

Terms of Reference: The Secondary Suite Incentive Program

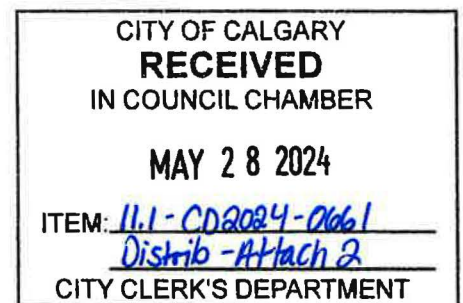


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Overview

On September 16, 2023, Council adopted "Home is Here: The City of Calgary's Housing Strategy" to respond to Calgary's housing and affordability crisis. One of the key actions of this strategy calls for the creation of the Secondary Suite Incentive Program. This initiative will empower The City to proactively tackle the escalating demand for housing, enhance housing affordability, improve safety, and expand the array of housing alternatives within the city.

The Secondary Suite Incentive Program ("the Program") strategically leverages funding to drive results and increase affordability for Calgarians. Designed to increase safe secondary suite development and registration, the Program offers incentive funding of up to \$10,000 per qualifying applicant.

The Program will also actively promote accessibility and climate resiliency. To enhance climate and environmental resilience, the Program will provide extra incentives through a secondary suite energy efficiency bonus tied to improvements in specific asset categories. The maximum incentive for the energy efficiency bonus per participant will be \$1,250. An additional up to \$5,000 is available if a secondary suite meets the requirement for accessibility. A breakdown of the details and amounts can be found in Appendix A.

Through streamlined processes and focused initiatives, the Program intends to maximize the impact of local and federal government investments on Council priority and results areas by incentivizing legal secondary suites.

Purpose

These Terms of Reference authorize the Program's launch and implementation. Terms of Reference outline applicability criteria, guiding principles, application process, accountabilities, and monitoring and reporting for the Program.

Guiding Principles

Transparency, fairness, equity, and clarity serve as foundational principles for this initiative. The Program adheres to best practices and previous City learnings for its efficient execution, including a clear intake process, proof of expenses, efficient fund disbursement and a safety inspection process, to ensure full transparency, equity, accountability, and responsible stewardship of tax dollars.

Program objectives

The Program's streamlined approach ensures fairness, transparency, fiscal discipline, and the most optimal use of public funds to drive lasting benefits for Calgary. Direct feedback from engagement with Calgarians in Q4 of 2023 has informed the design of this Program. Through a thoughtful and multifaceted approach, the Program will seek the following objectives:

- **Affordability:** The addition of legal secondary suites contributes to a more robust and diverse housing market, improving affordability for Calgarians.
- **Safety:** By combining education with sensible financial incentives, the Program enables applicants to construct secondary suites that meet safety standards.
- **Inspiring action:** For those contemplating suite development, the Program provides the impetus and resources to take the crucial next step.
- **Accessibility focus:** The Program will actively promote the construction of accessible suites, ensuring housing options that cater to diverse needs.

- **Climate responsibility:** The Program's enhanced incentives encourage green building choices, aligning with Calgary's climate strategies.
- **Inclusivity:** The Program is accessible to qualifying homeowners and stewards tax dollars to ensure community-wide participation while actively promoting transparency and fairness.

Program applicability

All applicants will have equal access to funding opportunities, provided they meet the specified criteria. Funding is available to property owners within Calgary city limits.

- **Eligibility:** The incentive funding is open to all qualifying applicants.
- **Ownership limit:** Each applicant can receive the incentive funding only once.
- **Land title requirement:** Applicants must be listed on the land title both at time of incentive application and suite registration.
- **Education:** Applicants, or their contractor(s), must successfully complete the required e-learning course.
- **Building permit application:** A building permit application for the secondary suite must be submitted and paid for in full.

Eligibility criteria will be reviewed for the duration of the Program to ensure equity and inclusion. Review for expansion of eligibility is planned for one (1) year after launch. If required, adjustments will be made on the basis of learnings from the first year of the Program. This may expand the reach of the Program to additional market segments based on the availability of funds.

Program criteria

Application criteria

Applicants must provide the permit number at the time of application. Applicants should seek conditional approval into the Program before commencing work to upgrade an existing suite or construct a new one. Conditional approvals are valid for **six (6) months** from the approval date. All Program requirements must be fulfilled within the approved time period.

- **Extensions:** At the conclusion of the 6-month conditional approval phase, The City may or may not grant further extensions.
- **Reactivations:** expired applications can be reactivated on the discretion of The City.
- **Safety requirements:** Only relevant items on the Program's Safety Requirements List qualify for application approval.

Funding Release Criteria

The funding available to each applicant is directly tied to specific building code elements identified at application and/or during the initial inspection. During the application process, The City will provide an eligible Safety Requirements List and Accessibility Standard. Properties owned by municipal, provincial or federal governments, or any of their subsidiaries or affiliates, are not eligible. Backyard/laneway suites or any dwelling units without a secondary suite directly attached to the main dwelling are not eligible. In addition:

1. **E-Learning course completion:** The applicant or a licensed contractor performing the work must successfully complete the required e-learning course explaining the safety elements of the secondary suite.
2. **Home ownership requirement:** Applicants must be the property owner at the time of incentive application and must maintain ownership through to registration of the suite. An individual may only receive the incentive funding for one suite registration for the duration of the Program.
3. **Tax arrears consideration:**

- If an applicant is in a state of tax arrears on the subject property, the incentive funding may not be issued upon completion of the work.
 - At the sole discretion of The City, the incentive funding may first be used to settle outstanding property tax arrears, with any remaining amount paid to the homeowner.
 - “A state of tax arrears” means there are taxes that remain unpaid after December 31 of the year in which they are imposed.
- 4. Money owed to The City of Calgary**
- If an applicant owes The City of Calgary money in any capacity, at the sole discretion of The City, the incentive funding may first be used to settle such outstanding debts, with any remaining amount paid to the homeowner.
- 5. Cost limitation:**
- The funding amount must not exceed the construction costs of a safe registered suite.
 - Homeowners must provide proof that the total costs related to the construction of the suite matches or exceeds the approved incentive funding.
 - Proof must be provided to The City in the form of receipts or paid invoices.
 - All expenses related to safe suite construction, energy efficiency and/or accessibility are eligible to contribute to the total cost.

Application process

- 1. Access to information:**
 - In addition to marketing efforts, comprehensive and transparent information about the Secondary Suite Incentive Program, including detailed guidelines, eligibility criteria and application procedures, will be made available on The City's website.
- 2. Application intake:**
 - A detailed application process, available in multiple languages, will be available to ensure equal opportunity for as many applicants as possible.
 - Applicants must complete the online application process. If unable to use the online application form, applicants must visit the Planning Services Counter on the third floor of the Municipal building to fill out a paper application with a Planning Services Technician.
 - Translation services are also available via 311.
- 3. Application review:**
 - The City will review applications impartially, adhering to principles of equity, inclusion, and diversity, and will respond to applicants in a timely manner.
 - Each application will be evaluated for approval or refusal based on completeness and eligibility.
- 4. Funding availability**
 - The City will diligently monitor application volumes and funding availability, the pre-approval process helps ensure no one will be relying on funding that is being exhausted.
 - Applications will be reviewed on a first come first served basis.
- 5. Decisions:**
 - All decisions related to applications under this Program rest with the Director of Development, Business and Building Services or delegate(s).
 - Approvals made within this Program do not imply the granting of any official approval or permit required by the Municipal Government Act (Alberta) or other provincial legislation.
 - Upon approval, the applicant agrees that funding will be provided only if all Program requirements outlined in the Terms of Reference are met.
 - Failure to meet these requirements may result in funding being withheld, at The City's discretion.
 - Successful applicants must adhere to Terms of Reference provisions to receive funding.
- 6. Release of funds:**

- o The incentive funding will be payable upon the fulfilment of all applicable requirements listed in the Terms of Reference, including placement of the secondary suite on the Secondary Suite Registry and the submission of proof of costs.

7. Adjustments to Terms of Reference:

- o Regular reviews will be conducted to assess Program effectiveness, equity, transparency, and accountability.
- o Any necessary adjustments or alterations to the Program's Terms of Reference will be documented and communicated publicly.
- o The City of Calgary reserves the right to make these adjustments at any time during the duration of the Program.

8. Changes to eligibility:

- o If eligibility criteria are modified (e.g., reducing qualifications), the final approval authority rests with the General Manager of Planning and Development Services or delegate(s).
- o Decisions regarding individual eligibility will be made at the discretion of the Director of Development, Business and Building Services or delegate(s).

Decision making

All decisions related to applications under this program rest with the Director of Development, Business and Building Services or delegate(s).

Monitoring and reporting

The administrative processes outlined in these Terms of Reference will be continuously monitored to ensure alignment to key Program principles of clarity, and respect for transparency, equity, inclusion, and diversity. Administration teams leading the Program will provide reports as required on the results and financial status of the Program. Additionally, recommendations to execute improvements to administrative processes will be made to the Director of Development, Business and Building Services for final approval.

Effective date

The Secondary Suite Incentive Program will take effect on 2024 June 3 following approval by Council. These Terms of Reference will apply to applications submitted on or after 2024 June 3.

Confidentiality

For the purpose of this section, "Confidential Information" means information proprietary to an applicant and disclosed to The City pursuant to this Program, and includes all material, statistics and information (regardless of form and whether or not the same is protected by copyright, patent, or other applicable law) which is not available to the public. "Confidential Information" does not include any information that: (i) is now in or subsequently enters the public domain through means other than by the direct or indirect disclosure by The City; (ii) is already in the possession of The City; (iii) is lawfully communicated to The City, free of any confidentiality obligation; (iv) The City has received the applicant's prior written approval to disclose; or (v) The City is required to disclose pursuant to the Municipal Government Act (Alberta), the Freedom of Information and Protection of Privacy Act ("FOIP Act"), or any subsequent legislation of similar effect, or The City is required to disclose pursuant to any law or order of a court having jurisdiction over the matter.

If an application contains Confidential Information, applicants should mark it as such and The City will make all reasonable efforts to maintain in confidence the Confidential Information. Without limiting the generality of the foregoing, The City will make reasonable efforts to keep, file and store all Confidential Information, together with any notes of other material incorporating or relating to the Confidential Information, in a manner

consistent with the FOIP Act, as well as in a manner consistent with its confidential nature and to take all reasonable action, whether by instruction, agreement or otherwise, to ensure that its employees do not disclose or use the Confidential Information directly or indirectly, for any purpose other than the purposes for which it was provided.

Notwithstanding the foregoing, The City may be required to disclose Confidential Information pursuant to its public disclosure obligations as contained in the FOIP Act. Should such disclosure be required, The City shall use its reasonable efforts to limit that disclosure and, in any event, shall make that disclosure only to the extent required. The City hereby advises all applicants that any disclosure of Confidential Information pursuant to The City's obligations under the FOIP Act does not constitute a breach of an obligation of confidentiality that may exist between The City and the applicant.

Appendix A

Safety requirements and available add-ons

The amount each applicant is eligible for will be directly related to the safety elements listed below absent upon application or first inspection.

Example: a bedroom with an existing regulation egress window will not qualify for the \$1,500 associated with that safety requirement.

Safety Requirements List*		
Item	Description	Amount
Egress windows	Replacing at least one bedroom window to meet required egress standards. All bedrooms must have egress, but this item amount can only be added once.	\$1,500
Hardwired and interconnected smoke and carbon monoxide alarms	Wiring and installing interconnected smoke and carbon monoxide alarms in the correct locations, as required.	\$1,000
Protected exiting	Building a roof structure, replacing a window with wired glass window/glass block with non-combustible frame, or relocating the suite door to provide a protected exit for the suite is required.	\$1,000
Smoke-tight barrier	Drywalling and sealing of the furnace room and/or other areas and installing solid core doors with a self-closing device as required.	\$4,000
Split heat/separate air	Installing a separate heat source and/or a makeup air unit.	\$6,000

*Maximum eligibility for safety items is \$10,000 per home.

Additional Category: Accessibility		
Accessibility	A minimum standard of accessibility must be met as outlined below.	\$5,000

Accessibility standard

Applicants wanting to qualify for accessibility funding will need to provide the following:

- Wheelchair accessible entrance to the suite, either by an at grade suite entrance (walk out suite scenario and alley in the back) or with a wheelchair lift (exterior or interior).
- Exterior door threshold no more than 50 mm in height.
- Minimum 1.5 m turning diameter in the living area, kitchen and bedroom.
- Minimum path of travel width of 920 mm throughout.
- Minimum doorway sizes of 850 mm in fully open position (3' doors) throughout.
- Curbless or transition free shower.
- Ability to pull a wheelchair alongside a toilet for transfer (may not necessarily need a 1.5 m turning diameter but space to do a three-point turn is needed at a minimum).
- A bedroom with no measurement smaller than 3 m to allow for wheelchair access and transfer.
- Grab bars installed in key locations (beside toilet, within shower any other areas where transfer is needed).
- Non-slip flooring.
- Lever style door hardware.

Additional Category: Energy Efficiency**		
Item category	Eligible energy efficient measure	Amount
Egress windows	ENERGY STAR Certified Windows	\$50/Rough opening (\$250 cap)
Split heat/separate air	Natural Gas Furnace – ENERGY STAR	\$500 flat rate
Split heat/separate air	Heat/Energy Recovery Ventilator (HRV/ERV) – ENERGY STAR	\$150 flat rate
Split heat/separate air	Heat Pump (Ductless Mini-split) – ENERGY STAR	\$250 flat rate
Split heat/separate air	Heat Pump (Air Source/Ground Source) – ENERGY STAR	\$1,000 flat rate

**Maximum addition to incentive is \$1,250 per home.

If there is a situation that prevents full compliance of the list of requirements in the Accessibility section, The City holds the right to allow for alternatives to be considered based on their discretion.