



manitobahousing

## MANITOBA HOUSING SECONDARY SUITES PROGRAM APPLICATION GUIDE

### PROGRAM OVERVIEW AND OBJECTIVES:

- Provides financial assistance to eligible homeowners to construct a secondary suite in the form of a forgivable loan for 50% of the total construction/renovation costs to a maximum of \$35,000 per suite.
- The program will expand the number of affordable rental units available in the market and create more opportunities for home ownership.

### ELIGIBILITY CRITERIA AND GUIDELINES:

- The secondary suite must be a private, self-contained residential unit that meets all national, provincial and municipal bylaws, codes and standards.
- A secondary suite can be in the basement or an above ground addition to the main dwelling, a garden suite which is a self-contained unit that is not attached to the principal dwelling, but built on the same property, or a carriage suite or garage suite which is a self-contained unit located above or attached to the side or rear of a garage.
- **NOTE:** To be eligible for funding you **MUST** receive written funding approval from Manitoba Housing prior to commencing construction of the secondary suite.
- Eligible applicants are homeowners, who own the property and are living in the primary dwelling full-time where the secondary suite is to be developed.
- Eligible applicants must lease secondary suites to tenants that have an annual gross household income below the applicable threshold as set out by Manitoba Housing.
  - For 2010 the maximum annual income limits are \$42,750 for non-family households (applicant has no dependents; childless couples; senior couples) and \$57,000 for family households. Maximum income limits are subject to review/change

- Where the homeowner will be charging rents, a lease agreement with rental rate at or below the maximum rental rate as set out by Manitoba Housing is required. A formal rental agreement is not required if no rent will be charged.
- Tenants must be 18 years of age or older.
- Verification of the rental arrangement satisfactory to Manitoba Housing must be provided.
- Rents must be set at or below Median Market Rent (MMR) for the areas in which they are located and must remain affordable for at least (10) years. The monthly rental charge must be inclusive of essential services (heat, hydro, and water).
- MMRs for the Province of Manitoba are as follows:

	<b>1 Bedroom</b>	<b>2 Bedroom</b>	<b>3 Bedroom</b>
<b>City of Winnipeg:</b>	\$615	\$815	\$1050
<b>Urban/rural market areas:</b>	\$565	\$675	\$815

- Annual rent increase from year 2 to year 10, cannot exceed the annual rental guideline established under the Residential Tenancies Act.
- Verification of income, rental arrangement and rent level must be provided to Manitoba Housing through a completed Tenant Declaration/Income Verification form to be provided by Manitoba Housing. A Tenant Declaration will be required for the initial tenant and each subsequent tenant.
- You must receive approval from Manitoba Housing prior to placing the first initial tenant in a new suite
- If you are unable to lease the suite to an initial eligible tenant within three months of completion of the secondary suite or are unable to re-lease the units within three months after turnover, Manitoba Housing will provide assistance in finding an eligible tenant for the suite. This assistance can include referring the homeowner to student associations, new immigrant agencies, and other groups that assist low to moderate income households find affordable housing. Manitoba Housing may also refer eligible tenants from its existing waiting list.

- Suites must be modest in size and amenities. The following elements would **NOT** be considered modest:
  - Fireplaces or wood burning stoves
  - Glazed balconies, skylights, special windows
  - More than one eating area
  - Non-standard wall, ceiling, and floor finishes
  - Additional baths or half baths for two bedroom units
  - Sunken or raised floor levels
  - Elevated decks or balconies in grade-related suites
  
- The homeowner is responsible for hiring, paying and managing all contractors and sub-trades. Homeowners will be required to submit copies of all receipts and sales agreements at the appropriate time to substantiate costs.
  
- Eligible costs include the following:
  - Costs associated with applying for funding including creating drawings of the proposed construction/renovation and obtaining a building permit.
  - Costs associated with building the secondary suite including material and labour costs.
  - All taxes, legal and other costs associated with the applying for and building the secondary suite.
  
- Ineligible costs include the following:
  - Costs associated with bringing an **existing primary dwelling** up to minimal safety and health standards or to comply with municipal building codes.
  - Costs associated with bringing an **existing secondary suite** up to minimal safety and health standards or to comply with municipal building codes.
  
- Manitoba Housing will enter into a Financial Assistance Agreement (FAA) with you and will register a mortgage/encumbrance on the property. Applicants are encouraged to seek legal advice before entering into the FAA.
  
- The FAA will allow Manitoba Housing to monitor terms of agreement over the 10 year agreement including the requirement to provide Tenant Declaration/Income Verification documentation and allowing inspections when requested.
  
- The loan is repayable on a pro-rata basis if during the term of the agreement (10 years), the homeowner:
  - sells the home
  - stops renting out the secondary suite for a period of 3 months or more without agreement from Manitoba Housing

- leases the suite at a rental rate above the maximum allowed
- leases the suite to a tenant with an income above the allowed income without agreement from Manitoba Housing
- fails to provide requested documentation or to allow Manitoba Housing to inspect property when requested

## **HOW TO APPLY FOR FUNDING:**

Following is a step-by-step guide that will assist you to:

- determine whether a proposed Secondary Suite in your residence or on your property may qualify for assistance from the Manitoba Housing Secondary Suites Program.
- apply for funding from the Program.

### **To Begin:**

- Research feasibility of project
- Consult with professional such as an architect or draftsman on preliminary design and drawings
- Consult with local municipality re: zoning, building code and permit requirements.
- Ensure that your primary dwelling meets basic health and safety standards (reasonable quality of structural soundness, fire safety, and reasonable heating, plumbing and electrical quality as determined by the authority having jurisdiction.) Determine if suite conforms to modesty guidelines.

### **To Apply:**

- Submit Application to Manitoba Housing for preliminary approval together with all documentation required in the Application Form.
  - A pre-inspection will be completed by Manitoba Housing to verify if the existing property complies with the minimum health and safety standards.
- Once preliminary approval from Manitoba Housing has been obtained:
  - Finalize design and scope of work/specifications
  - Obtain a minimum of two quotes for work (three quotes are recommended)
  - Obtain conditional zoning variance if necessary
  - Obtain legal advice if necessary

- Within 45 days of receiving preliminary approval from Manitoba Housing, submit drawings and specifications, quotes for the work, a copy of conditional zoning variance (if applicable) and rationale for selecting contractor that is not the lowest bidder (if applicable).
- Obtain final funding approval from Manitoba Housing.

**When Final Approval is Received:**

- Obtain all required building permits.
- Obtain loan from financial institution if necessary (can use letter of approval from Manitoba Housing to help qualify for loan).
- Identify an eligible tenant (see **ELIGIBILITY CRITERIA**) by advertising the suite or other means. This can start anytime after final approval is obtained and before completion of the work.
- Once work is underway, arrange for work to be inspected by municipal authority as required. Completion is required within six months of final approval.
- Provide Manitoba Housing with invoice from contractor and/or valid receipts for services, materials and all applicable permits.
- Manitoba Housing will advance 100% of the approved funding after a Financial Assistance Agreement is signed, a mortgage/encumbrance is registered and the work is complete.
- Notify Manitoba Housing of filling vacancy by providing Tenant Declaration.
- When the agreement expires after 10 years, suite can be rented to anyone or you may decide not to rent it out at all.

