

Secondary and Backyard Suite Incentive Program Guide

Introduction

The Secondary and Backyard Suite Incentive Program (the Program) is available to eligible homeowners who plan to build a housing unit within their primary residence or on the property of their primary residence. Homeowners may receive up to 50% of the eligible project costs, to a maximum of \$40,000. Homeowners that continue to live in their primary residence and meet the tenant eligibility requirements over the 5-year term of the loan do not need to repay the loan (this is called a forgivable loan).

This program is part of the Government of Nova Scotia's plan to increase affordable housing across the province.

How does the Program Work?

Homeowners who qualify for the program will receive a forgivable loan of up to 50% of the eligible costs of the project, up to a maximum of \$40,000. The homeowner will be required to sign a Promissory Note and an Operating Agreement. The loan is provided to the homeowner after construction is complete, they have obtained an occupancy permit, and submitted the permit and invoices to program staff. A portion of the loan will be forgiven each year that the homeowner meets the tenant eligibility criteria.

Eligibility

The following summarizes the homeowner, suite, and property eligibility criteria.

Homeowner Eligibility

- Registered owner(s) of the property
- Live on the property as their primary home
- Property taxes are paid up to date
- Are a resident of Nova Scotia (and a Canadian Citizen or hold Permanent Resident status)
- Have the ability to finance the construction of the suite up front

Suite & Property Eligibility

- A secondary suite is contained within the homeowner's primary residence
- A backyard suite is contained on the same property as the homeowner's primary residence
- Homeowner's primary residence is a detached house, a semi-detached house, a duplex, or a townhouse
- Meets all municipal requirements (the homeowner must ensure that your municipality allows secondary or backyard suites - which may also be called accessory dwelling units)

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- The primary home and surrounding property provide a safe environment for the homeowner and tenants
- The new suite is fully self contained – it has its own entrance, kitchen, bathroom, bedroom and living space. Amenities such as a laundry room may be shared with the homeowner.

Tenant Eligibility

For the loan to be forgiven, you and your tenant must meet the criteria for either the supportive housing or affordable housing streams. In all cases the tenant must be a Nova Scotia resident (and a Canadian Citizen or hold Permanent Resident status).

To be eligible under the supportive housing stream, you must meet one of these situations where the tenant is a family member and:

- is 65 years of age or older AND/OR is a person living with a disability **OR**
- the homeowner is 65 years of age or older AND/OR a person living with a disability

A family member may be a mother, father, daughter, son, sibling, uncle, aunt, niece, nephew, or adult grandchild or similar related by marriage (i.e., stepmother etc).

To be eligible under the affordable housing stream, the tenant is:

- an individual or household whose income is below income limits and to whom the unit will be rented below average market rates (**See Tenant Income and Rent section below**).

Eligible & Ineligible Costs

Eligible costs include:

- Labour and materials
 - Labour provided by a family member who works in construction is eligible as long as they are not a resident of the primary residence or the suite
- Design fees
- Purchase and placement of a prefabricated backyard suite on the property
- Taxes, legal and other costs associated with the application for and building of the suite
- A portion of the costs of areas, such as laundry facilities, that are shared between the homeowner and tenant

Ineligible costs include:

- Work done prior to approval of your application
- Costs that exceed the loan maximum (\$40,000)
- Work done to bring the house or property up to a minimum safety standard
- Homeowner, occupant of the home, or future tenant labour costs
- Extensions, conversions, or repairs to the primary residence not related to the suite

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Tenant Income and Rent

Household Income Limits (HILs) are a measure used to assess housing affordability. There are different HILs depending on where you live in the province. If you are not renting under the supportive housing stream, to earn loan forgiveness under the affordability stream you must rent to someone whose total household income (before taxes and including all tenants living in the unit who earn an income) is under the limits identified below. The renter can be a family member not covered under the supportive housing stream provided they meet these criteria. These rates may change periodically.

Household Income Limits (HILs)

Region	1 Bedroom	2 Bedroom	3+ Bedrooms
Eastern (Cape Breton Island)	\$57,500	\$66,000	\$78,000
Northern (Guysborough, Antigonish, Pictou, Cumberland & Colchester counties)	\$57,500	\$66,000	\$78,000
Central (HRM)	\$47,000	\$60,000	\$67,500
Hants County	\$57,500	\$66,000	\$78,000
Western (Annapolis, South Shore)	\$57,500	\$66,000	\$78,000

Average market rents (AMRs) are another measure of housing affordability. Like HILs, AMRs vary depending on where you live in the province. To continue to earn loan forgiveness, you must also charge the following rents which reflect a 20% reduction from the AMR for each area of the province. These rents do not include heat, hot water, electricity, or water. These rates are adjusted annually.

Average Market Rent – Reduced by 20% (effective as of July 2023)

Region	Location	Bachelor	1 Bedroom	2 Bedroom	3+ Bedroom
Eastern	CBRM (excluding Sydney)	\$534	\$580	\$698	\$1,021
	Sydney	\$538	\$607	\$742	\$1,071
	Remainder of CB Island	\$466	\$534	\$631	\$747
Northern	Truro	\$534	\$597	\$754	\$910
	Cumberland & remainder of	\$534	\$597	\$754	\$910

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	Colchester counties				
	New Glasgow	\$458	\$561	\$670	\$829
	Guysborough, Antigonish, and remainder of Pictou counties	\$458	\$561	\$670	\$829
Central	Hants County & Remainder of Halifax County	\$792	\$926	\$1,159	\$1,352
	Halifax	\$724	\$880	\$1,124	\$1,334
	Dartmouth/Cole Harbour	\$662	\$782	\$1,018	\$1,058
	Bedford/Sackville	\$730	\$935	\$1,002	\$1,356
Western	Kentville	\$503	\$549	\$684	\$898
	Annapolis Valley and South Shore	\$529	\$618	\$830	\$898

How to Apply

1. Plan your project and prepare to apply

Contact your municipality first to confirm that zoning allows a secondary or backyard suite on your property. Arrange for financing and secure a contractor to build the suite (3 quotes are recommended to ensure you are getting the best value for money). Be sure to apply for a building permit specifically for a secondary or backyard suite.

2. Complete the program application form and submit your documentation

You can apply anytime before the work has started. Be sure to include:

- ✓ Completed and signed Secondary and Backyard Suite Incentive Program Application
- ✓ On the application form provide a written statement detailing the expected cost and completion date of the build, how you will finance your portion of the cost to build the suite and include supporting documents (i.e. bank statement or investment statement).
- ✓ Copy of ID for all homeowners on deed and the tenant (if the tenant is a family member). Preferably a Driver's License and, if applicable, Permanent Residency card.
- ✓ Provide written confirmation from the relevant institution(s) that your property tax payments are paid up-to-date and in good standing (municipalities can provide you a letter confirming up to date property taxes)

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Submit the completed application along with all required information to a Department of Municipal Affairs and Housing local office:

Central Region

Halifax Regional Municipality & Hants County
3770 Kempt Road, Suite 3
Halifax, NS B3K 4X8
Switchboard: 902-424-5110
Toll-free: 1-844-424-5110
Fax: 902-424-2091

Western Region

Annapolis Valley & South Shore
101 Magee Drive
Box 1000, Middleton, NS B0S 1P0
Switchboard: 902-825-3481
Toll-free: 1-844-424-5110
Fax: 902-825-6560

Eastern Region

Cape Breton Island
Suite 22, Provincial Building
360 Prince Street
Sydney, NS B1P 5L1
Switchboard: 902-563-2120
Toll-free: 1-844-424-5110
Fax: 902-563-2370

Northern Region

Guysborough, Antigonish, Pictou,
Cumberland, & Colchester Counties
7 Campbell's Lane
New Glasgow, NS
B2H 2H9
Switchboard: 902-755-5065
Toll-free: 1-844-424-5110
Fax: 902-752-7133

3. Receive pre-approval and construct your suite

Once your application is approved you will receive a Letter of Conditional Approval outlining the loan amount and conditions. Once you receive your building permit from your municipality, you may complete the construction of your suite.

4. Submit proof of construction costs and occupancy permit

Once construction is complete an occupancy permit will be issued by your municipality or region. Submit this permit along with proof of all construction costs to receive the loan. You will be required to sign a Promissory Note and an Operating Agreement outlining the loan conditions, including repayment or requirements for loan forgiveness.

5. Rent your suite and continue to meet program requirements

Rent out your suite to tenants as described above and the loan will be forgiven at 20% per year over 5-years. After 5-years your commitments under the program are complete.