

# Secondary suites 101 – getting started

## Calgary Secondary Suites Grant Program

The City of Calgary is offering a **Secondary Suites Grant Program** as part of the Enterprise Housing Program. The Enterprise Housing Program is designed to stimulate the private and non-profit sectors to produce affordable housing through the provision of incentives. The Secondary Suite Grant Program started in 2009 and **ends May 2012**. It offers a **grant of up to \$25,000** to cover 70 per cent of the costs of developing or upgrading a legal secondary suite. Participants must commit to having the suite available to rent for at least five years at no more than average market rent for secondary suites. For more information, please visit [calgary.ca/secondariesuitesgrants](http://calgary.ca/secondariesuitesgrants).

## What is a secondary suite?

A secondary suite (also known as a basement suite, mother-in-law suite, granny suite or carriage house) is a self-contained living space located on the same property as a detached house. It has a separate entrance, cooking, sleeping and bathing facilities and is no larger than 70 m sq (750 ft sq). For a full definition, refer to [calgary.ca/secondariesuites](http://calgary.ca/secondariesuites).

## Will a suite suit me?

A secondary suite works well for some tenants while providing welcome additional income for landlords. Tenants often enjoy living in a residential neighbourhood with a backyard, access to laundry, close to schools and parks and they may get along well with you as their landlord. However, it does not work well for everyone.

You can often avoid conflicts about noise, utility costs, privacy, sharing the backyard, laundry, etc. by ensuring you have an agreement in writing, which you've discussed in advance and that both you and your tenant have signed.

As a landlord you have rights and responsibilities of which you need to be aware of before you make the decision to rent out your suite. You can get more information from [servicealberta.ca](http://servicealberta.ca), [landlordandtenant.org](http://landlordandtenant.org), and [crra.ca](http://crra.ca).

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## Am I eligible for the Secondary Suite Grant Program?

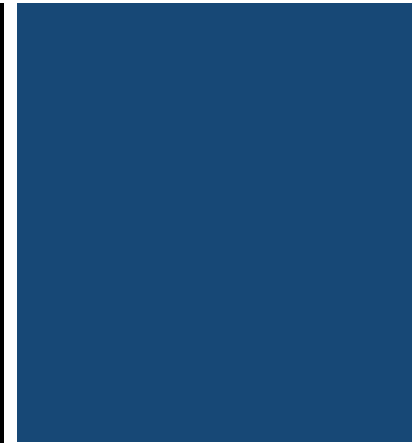
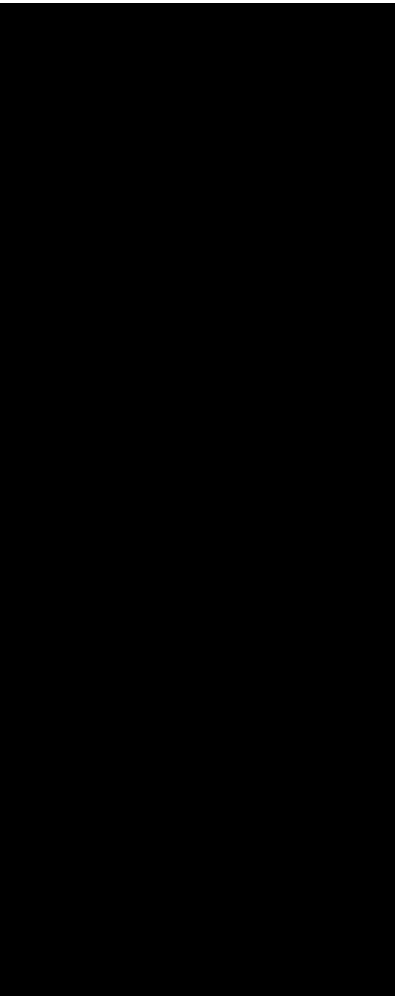
- Your property must be within the city of Calgary and meet the definition of a secondary suite within the Land Use Bylaw. Visit [calgary.ca/secondariesuites](https://calgary.ca/secondariesuites).
- For the purposes of the program, The City will use discretion to consider grants for existing suites slightly larger than the land use definition of a maximum 70 m sq.
- If you have property tax arrears with The City, you are not eligible to apply until they are cleared.
- You can only apply for one grant per property.
- You must be the registered property owners (evidence required, e.g. copy of title).
- You must be living in the home at the time of application and throughout the grant agreement term.

## What are the key terms and conditions of the grant to which I must agree?

- You must enter into the grant agreement for five years.
  - Your suite must be available for rent during these five years.
  - You must live in the home throughout the grant agreement term.
  - You should charge a maximum rent that is moderate and reasonable during the five-year agreement term. This maximum rent must not exceed the average market rent (defined using statistics produced by CMHC) for a similar Calgary property type.
  - You must provide information annually to show that your suite was available for rent at no more than an average market rent.
  - If you sell or transfer ownership of your home you can either transfer the terms of the grant agreement to the new owner or you can terminate the agreement with The City; paying the remainder of the grant.
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# The grant process

1. The first step is to obtain a **Secondary Suites Grant Application package** by calling 3-1-1 or by visiting The City's Development & Building Approvals front counter on the third floor of the Municipal Building. You will be asked a few preliminary questions, which will require you to know your land use designation (this can be found by going to [calgary.ca/myproperty](http://calgary.ca/myproperty)).
  2. Attend a **Secondary Suites Workshop**. This workshop includes representatives from Development & Building Approvals, Building Regulations and the Office of Land Servicing & Housing. This is an opportunity to discuss and mitigate issues affecting your permit applications to develop a secondary suite. To register for a workshop, contact [Jacquie.Mercier-McMurrer@calgary.ca](mailto:Jacquie.Mercier-McMurrer@calgary.ca).
  3. After the workshop, if you're still interested, fill out, sign and submit your application form and grant agreement to the address indicated on the form. You can also bring the application form and grant agreement to the workshop.
  4. If your application is complete, program staff will advise you that you're conditionally accepted into the program.
  5. You should then **apply for a Development Permit**. Once the Development Permit is released, you are fully accepted into the grant program.
  6. You can receive your first instalment of the grant to cover a portion of the development permit costs. If the development permit is not obtained, your eligible incurred costs are forgiven and the grant agreement is terminated.
  7. The second instalment of the grant is issued mid-construction, which is roughly when half of the work is complete.
  8. Once the construction is complete, and relevant inspections have been completed (plumbing, electrical, gas), and the Building Permit has been signed off by The City, submit remaining invoices for final payment. Final payment is not made until final inspection of the suite is approved.
  9. You must submit proof of rental insurance for your suite and a copy of the tenancy agreement.
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# What are the benefits of secondary suites?

## To homeowners and homebuyers

A secondary suite can enable homeowners to generate additional, legitimate income. It may also assist prospective homebuyers to qualify for a mortgage when their regular incomes would otherwise limit them to renting.

A secondary suite can also allow homeowners to accommodate friends and family members, such as elderly parents or dependant children, within their homes, while preserving independence and privacy. It can provide older homeowners with the security of having others nearby in case of an emergency or to help with household maintenance (e.g. windows, painting).

## To tenants

Secondary suites are a form of housing that is generally considered affordable due to their size and location. An increase in the number of safe legal secondary suites provides more housing choice in price and location for prospective tenants. A well designed suite and rental agreement also protects and strengthens tenant rights.

## To the community

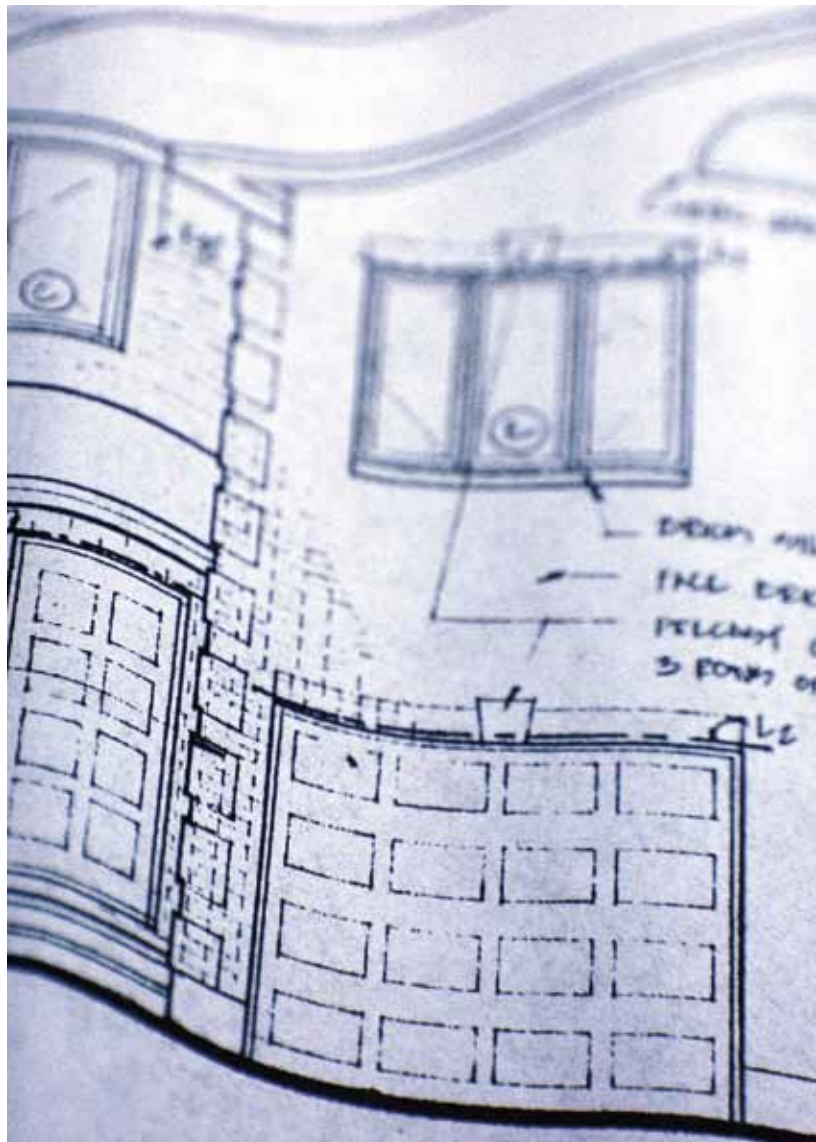
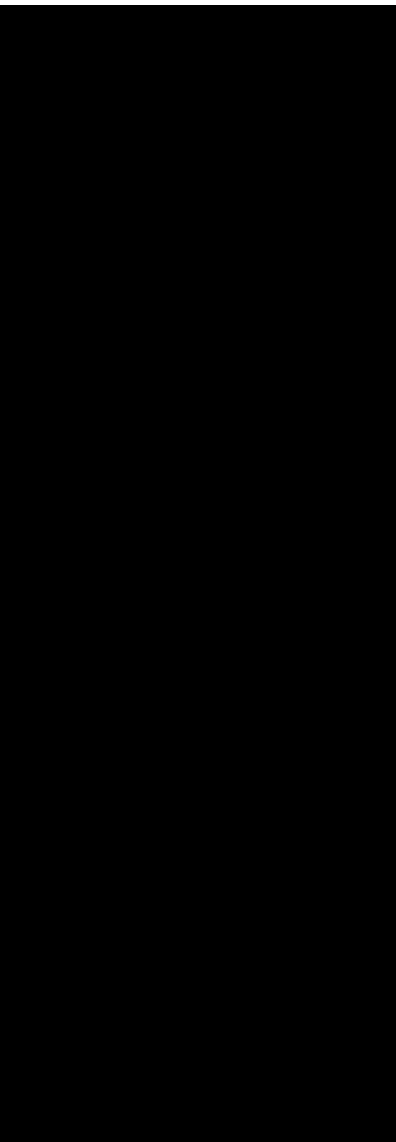
The supply of affordable housing in Calgary has not kept pace with demand, as housing costs have risen much faster than incomes. There is a need for more affordable market rentals. In Calgary, an estimated 38,610 households face a housing affordability challenge.<sup>1</sup> They are earning less than \$44,000 and spending greater than 30% on housing costs and cannot afford average market rents in Calgary.

An increase in the number of safe legal secondary suites in the city creates naturally affordable housing options at the lower end of the market. The increased number will also contribute to the creation of complete communities that have a wide range and flexible choice of housing types.

Secondary suites also provide an opportunity for modest density increases in low-density neighbourhoods (also called invisible density and “contributing softly”), while respecting the scale and character of existing neighbourhoods and supporting the viability of existing community facilities, schools, transit, etc.

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<sup>1</sup> Calgary and Region Social Outlook 2010-2015.



# Zoning, bylaws and codes

## Calgary Land Use Bylaw

The City of Calgary's Land Use Bylaw 1P2007 includes provisions for secondary suites. Secondary suites are possible in certain land use districts and must be on the same property as a detached house. The City of Calgary has a process by which you can apply to change your land use district. In most cases, you also need a development permit.

To find out what land use zoning your property has, simply go to [calgary.ca/myproperty](http://calgary.ca/myproperty) and enter your address.

If you're unsure whether your land use district is eligible for a secondary suite or how to get a development permit, contact The City of Calgary's Planning Call Centre at 403-268-5311.

To find out if your property allows for a secondary suite, go to [calgary.ca/secondariesuites](http://calgary.ca/secondariesuites) and read A Guide to Developing a Secondary Suite.

## What permits do I need for my secondary suite?

In most cases you need a development permit and a building permit for a secondary suite. You can get more information on how to get this by going to [calgary.ca/secondariesuites](http://calgary.ca/secondariesuites). Download the brochures "A Guide to Developing a Secondary Suite" and "Secondary Suites – Alberta Building Code Requirements."

## Alberta Building Code

There has been a change to the 2006 Alberta Building Code: it now offers less stringent requirements for a secondary suite, e.g. relaxations for fire spread ratings and soundproofing. Please refer to the building code brochure mentioned above for details.









# Renting out your suite – the financial nuts-and-bolts

## Will my property tax go up if I put in a secondary suite?

In Alberta property assessments are based on market value. If adding a suite to a property results in a change in the market value, the resulting assessment in the following year will change (along with a corresponding change in the taxes calculated from the assessment). The change in property taxes due to an assessment change will depend on how much or little the suite adds to the market value of a property. For example, if a suite added five per cent in market value to a property that currently paid \$2,000 per year in property taxes, the additional taxes would be \$100 (based on today's tax rates).

The contribution to market value that a suite will make can vary greatly, and will depend on factors such as the location of the property and if the suite includes a new addition or simply added a kitchen to existing basement finish.

Those interested in the property tax implications when considering the addition of a secondary suite are invited to contact the Assessment Business Unit to discuss their specific property and project by calling 3-1-1.

## Will I have to pay tax on the rental income?

Income received from property is generally taxable. You can get more information from The Canada Revenue Agency [cra.arc.gc.ca](https://www.cra.gc.ca) (follow the links to information about Individuals, All about your Tax Return, Reporting Income, Line 160 Gross Rental Income and Line 126 Net Rental Income).

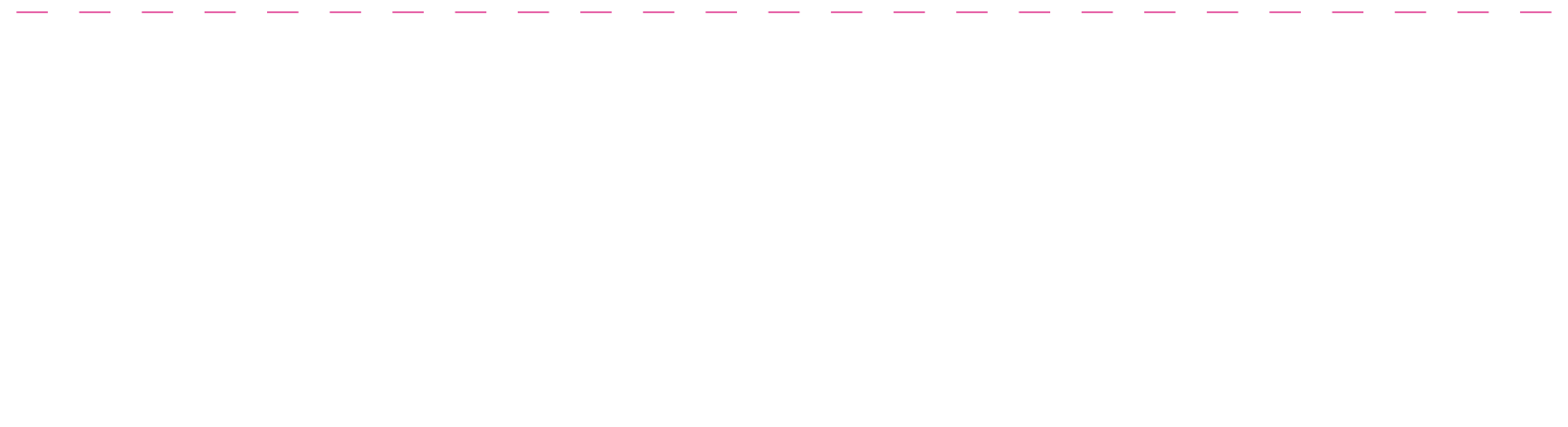
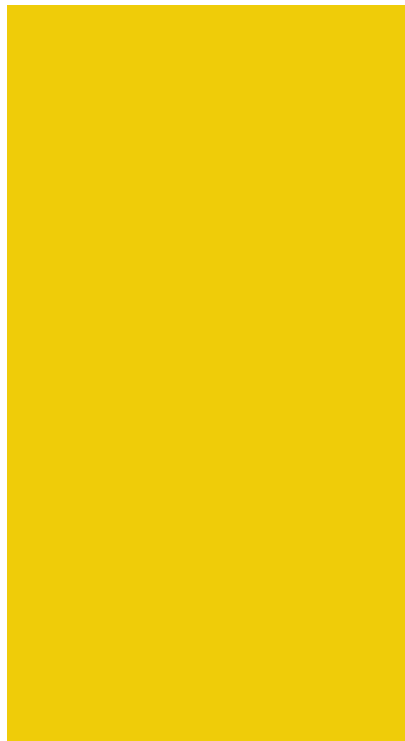
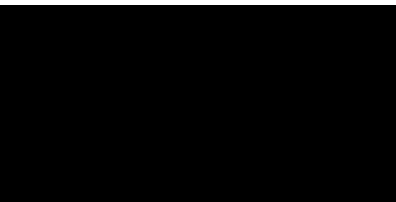
## What if I sell or transfer ownership of my home after accepting the grant?

You can either transfer the terms of the grant agreement to the new owner or you can terminate the agreement with The City; paying back the remainder of the grant.

## Checklist

When researching whether or not it's financially worthwhile to rent out your suite, use this checklist to help you.

- ☐ What monthly rent will you charge?
- ☐ What mortgage amount do you pay monthly?
- ☐ What will it cost to create or upgrade the suite?
- ☐ You can only receive 70 per cent of the costs up to a maximum of \$25,000. How will you finance the remaining amount?
- ☐ What other expenses do you have? Whole house expenses (e.g.: mortgage interest, maintenance and repairs, heat, hydro, water, insurance, property tax.)
- ☐ Are any of these expenses tax deductible?
- ☐ What impact will these new expenses and revenues have on your taxes?



# Suite safety is number one

## What can I do to make my suite safe?

- Make sure you have working smoke alarms (in both the primary and the secondary suite) that are connected to each other and to your home's electrical circuit.
- Provide your tenants with information on how to test and maintain smoke alarms.
- Provide carbon monoxide detectors.
- Test and clean your alarms regularly.
- Ensure each bedroom within a secondary suite has an outside window with an openable area of at least 0.35m<sup>2</sup> in size, meets the requirements in the Alberta Building Code and is easy to open without keys, tools or special knowledge.
- Ensure exit doors are not less than 1,980 mm high and 810 mm wide and can open inwards.
- Ensure security bars can be removed from the inside without tools or special knowledge.
- Security bars securing a bedroom window must be removable from the inside without the use of tools, keys or special knowledge. Security bars proposed to be used for bedroom windows are reviewed on a case by case basis. In general they are not acceptable.
- Ensure there is at least one exit leading directly to the outside. Exit stairs, landings and corridors must be at least 860 mm wide and the landings must be at least 900 mm in length.
- Provide handrails and guards as outlined in the Alberta Building Code.
- The height of rooms shall not be less than 1.95 m, as stated in the Alberta Building Code.

- A furnace room, all exits and public corridors should be separated from the rest of the building by not less than 12.7 mm-thick gypsum wallboard.

## What should I do if I think my suite is unsafe?

You should call **3-1-1** to request a Fire Safety Code inspection.

## What are the most serious risks of having an unsafe suite?

The grant program can be used to bring your suite up to code. If there is a fire in your suite, you risk severely injuring yourself, your family and your tenants. You can be fined and prosecuted by the Calgary Fire Department and The City of Calgary. Your suite could also be shut down by The City of Calgary.

## Could my illegal suite be shut down if I pursue this program?

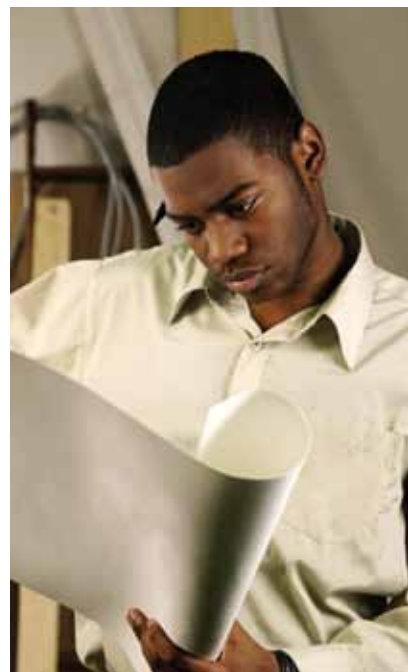
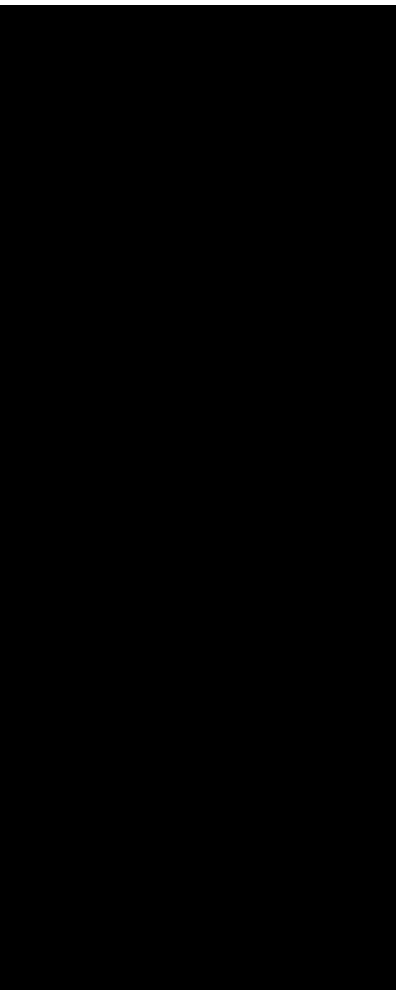
An illegal suite is only known to The City if a complaint is made or if a development permit is made. Application to the grant program does not trigger an inspection.

If you fail to obtain a development permit and fail to bring the suite up to standard in relation to the building and fire codes, The City may decide to enforce the legislation and close down your suite.

## Where do I get more details on the Alberta building code requirements?

You can get more information on how to get this by going to [calgary.ca/secondariesuites](https://calgary.ca/secondariesuites). Download the brochure "Secondary Suites – Alberta Building Code Requirements."





# So now you're a landlord

## What are my roles and responsibilities as a landlord?

If you are planning to rent out your secondary suite, discuss your expectations with your tenant before they move in and have a written tenancy agreement in place. As a landlord, you have rights and responsibilities outlined in provincial law called the Residential Tenancies Act. Find more information about this act at [landlordandtenant.org](http://landlordandtenant.org).

## Is there anything else I should know?

Landlords must comply with the Human Rights, Citizenship and Multiculturalism acts. You cannot refuse to rent to someone because of their source of income, family status, nationality, religion, gender or sexual orientation. Find more information from [albertahumanrights.ab.ca](http://albertahumanrights.ab.ca).

## To find more information about being a landlord:

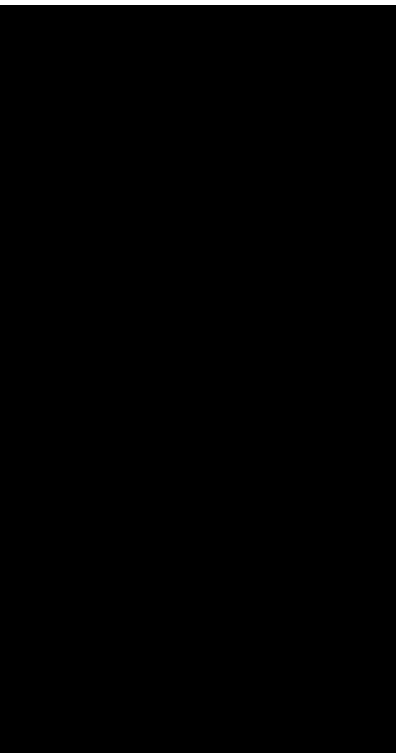
The Calgary Residential Rental Association's primary focus is to provide information, assistance, guidance, and referrals. To contact the Calgary Residential Rental Association, visit [crra.ca](http://crra.ca) or call 403-265-6055.

Other resources:

- [servicealberta.ca](http://servicealberta.ca)







# Secondary Suites Grant Program Application Form

**Helpful hint:** Please read the Grant Program brochure and Grant Agreement, and attend the Secondary Suites Workshop before you submit an application.

For office use only

APPLICATION REFERENCE

LAST NAME

FIRST NAME

PROPERTY ADDRESS

STREET NUMBER OR NAME

CITY

PROVINCE

POSTAL CODE

HOME TELEPHONE

WORK TELEPHONE

EMAIL

Are you the registered property owner?

☐ Yes ☐ No

List all the property owners below:

LAST NAME

FIRST NAME

LAST NAME

FIRST NAME

LAST NAME

FIRST NAME

Mailing address if different from property address:

In what type of home do you live?

Single-family home

☐ Yes ☐ No

Duplex

☐ Yes ☐ No

What land-use bylaw district relates to your property?

☐ Don't know

In what type of community is the property in?

☐ Developed ☐ Developing

How much do you estimate the total work on your suite will be?

\$  ☐ Don't know

Please estimate the cost by work area:

Plans/drawings

\$  ☐ Don't know

Development permit fees

\$  ☐ Don't know

Building permit fees

\$  ☐ Don't know

Building/construction

\$  ☐ Don't know

Gas

\$  ☐ Don't know

Heating

\$  ☐ Don't know

Plumbing

\$  ☐ Don't know

Electrical

\$  ☐ Don't know

Fire safety

\$  ☐ Don't know



# Secondary Suites Grant Program Application Form

How much will you be contributing towards the total cost of development (min 30%)?

\$ \_\_\_\_\_

You must provide proof of your financial contribution (bank statements or loan agreements).

☐ Documentation attached ☐ Documentation pending

What type of suite will you have?

- ☐ below grade  
☐ detached above garage  
☐ attached at grade  
☐ detached garden  
☐ attached above grade

Are you going to be living in the home?

☐ Yes ☐ No

What is the total area of the suite (excluding the stairwells/ shared space)?

\_\_\_\_\_ ☐ Don't know

How many parking spaces do you have on your property?

\_\_\_\_\_

Are you able to allocate one onsite parking stall for the suite (in addition to what is required for you)?

☐ Yes ☐ No ☐ Don't know

Does the outdoor amenity space available to the suite measure at least 7.5 m<sup>2</sup>, with no dimension less than 1.5 m?

☐ Yes ☐ No ☐ Don't know

Depending on the type of suite, please fill in the following information:

**Below grade suite**

Will the suite be entirely below the main floor?

☐ Yes ☐ No ☐ Don't know

Is the basement suite footprint greater than the main floor?

☐ Yes ☐ No ☐ Don't know

**Attached at grade suite**

Is the suite attached to the side or rear of the main dwelling and located on the main floor?

☐ Yes ☐ No ☐ Don't know

**Attached above grade**

Will the suite be entirely above the main floor?

☐ Yes ☐ No ☐ Don't know

**Detached above garage**

Is the suite above an existing garage?

☐ Yes ☐ No ☐ Don't know

**Detached garden**

Is the suite separate from the main dwelling?

☐ Yes ☐ No ☐ Don't know

How did you find out about the grant program?

\_\_\_\_\_

The collection of the personal information through this application form is done pursuant to the *Alberta Freedom of Information and Protection of Policy Act*, Section 33 (a) and Section 42 (b) RSA 2000. It is collected for the purpose of The City of Calgary Secondary Suites Grant Program. Direct questions regarding the collection of personal information to:

Karen Morgan  
Project Coordinator – Housing  
Office of Land Servicing and Housing  
The City of Calgary

Email: [Karen.Morgan@calgary.ca](mailto:Karen.Morgan@calgary.ca)

By signing this application, I confirm the information provided is correct and accurate. I acknowledge that if any information I provided is not accurate, I may be disqualified for participation in the Secondary Suites Grant Program.

\_\_\_\_\_  
SIGNED

\_\_\_\_\_  
PRINT NAME

Return this completed application along with a signed copy of the grant agreement to:

Jacque Mercier-McMurrer  
The City of Calgary  
Mail Code #8114  
Box 2100, Stn. M  
Calgary, AB, Canada  
T2P 2M5

Email:  
[Jacque.Mercier-McMurrer@calgary.ca](mailto:Jacque.Mercier-McMurrer@calgary.ca)