

Planning & Development Services Report to  
Community Development Committee  
2024 May 22

ISC: UNRESTRICTED  
CD2024-0661

## **Secondary Suite Incentive Program**

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### **PURPOSE**

The purpose of this report is to seek approval for the Terms of Reference for the Secondary Suite Incentive Program.

### **PREVIOUS COUNCIL DIRECTION**

Home is Here: The City of Calgary's Housing Strategy 2024-2030 (CD2023-0749), directed Administration to create a program to incentivize legal secondary suites to increase the supply of housing, meet demand and increase affordability.

### **RECOMMENDATIONS:**

That Community Development Committee recommend that Council:

1. Approve the Secondary Suite Incentive Program Terms of Reference as proposed in Attachment 2.
2. Forward these recommendations to the 2024 May 28 Regular Meeting of Council as an item of Urgent Business.

### **CHIEF ADMINISTRATIVE OFFICER/GENERAL MANAGER COMMENTS**

General Manager Tim Keane concurs with this report. The Secondary Suite Incentive Program will help to create more safe and legal secondary suites for Calgarians. The Program supports the implementation of Home is Here: The City of Calgary's Housing Strategy, specifically:

- Outcome 1: Increase the supply of housing to meet demand and increase affordability
- Outcome 4: Ensure diverse housing choice to meet the needs of equity-deserving populations

### **HIGHLIGHTS**

- The Secondary Suite Incentive Program will incentivize the development of secondary suites, increasing both housing supply to meet demand and affordability for Calgarians.
- Through the Program, The City will provide up to \$10,000 for the registration of a secondary suite to homeowners who qualify, with an additional \$5,000 for suites meeting listed accessibility standards and up to \$1,250 for improvements in energy efficiency.
- The program is designed to provide incentives for up to 3,000 suites during the first year, which is expected to increase registrations by 50% above 2023 levels.

### **DISCUSSION**

Calgary faces a critical challenge to its housing affordability. On 2023 September 16, Council took a decisive step toward alleviating Calgary's housing deficit with the adoption of "Home is Here: The City of Calgary's Housing Strategy 2024-2030 (CD2023-0749)." A key action in this strategy is the Secondary Suite Incentive Program.

## Secondary Suite Incentive Program

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The Program's comprehensive approach of education, personalized customer service and financial incentives encourages applicants to construct secondary suites that meet safety, environmental and accessibility requirements.

Safety, transparency and equity form the bedrock of this initiative. Drawing from best practices and The City's own experience, the Program's operational and financial processes ensure an accessible program to the majority of homeowners. From intake procedure to expense reviews and fund disbursement, every step ensures the responsible stewardship of public funds.

The Program leverages multiple funding sources to enable more housing options for Calgarians and their families, including funding from The City and the Housing Accelerator Fund.

Program details:

- Money would be allocated only to a successfully registered suite owner.
- The applicant's incentive amount will be determined based on the cost of required safety items, up to \$10,000.
- There are additional amounts available for energy efficiency and accessibility.
- Receipts for eligible expenses must be made available to The City prior to funds being transferred.

Incentive qualifications:

- Maximum of one incentive per person.
- The applicant must be the owner of the property located in Calgary city limits.
- The homeowner or contractor must complete an online education program and knowledge assessment.
- A building permit for the secondary suite must be submitted and paid for in full.

## EXTERNAL ENGAGEMENT AND COMMUNICATION

- |  |   |
|--|---|
| <input type="checkbox"/> Public engagement was undertaken        | <input type="checkbox"/> Dialogue with interested parties was undertaken                |
| <input type="checkbox"/> Public/interested parties were informed | <input checked="" type="checkbox"/> Public communication or engagement was not required |

## IMPLICATIONS

### Social

Secondary suites accommodate a wide range of households, including Calgarians who need housing at a lower cost, families looking to accommodate multi-generational living and young families struggling to afford mortgage rates. More registered suites mean more safe places to live, more inclusive neighborhoods and a better city for Calgarians.

The addition of suites contributes to a more robust and diverse housing market, promoting accessibility and improving affordability for all Calgarians.

### Environmental

## **Secondary Suite Incentive Program**

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Secondary suites provide opportunities to use existing community infrastructure to meet the varied needs of different households. Adding suites to existing houses provides an environmentally conscious way to provide more homes without producing the same levels of green house gas emissions from the construction of new buildings. The Secondary Suite Incentive Program will also actively promote climate resilient homes. It will provide extra incentives through a secondary suite energy efficiency bonus.

### **Economic**

Suites facilitate a path to safer and more affordable housing in Calgary, with basement suites serving as one of the most cost-effective means to increase the number of homes. The addition of secondary suites contributes to a more robust and diverse housing market, improving affordability for Calgarians.

The creation of new or the upgrading of existing secondary suites can enable homeowners to generate additional income. It may enable prospective home buyers to afford a home when their incomes would have otherwise limited their options.

### **Service and Financial Implications**

#### **Other: Multiple Funding Streams**

Approval of the Terms of Reference has no direct financial implications. Funding for incentives up to \$4 million was approved through 2023 November budget adjustments.

On 2023 June 8, Council endorsed CD2023-0585 and an application was submitted to Canada Mortgage and Housing Corporation (CMHC) on 2023 June 14. As a result, the Secondary Suite Incentive Program will also receive funding from the Housing Accelerator Fund.

The Program is designed to be scalable with additional funding.

### **RISK**

Over subscription would lead to delays in applications and permits, along with funds being depleted quickly. The Program design focuses on individual homeowners to distribute funds equitably. The City will monitor application volumes and funding availability to limit approvals when funding is oversubscribed. A dedicated Administration team is being formed in order to avoid delays and backlogs.

Undersubscription would indicate the financial incentive we are offering is not enough to bring applicants forward. The TOR allows Administration to make adjustments in order to expand the reach of the Program to additional market segments in this event.

### **ATTACHMENT(S)**

1. Background and Previous Council Direction
2. Secondary Suite Incentive Program Terms of Reference
3. Presentation

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Department Circulation

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Carla Male	Finance	Consult
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