



FREQUENTLY ASKED QUESTIONS

SECONDARY SUITE PROGRAM FUNDING

How much funding can I qualify for?

- The maximum amount of funding is \$30,000
- Funding amount is based on the cost to create the secondary suite and amount of equity in the home

What is a 'forgivable loan'?

- The Secondary Suite Program funding is considered a 'forgivable loan' and is reduced at an equal rate each year until the 15th year at which time it would be \$0. No payments are required or interest charged so long as the terms of the loan agreement are adhered to

Is the loan secured?

- Accessibility modifications incorporated in the creation of the secondary unit, up to \$5,000 is provided to the homeowner as a grant and not secured. All other loan amounts are secured.
- Loans are secured by the County by registration of a mortgage on title.
- There are legal documents and wording used in this process. Please ask your County contact if you need clarification.
- The homeowner is responsible for the costs to discharge the mortgage registration once the loan is forgiven or repaid.

Why is the loan secured?

- All secondary suites loans are secured to ensure that the County receives notice when a home is sold. It also helps ensure that the homeowner and/or their estate advise the County of any event of default.

Other mortgages?

- If you have an existing mortgage, the County will secure its loan behind the existing mortgage, provided the total of all property mortgages and any other financing registered on title plus the

secondary suites funding do not exceed the market value of the home, as assessed by MPAC or appraisal or MPAC's Market Valuation Report.

- The County will only postpone its security in favour of a new first mortgage. Costs of administering the postponement of the County's security is the homeowner's responsibility.

How is the loan advanced?

Once the loan is secured, the secondary suites loan payments are made payable directly to the homeowner, and structured generally based on proof of your municipal building permit inspection passes and proof of expense payments. For example, a \$30,000 loan is released at the following stages:

- \$ 500.00 – legal fees to register loan on title
- \$ 6,250.00 – released with pass of plumbing inspection
- \$ 6,250.00 – released with pass of framing and insulation inspection
- \$ 6,250.00 – released with pass of drywall/fire separation inspection
- \$ 6,250.00 – released with pass of final inspection/occupancy
- \$30,000.00

If I'm on a waiting list, can I start the work?

- Depending on the amount of funding available, applicants may be advised that they are on a waiting list.
- This does not mean that your application has been approved.
- Any work completed prior to final approval is not eligible for reimbursement.

Can I own multiple properties?

- Yes, however you need to disclose this fact when applying. You should also let us know if you intend to own other properties within the next 15 years as there are two different funding programs;
 - County Funded Secondary Suite Program allows applicants to own multiple properties. You can apply for funding to create up to 6 secondary suites,
 - Investment in Affordable Housing Program (funded by the Federal/Provincial Governments) requires that the applicant only own one property and be owner occupied during the 15 year term.

Can the property be owned by a corporation?

- Yes, however the owner(s)' must still submit requested photo identification and status in Canada documents.

Can the property be a legal duplex, Boarding Lodging Rooming House or apartment building?

- No, funding can only be used to create or legalize secondary suites in zoned residential properties.

Are there timing requirements?

- Yes, construction must begin within 4 months (120 days) of receiving funding approval.

Can I do the work myself?

- Some work can be done by the homeowner. Only material would be eligible for reimbursement.
- All electrical work must be done by a qualified electrician.

How do I find a contractor?

- The County cannot recommend contractors. An approved contractor must have liability and Workplace Safety and Insurance Bureau (WSIB) insurance;
 - Ask friends/neighbours who have had similar work done,
 - Call your local Builders Association,
 - Building supply stores, Internet, Yellow Pages.

What if the cost to create the secondary suite is higher than the funding amount?

- Any costs over and above the funding amount are the responsibility of the homeowner.
- You must pay the excess amount first from your own sources before any program funds are provided.

When the apartment is done, how soon do I have to rent it out?

- Within two months.

Can I move into the new apartment and rent out the other part of my house?

- No, it must be rented to a new tenant.
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Who can I rent to?

- The unit must be rented to a tenant whose income meets program guidelines. These amounts are indicated on the Secondary Suite application. Contact our office for updated income limits at tenant take-up.
- The homeowner selects their own tenant(s).
- The unit can be rented to family members.

How much rent can I charge

- Rent charged cannot exceed the Canada Mortgage and Housing Average Market Rent for the area for the full term of the loan (15 years). These amounts are indicated on the Secondary Suite application. Contact our office for updated rental amounts at tenant take-up. Rents and are subject to change from time-to-time and will be posted on our website (<https://www.simcoe.ca/dpt/sh/secondary-suites>).

Do utilities have to be included in the rent?

- Yes, utilities must be included in the rent (heat, hydro, water, hot water).

What are the rights and responsibilities of landlords and tenants?

- Information about the rights and responsibilities for landlords and tenants can be found on the following websites:
 - Landlord Self-help Centre <https://landlordselfhelp.com/>
 - Ontario laws that affect tenants and landlords <https://www.ontario.ca/page/renting-ontario-your-rights>
 - Landlord and Tenant Board <http://www.sjto.gov.on.ca/ltb/brochures/>
 - Residential Tenancies Act <https://www.ontario.ca/laws/statute/06r17>
 - Ontario Human Rights Commission <http://www.ohrc.on.ca/en/guide-your-rights-and-responsibilities-under-human-rights-code-0>

Do I have to have a signed lease with the tenant?

- A lease agreement is recommended. If a lease agreement is used, the Province has released a mandatory standard lease agreement form for new tenants as of April 30, 2018. The 'Residential Tenancy Agreement' it is available for your use at the following link:
<http://www.forms.ssb.gov.on.ca/mbs/ssb/forms/ssbforms.nsf/FormDetail?OpenForm&ACT=RDR&TAB=PROFILE&SRCH=&ENV=WWE&TIT=2229E&NO=047-2229E>
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Does the County assist with placement of tenants?

- It is the homeowner's responsibility to occupy the unit in a timely manner.

What if I decide not to rent out the apartment?

- This is considered a default of the loan agreement. The 'unforgiven' balance would become due and payable.

What happens if I decide to sell my house?

- If you sell prior to the end of the 15 year term, the amount of loan that remains 'unforgiven' shall be due and payable.
- The homeowner is also responsible for the legal fees to discharge the loan secured by the County by registration of a mortgage on title.

Can I voluntarily repay the loan?

- Yes, repayment of unforgiven portion of the loan can be made in a lump sum. All funds returned to the Secondary Suite Program are returned to the Program and offered to applicants on the waiting list.
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