



BC HOUSING



Secondary Suite
Incentive Program



Secondary Suite Incentive Program Program Guide

Make a real
difference
in your
community.

July 2024

Program Guide

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Introduction

This Program Guide provides you with quick access to information on eligibility, loan forgiveness, and the application process for the Secondary Suite Incentive Program (SSIP).

Our program guide offers accessible information to assist you in preparing and navigating the application process. Please note the information provided here is intended to serve as a general resource. Specific program rules may vary based on individual circumstances.

More information is also available at bchousing.org/secondary-suite.

Program Overview

SSIP will help homeowners create new affordable rental housing in their communities. The program provides financial assistance for eligible homeowners to build a new secondary suite on their property to be rented out **below market value**. Homeowners who qualify can receive up to 50% of the cost of renovations, to a maximum of \$40,000, after construction is complete.

The program will provide a rebate in the form of a forgivable loan – a loan you do not repay if you follow the program’s terms. To qualify, the new unit must be on the same property where the homeowner lives and be rented at below market rates for at least five years. Applications opened May 2, 2024, and are approved on a first-come, first-served basis until annual funding is used up.

Eligibility

To qualify for SSIP, you must meet certain conditions:



- All homeowners must be Canadian citizens or permanent residents with a combined income of less than \$209,420 annually.



- The new suite must be built on the homeowner's main property. Located in one of the **approved municipalities or eligible regional districts in B.C.**, with a property value below \$2,150,000.



- There can be no more than two existing mortgages on the property.

For the purposes of SSIP, a principal residence is where an owner lives permanently at least six months per year. A principal residence is where official documents like tax returns and government IDs are sent.

The SSIP loan is secured as a mortgage on the property. The SSIP loan is given once construction is completed and an occupancy permit is issued for the new secondary suite.

Criteria for the planned secondary suite:

- Be a newly built, independent legal unit with its own kitchen and bathroom.
- Be on the same property as your principal residence.
- Eligible suites include suites attached to your main house, garage suites, and separate laneway and garden suites.
- A building permit must be issued on or after April 1, 2023.
- Even if construction has started or finished, you can still apply as long as all eligibility criteria are met – and the building permit was issued **after** April 1, 2023.
- Applications are accepted on a first-come, first-served basis until annual funding is used up.

- You must make sure you can legally make a secondary suite, by obtaining all the needed permits and permissions. If you are part of a strata, you must check their relevant rules and regulations governing secondary suites.

Not eligible for SSIP:

- Farm Class properties aren't eligible if the value is above a certain limit.
- Adding a secondary suite to a new home under construction is not eligible for SSIP.
- Improving existing rental units, using mobile homes, RVs, or 5th wheels isn't allowed.



Creating New Rental Units

SSIP is intended to create new rental units.

Upgrading existing rental units is not covered.

If you have an empty suite created without a building permit and would like to create a secondary suite, we encourage you to check with your municipality or regional district to see if you are eligible.

Consult the Province's downloadable guide, [Home Suite Home](#), to help you decide whether building and renting a secondary suite or accessory dwelling unit is right for you.

Not for Family Members

Secondary suites are an important source of long-term rental housing across B.C. SSIP aims to help homeowners create additional units to be offered on the open market. This program is not available to those looking to rent to an immediate family member, spouse, sibling, parent or child.

In cases where homeowners are supporting or would like to support family members, there are other programs available, such as the [Multigenerational Home Renovation Tax Credit](#).

Eligible Costs

SSIP can help cover up to 50% of the cost of construction, to a maximum of \$40,000. To qualify, the minimum cost to create the suite is \$20,000, giving a minimum SSIP loan of \$10,000.

Eligible costs include:

- Building permits
- Design fees
- Structural changes
- Electrical work
- Materials and fixtures
- Some appliances (limits apply)

Costs for personal extensions or landscaping won't be covered. The loan, given as a forgivable mortgage, doesn't have to be paid back if the homeowner follows the program's rules. SSIP funds are issued only after construction is complete and an occupancy permit is issued for the suite by the municipality or regional district.

Prepare to Apply

Determine your eligibility and apply for permits from your municipality or regional district. If you are already constructing a secondary suite, an application will be considered if the building permit was issued on or after April 1, 2023.

1 Find out if you're eligible for SSIP

2 Plan your project and prepare to apply

- First, make sure your local rules allow for a secondary suite on your property. Check with your municipality or regional district.
- Get advice from different experts like tax consultants, financial advisors and builders. They can help you plan based on your situation.
- If needed, arrange financing for your project.
- Plan your secondary suite.
- Apply for a building permit. You might need help from professionals during this step.

3 Designate a primary applicant

- Determine your primary contact for the application process. It can be yourself or someone else. The primary contact answers all questions from BC Housing.
- This contact handles all document submissions, keeps contact information updated, and answers SSIP questions from BC Housing.

4 Gather documents and apply online

- Submit your online application through bchousing.org/secondary-suite.
- You will need to upload eligibility documents like proof of residence, income, insurance, and a building permit issued on or after April 1, 2023.
- Supported file types are: PDF, JPG, JPEG, PNG, TIF and TIFF. Maximum file size is 10 MB.

Application & Pre-Approval Process

Documents Required for Application

When you submit your online application, provide your supporting documents. Use your BC Service Card Account to access the online SSIP application.

If you don't have a BC Services Card Account, you can set up your BC Services Card [here](#).

Homeowners need to upload the following documents to apply for SSIP:

- Identification, either BC Driver's License or BC Services Card.
- Proof of Canadian citizenship or permanent residence. Such as a Canadian birth certificate, Canadian passport, citizenship certificate/card or permanent resident card.
- Most recent Income Tax Notice of Assessment.
- Proof of principal residence (a BC Driver's License or utility bill).
- Approved building permit from your municipality or regional district issued on or after April 1, 2023.
- Estimated cost of construction, contractor quotes or other documents supporting estimates.



Application Pre-Approval

Successful applicants will receive a pre-approval letter outlining the next steps before SSIP funding can be received.

1 Notify all prior lenders

- Let all prior lenders registered on the title know about the pre-approved SSIP mortgage. BC Housing will provide a notification form with the pre-approval letter.

2 Construct the secondary suite

- Construction work must be complete either before the building permit expires or within 24 months after BC Housing's funding pre-approval letter, whichever comes first.
- As the homeowner, you are responsible for arranging and managing the work.
- The work must meet all relevant laws, rules, and safety standards, including those of the Workers Compensation Board.
- If needed, you must get permission from your strata.
- Costs for labour completed by you or members of the household are not eligible under the terms of the SSIP loan.
- Labour is eligible for coverage only if performed by a licensed contractor who is not the homeowner.

3 Obtain an occupancy permit

- Once construction is complete and an occupancy permit is issued by the municipality or regional district. Log into your SSIP account to declare construction complete and provide required documentation.

Change of Scope

If an application was pre-approved for an amount less than \$40,000 and the cost of construction increased, you can submit a request for an increase to the pre-approved amount.

BC Housing will check your request and tell you if it's approved based on eligibility and availability of funds. If your request is approved, you will receive a new pre-approval letter with the higher amount. The total pre-approved amount will not exceed \$40,000.

When submitting a request for additional funds, you must provide:

- Copies of additional or new quotations or receipts demonstrating increased costs.
- Explanation of the reason for increased costs.

The SSIP Forgivable Loan

Under the SSIP pilot, loans are available to at least 3,000 homeowners over three years. Applications are approved on a first-come, first-served basis until annual funding is used up. Funding in the first year is \$40 million, enough for 1,000 applications at the maximum loan of \$40,000.

The Loan

After construction is complete and an occupancy permit is obtained by eligible homeowners, loan funds are provided. The loan amount, plus \$2,000 for legal costs, is registered on the property title for five years. Interest accrues based on the Royal Bank of Canada Prime Rate plus 2%.

Each year, 20% of the loan is forgiven if the homeowner follows forgiveness conditions. If the loan conditions are met, no payments are required during the forgiveness period. If loan conditions are not met, the loan and any accrued interest become payable to BC Housing.

For example:

Estimated or actual construction cost	Eligible for SSIP	SSIP loan <i>(Funded after an occupancy permit issued)</i>	Homeowner pays
\$18,000	No <i>(Under minimum threshold of \$20,000)</i>	N/A	\$18,000
\$22,000	Yes	\$11,000	\$11,000
\$60,000	Yes	\$30,000	\$30,000
\$133,000	Yes	\$40,000	\$93,000

The table below is an example of the forgivable loan timeline for a homeowner getting the maximum \$40,000 rebate.

Timeline	Example	Loan remaining
<p>Construction completed</p> <p>Occupancy permit obtained</p> <p>Mortgage registered</p>	<p>\$40,000 forgivable loan plus \$2,000 for BC Housing’s legal fees is registered on the title of the property.</p> <p>Once permit is obtained, homeowner receives the \$40,000 payment from BC Housing.</p>	<p>\$42,000</p>
<p>End of Year 1</p>	<p>One year after mortgage registration, the homeowner completes an annual declaration confirming forgiveness requirements were met.</p> <p>20% of original loan (\$8,400) plus interest is forgiven.</p>	<p>\$33,600</p>
<p>End of Year 2</p>	<p>After second complete year, the homeowner submits an annual declaration confirming forgiveness requirements were met. Another 20% (\$8,400) and interest is forgiven.</p>	<p>\$25,200</p>
<p>End of Year 3</p>	<p>After third complete year, the homeowner submits an annual declaration confirming forgiveness requirements were met. Another 20% (\$8,400) and interest is forgiven.</p>	<p>\$16,800</p>
<p>End of Year 4</p>	<p>After fourth complete year, the homeowner submits an annual declaration confirming forgiveness requirements were met. Another 20% (\$8,400) and interest is forgiven.</p>	<p>\$8,400</p>
<p>End of Year 5</p>	<p>After fifth complete year, the final 20% (\$8,400) and interest is forgiven, and the BC Housing mortgage is complete and released.</p>	<p>\$0</p>

Annual Forgiveness Assessment

Every year, BC Housing will send forgiveness declarations to homeowners with SSIP loans. The forgiveness declaration document outlines the status of your account. You will need to fill out this declaration and provide documents proving you met all requirements.

You will need to confirm:

- Number of months the unit was rented out.
- The property is still your principal residence.
- The unit's monthly rent.
- You didn't rent to a family member.

Proving eligibility for forgiveness may include the following:



Proof of rental income and rental amount:

- Income tax return showing gross rental income (line 12599)
- Rent receipts or bank statements showing rental payment
- A copy of the Tenancy Agreement signed for rental unit



Examples of principal residence for each homeowner on title include:

- A copy of a valid BC Driver's License or BCID
- A copy of a current Home Owner Grant Application
- A copy of the most recent income tax return
- A copy of a current utility bill

Loan Forgiveness

The SSIP loan amount plus BC Housing's legal costs of \$2,000 will be registered on title for 5 years as a forgivable loan. This is forgiven at 20% for each year all of the following program requirements are met:

- The property continues to be the principal residence of the owner(s).
- The secondary suite is rented under a tenancy agreement that complies with the [Residential Tenancy Act](#). An ongoing month-to-month tenancy or minimum 1-year fixed-term tenancy. No short-term or vacation rentals allowed.
- The unit must be rented for at least 10 months during the previous year.
- The rent for the secondary suite is at or below the [Rent Affordability Limits](#), at initial occupancy for each new tenant within the forgiveness period.
 - Rent increases must not exceed the limit set by the Residential Tenancy Branch.
- The tenant is not an immediate family member – spouse, child, parent or sibling, of the homeowner.

Payment for SSIP Funds

After pre-approval is received, the homeowner is responsible for ensuring construction is complete before obtaining an occupancy permit from the municipality or regional district. Once received, you must login and update your SSIP account to provide supporting documents.

These include:

- Occupancy permit – Depending when the permit was issued, BC Housing may request more information to confirm eligibility. All invoices and receipts must contain the contractor’s business number (BN) or GST registration number.
- Name and contact information of your lawyer or notary public.
- Mortgage holder’s consent and notice signed by all prior lenders with an interest in the property. Provided as part of the pre-approval package.
- SSIP Homeowner Declaration signed by all homeowners confirming Mortgage Holder’s Consent and Notice was provided to all prior lenders. Provided as part of the pre-approval package.
- Proof of homeowner’s insurance covering the secondary suite.

The homeowner also needs to complete a Statutory Declaration including:

- Information about the type of suite, number of bedrooms and accessibility features.
- A declaration that all work related to the construction of the secondary suite was completed.
- Acknowledgment that only one lifetime SSIP loan per homeowner is permitted, regardless of the approved mortgage amount.
- Understanding of all program requirements to qualify for mortgage forgiveness.

- Acknowledgment the mortgage will be registered and may be extended year by year up to 10 years if program requirements are not met. Extensions are at the sole discretion of BC Housing.
- Acknowledgment the mortgage is payable immediately if the homeowner doesn’t follow SSIP eligibility requirements and does not fix issues identified by BC Housing.

Once the Statutory Declaration is complete, BC Housing generates the SSIP mortgage package. We then forward it to the homeowner’s legal counsel for execution and registration on the title. Once BC Housing receives confirmation the mortgage documents are complete, the SSIP loan will be forwarded to the homeowner’s legal counsel for payment.

Contact Us

If you have any questions, please refer to the **FAQ** section below.

Call us at 604-439-4727 or 1-877-757-2577 and select option 3. Or, you may contact us via our **[secondary suite web form](#)**.



Frequently Asked Questions

What is a principal residence?

A principal residence is the home where an owner lives permanently at least six months per year. This residential address is used for things like tax returns, vehicle registration and government-issued identification.

What does “below market value” mean?

To be considered affordable rent and below market value under SSIP, the tenant’s rent must not exceed the **Rent Affordability Limit** for your area.

Is it possible to get pre-approved for the rebate before incurring costs towards getting a permit or construction?

No. To be eligible for the program, BC Housing needs a copy of your approved municipal permits as well as estimates for suite design and construction.

My municipality or regional district does not issue building permits. Am I eligible?

SSIP is a three-year pilot program. For year one, eligibility is limited to homeowners living within one of the approved British Columbia municipalities or regional districts providing building inspection services. Future changes to the eligibility criteria as well as a list of approved municipalities and regional districts can be found on our [website](#).

Can I build a laneway house?

Yes. The new unit must be self-contained, and provide access to daily activities such as cooking, sleeping and receiving mail.

Can we rent out rooms individually?

No. To be eligible, the secondary suite must be a self-contained legal unit with a kitchen, a bathroom and a separate entrance.

Can we move into the newly constructed suite and rent out the main residence?

Yes, if the homeowner meets all terms of the program. The main home must be rented at or below the **Rent Affordability Limits** set by BC Housing. You may not rent to an immediate family member, spouse, sibling, parent or child.

Why can't we rent to immediate family members?

The Secondary Suite Incentive Program encourages and supports homeowners with under-utilized space to create additional, much-needed housing. The program targets homeowners who want to create housing for the open rental market.

What are BC Housing legal fees?

The amount secured by the SSIP mortgage will be the amount of the rebate provided plus \$2,000 for BC Housing's legal fees. This includes any payments and taxes related to the preparation and release of the mortgage.

What happens if I get the rebate but no longer meet the criteria before the end of the five-year period?

If you are no longer eligible for the program, you will be responsible for repaying any outstanding principal balance and interest accrued.

Ineligibility could occur for different reasons including: sale of the property during the forgiveness period, or no longer meeting the terms and conditions of the forgivable loan such as the property is no longer the homeowners' principal residence, or the rent is no longer below market value.

Where can I apply?

Eligible homeowners may submit their application online at bchousing.org/secondary-suite. Applications will be approved on a first-come, first-served basis until annual funding is used up. We encourage you to review the **eligibility criteria**. You can then take steps to gather information for your application.

What happens after the five-year period? Can I charge market rent for the suite after that?

Landlords must continue to follow their obligations under the *Residential Tenancy Act*. Landlords in B.C. can issue annual rent increases to existing tenants based on the maximum allowable increase posted by the Residential Tenancy Branch each year.

After the loan is fully forgiven, there is no restriction on what rent can be charged when entering into a rental agreement with a new tenant. This is consistent with the *Residential Tenancy Act*.

