has the same definition as in the Edmonton Zoning Bylaw administered by the City's Planning and Development Department:

"Secondary Suite"

- Is a self-contained dwelling located within a single detached house and has separate cooking, sleeping and bathing facilities.
- Has a separate entrance from the single detached house, either from a common indoor landing or directly from the exterior of the house.

- Includes the conversion of basement space to a dwelling, or the addition of new floor space to an existing single detached house.
- *Does not include* housing that was initially designed for two or more dwellings such as Duplex Housing, Semi-detached Housing, Apartment Housing, or Boarding and Lodging Housing.

“Garage Suite”

- Is a self-contained dwelling located above a rear detached garage which is accessory to a single detached house.
- Has a entrance separate from the vehicle entrance to the rear detached garage, either from a common indoor landing or directly from the exterior of the structure.

Under the Cornerstones Grant Program, “affordable housing” is defined as rental or ownership housing built by the private, co-operative, non-profit and public sectors, and provided for occupancy by households who:

- Earn less than the median income for their household type (information on current median incomes in Edmonton is available from the City Housing Branch); and
- Have a housing affordability need (pay more than 30% of their income on housing); and
- Are capable of independent living, without a need for support services or financial subsidy.

This Program will not fund a proposal to upgrade an existing Secondary Suite that requires on-going (operating) government subsidies.

Who can apply for the capital grant?

An applicant must:

- Be the sole owner of the property where the new Secondary or Garage Suite is to be located;
- Be an individual or group, or a private non-profit housing corporation or a continuing housing cooperative; and
- Have all the required documentation and valid development and building permits.

The City will approve qualified applicants who show commitment to the purpose of the program and demonstrate ability to manage the upgraded secondary/garage suite over the full five-year term of the grant funding agreement with the City.

What are the general funding guidelines for this Program?

The Upgrading Secondary and Garage Suites in Existing Homes program is designed to provide a grant on a first-come-first-served basis to assist an applicant/property owner with the:

- Upgrading of an existing Secondary Suite to the recently modified Fire Code that is accessory to an existing single-family house **for which construction has not begun; or**

- Upgrading of an existing Garage Suite to the recently modified Fire Code that is accessory to an existing single-family house **for which construction has not begun.**

Funding under the Program will be provided to a maximum of \$24,000 per suite to eligible and successful applicants. In return, the Applicant (homeowner) will be required to rent the secondary suite (1) to a household or individual who earns less than the median income for their household size in Edmonton, and (2) at a rent level that cannot exceed 85% of the CMHC average market rent in Edmonton for a similar sized unit for a period of 5 (five) years. An applicant must contribute at least twenty-five percent (25%) of the total cost to upgrade that will go toward elements that are eligible as determined by the Housing Branch. Ability to contribute financially to the project must be demonstrated by the applicant.

All approved Program funds will be applied to required repairs to be in compliance with the Health and Safety Code standards and other eligible costs that are listed and approved in the Grant Application, and no other renovation costs. Any construction costs that go beyond the scope covered in the program will be borne solely by the building owner.

Secondary suites must comply with the Edmonton Zoning Bylaw, prior to being considered for funding. Funds will be considered for those projects that the Housing Branch has determined meet the Program Criteria. An inspection of those properties is involved in making that determination.

City funding commitments under this Program will be conditional on program budget availability.

Grant Application process

How does one apply for a grant under this Program?

There is a two step application process - Step #1 Criteria Review and Step #2 Grant Application. Further details on each step, and the documentation required to be provided by the applicant to the Housing Branch is provided as follows:

Step #1 Criteria Review

Applicants will contact the City's Secondary Suites Coordinator at 780-496-6029 to discuss the program purpose and the specific program criteria to determine if they wish to proceed with an application.

At this stage the following will be considered:

- The project must be located within the boundaries of the City of Edmonton;
- The property must meet land use and zoning requirements to permit a Secondary or Garage Suite;
- Properties that are in tax arrears are not eligible for Program funding;

- The suite involved must be an existing full-time rental Secondary or Garage Suite, which is substandard or deficient in at least one (1) of the items required for compliance with Health and Safety Code Standards for secondary suites, and can be brought into compliance through upgrades;
- The suite must be fully insured;
- The applicant must have an ownership interest in the property, as evidenced by holding title or having a valid offer to purchase, before applying for Program funds;
- The Secondary or Garage Suites eligible for Program funding are limited to those for which the **upgrading work has not yet been begun** (existing Secondary or Garage Suites are not eligible for funding under this Program);
- Program funded suites must be available for rent to anyone on the open market;
- Maximum rents in Program-funded Secondary and Garage Suites must be affordable and, for the full five (5) years of the funding agreement with the City, must not exceed 85% of the most recently CMHC-published Average Market Rent (AMR) for the type of suites (number of bedrooms) proposed;
- Dimensions of Program-funded Secondary and Garage Suites must comply in general with Edmonton Zoning Bylaw (minimum) suite size requirements and the following modesty/unit dimension guidelines:

Housing Unit Type	Recommended Suite Size	
	Square Meters	Square Feet
Bachelor	28 to 56	300 to 600
1-bedroom	56 to 65	600 to 700
1-bedroom + den	65 to 74	700 to 800
2-bedroom	65 to 84	700 to 900
3-bedroom	84 to 102	900 to 1,100
4-bedroom	93 to 116	1,000 to 1,250

- Prior to applying for the “Upgrading Existing Secondary Suites in Existing Homes” grant, the owner must agree to allow the appropriate Inspectors to enter the premises to assess the existing Secondary or Garage Suite. The approval must allow inspection at a mutually agreeable time;
- Inspection staff will produce an inspection report and provide a copy to the owner. The inspection report will outline “qualifying” and “mandatory” upgrades/repairs required for completion of the grant application. The upgrades and repairs outlined in the inspection report must demonstrate that, when completed, compliance with minimum health and safety code requirements will be met;
- Eligible costs include: required servicing, building materials, and qualified labour for construction to meet minimum health and safety code requirements for Secondary Suites. Furnishings or equipment are not eligible costs;
- The applicant must provide at least two (2) quotes for the construction of the Secondary or Garage Suite from authorized sources acceptable to the Housing

Branch. The work must be completed within the terms and conditions required by all applicable permits in accordance with the Safety Codes Act;

- It is the responsibility of the applicant to ensure that contractors have required insurance and provide evidence that they have obeyed the laws of the provincial regulatory authority including Workers' Compensation;
- The applicant must agree to provide the Housing Branch with a copy of a lease agreement for a minimum of six (6) months. Lease renewals and new leases must also be submitted to the Housing Branch. While there is no requirement for owner-occupancy in the structure in which a Program funded Secondary or Garage Suite is located, the applicant must demonstrate a legitimate landlord/tenant relationship between the applicant/property owner and the household living in the funded Suite;
- The owner/landlord must obtain and provide the Tenant's Declaration confirming income and rent changes with the Step #2 Grant Application and on an annual basis or when the tenant changes for the five (5) years term of the grant;
- The applicant must indicate how current tenants who are displaced as a result of renovations will be accommodated. Where there are existing tenants in the existing suites proposed for upgrading, the tenants must be given two (2) months notice of the required repair work and timeline for the work to be completed. Where an existing tenant will be displaced to accommodate construction to bring a suite up to standard, that existing tenant must be given the first option to reoccupy the unit without an increase in rent for at least six months.

Applicants will be invited to proceed to Step #2 Grant Application, if the City's Secondary Suites Housing Coordinator determines the proposal meets the general program purpose and each of the specific Program Criteria.

Step #2 Grant Application

Applicants will need to provide the following:

- Applicant/owner information (name, address, municipality, province, postal code, phone, fax, e-mail);
- Proposal description (location of Secondary or Garage Suite, legal description of the property, type of unit, unit size, anticipated rental revenues based on 85% of AMR (average market rents), project capital cost, sources of all required funding (financial institution, City Program, equity and development timetable) for unit installation;
- Detailed capital costs estimates to construct the proposed Secondary or Garage Suite.

The following documentation must be submitted in the Grant Application form:

- Copy of land title or valid offer to purchase to confirm ownership of the property;
- Copy of Development Permit and Building Permit (further information on all City of Edmonton land use planning (zoning) and development control requirements relating to Secondary or Garage Suites is available by accessing the City of

Edmonton website (www.edmonton.ca) and initiating a “Secondary Suites” key word search);

- At least two (2) quotes for the Secondary or Garage Suite upgrading from authorized sources;
- Proof of insurance for the suite (required before final inspection);
- Confirmation of approval for debt financing, as evidenced by a commitment letter from a bona fide financial institution.

The Housing Branch will review each submitted application. Funding will be committed based on the figures submitted. No cost over-runs will be covered under this Program without the consent of the City of Edmonton. The Housing Branch’s decision will be final.

How are completed Grant Applications evaluated?

All applications must meet minimum program criteria in order to qualify for a capital grant. The criteria are as follows:

- The Applicant must complete and submit the grant application prior to starting construction of the Secondary or Garage Suite;
- The suite must be targeted to households who earn less than the applicable median income;
- The rent for the suite cannot be greater than 85% of the CMHC average market rent in Edmonton;
- The suite must be modest; and
- The applicant must demonstrate financial capacity.

Approval Process

The City’s Housing Branch will accept the two step applications on a first come first served basis until annual funds are committed. The target timeline for review and evaluation of proposals is given below:

- Eligible Step #2 Grant Applications will be evaluated for a grant in the order of the date of the City inspection and subject to available program budget funds.
- Eligible applicants not approved due to budget constraints will be put on a priority list for consideration if additional program funding becomes available.
- Upon receipt of the application, the City will verify all required information and documentation has been provided as specified in the application form. A file will be set up under the property address.
- Within a reasonable time of receipt of a completed Grant Application, the City will follow up with a letter notifying the applicant that their application is being processed and identifying any information/documents that are missing and/or need to be provided for the process to be completed. If the required information is not provided within two (2) months of application, the file will be closed. Extenuating circumstances may be considered.

- When the application is complete and all required documentation is received, a City Inspector will arrange a time that is convenient for both parties to inspect the Secondary or Garage Suite prior to upgrading and determine if the work outlined is mandatory and the budget submitted is acceptable for the City Housing Branch.
- Applicants will be notified of the Housing Branch decision.

City and Applicant Post-Funding Commitment Actions

The City will issue a letter to approved applicants that specifies the amount approved and the terms and condition of the grant approval. In response, applicants will sign a promissory note prepared by the City of Edmonton, binding them to the terms and conditions.

Project proposals must be substantially completed to the satisfaction of the City within the time specified in the executed funding agreement.

The City retains the right to monitor the project and ensure compliance with all terms and conditions of the funding agreement over its five-year term. The City will physically inspect a number of the program-funded properties on an annual basis. The applicant and tenant must provide a City Inspector access within one week of a request being made to enter the premises for up to five (5) years after the receipt of Program funding.

The applicant must submit a copy of their current lease agreement annually or when the tenant changes to the City for five (5) years after receiving a funding commitment under this Program to confirm that the:

- Property continues to be a rental unit;
- Rental rate is no greater than 85% of AMR (average market rents); and

Progress payments may be considered during the construction of the suite. The final payment of the approved funding will be provided, subject to a final inspection by the City Housing Branch after all work is completed and receipt of all required final inspection reports which confirm compliance with appropriate governing codes and legislation. All grant funding cheques will be made co-payable to both the landlord and the contractor named in the completed Grant Application. Payment will not be made if there is a sub-contractor/mechanics lien against the property.

Applicant responsibility:

The applicant must collect and submit original invoices from the contractor and material suppliers to the City to substantiate costs. The contractor must be the same as the one provided in the quote for the application. Acceptable invoices must include the business/supplier/contractor name, address, Business Number (BN), amount of payment and itemized description of the work covered by the invoice.

The property for which funding is approved must remain a full time rental property on a monthly basis at eighty-five percent (85%) of Average Market Rent for comparably sized units for a minimum of five (5) years or funds must be repaid on a pro-rated basis of one sixtieth (1/60) of the total for every month less than five (5) years.

If the property in which a Secondary Suite previously approved for Program funding is sold before the required five (5) years, the current owner is required to advise the new owner of the terms and conditions of the operating agreement. The new owner will be required to sign a new operating agreement with the City of Edmonton for the remainder of the original 5 year commitment. If the new owner decides not to continue renting the suite at 85% of AMR, **the new owner would be required to repay the funds on a pro-rated basis of one sixtieth (1/60) of the total for every month less than five (5) years.**

Approval of an application will be revoked if the work is not completed within twelve (12) months of the date of the approval letter. All required documentation and a request for final inspection by the City must be submitted by this time.

For further information:

The City of Edmonton
Housing Branch
Phone: 780-496-6029
4th Floor, Century Place
9803 – 102 A Avenue
Edmonton, AB T5J 3A3
www.edmonton.ca

For landlord and tenant information:

The Landlord Tenant and Advisory Board
8904 118 Ave NW
Edmonton, AB T5B 0T6, Canada
(780) 496-5959
www.edmonton.ca/ltab