

Make Your Home Pay
Build a self-contained second suite in your home
Canadian Home Workshop, June 2007

Like most things in life, it came down to money for Anton and Selda Panshishin: “We couldn’t afford the mortgage payments on our own, so we built an apartment within our house and rented it out,” says Selda. “We lived in the basement and rented out the main floor.” The extra money covered the interest payments and within five years the couple moved to a new home, once again renting out part of the house—this time, the basement.

“The basement was finished but a little rough when we moved in,” says Anton. “There was a large bathroom with a hot tub, and the walls and ceiling needed work. There was no kitchen but the plumbing had already been roughed in and there was an outlet for an oven, which led me to believe the downstairs had once been a separate apartment.”

Anton and Selda wanted to create a separate space with its own entrance. “The house already had a side door that led downstairs, so all we had to do was install another door that would separate the basement from the rest of the house.”

Other big jobs included fixing the concrete floor in the bathroom, installing a small kitchen, doing some minor wiring, and patching up the drywall. “We were ready to rent it out within a month. In the end, it probably cost about \$2,000 for materials, since I was able to do all the work myself,” says Anton.

Most homes have extra space or, at the very least, space that is better used as a money-maker or a comfortable guest apartment rather than an area to store dusty exercise equipment and broken lawn furniture. Of course, creating a dwelling for long-term guests—visiting relatives, an elderly parent, a live-in nanny, paying tenants—demands much more than wallpapering the rec room and plugging in a hot plate.

Secondary suites, auxiliary apartments or granny flats—each name refers to the same thing: a self-contained living space that’s separate from the rest of the home, as opposed to a bedroom or any other area of the house. Usually the unit comes in the form of a basement apartment, but a secondary suite can also be built above the garage, in a freestanding building in the backyard or in the attic, depending on local bylaws.

“There’s a big difference between a bedroom and a separate apartment,” says Jim Laughlin, deputy chief building official for Toronto. “You’re creating a separate dwelling that must be sealed off from the rest of the house. It doesn’t matter who’s going to be staying in the unit—a dwelling is a dwelling.”

And because you're building a new apartment in a house that was previously a single-family home, there are even more roadblocks to traverse before putting in a new toilet down there. "If you live in Toronto, the house must be at least five years old. The new apartment must be smaller than the rest of the units—how much smaller isn't specified—and you can't change the exterior facade of the house. Most areas of the city require two parking spots or legal street parking," says Laughlin.

Each municipality in Canada has its own bylaws regarding secondary suites. Sault Ste. Marie, Ont., for example, doesn't allow basement bedrooms, and auxiliary apartments in Vancouver cannot exceed 40 per cent of the house. In Edmonton, suite occupancy is limited to three people (unless they're related to the homeowner).

Some municipalities don't allow them at all. "People don't want them in their backyards because they think allowing renters into their neighbourhood decreases property value and attracts transients," says Susan Wankiewicz, executive director of the Landlord's Self-Help Centre, a non-profit service that helps small-scale landlords across Ontario. "But, really, these apartments help build stronger communities while providing homeowners with added income and tenants with affordable places to live. And they're out there anyway, so why not make them safe and up to standard?"

If a zoning bylaw is preventing you from adding a secondary suite, it can sometimes be circumvented. "If there's a problem with the zoning bylaw, you can always go to the committee of adjustment for a variance," says Laughlin. "The basic concerns are always health and safety, so if you can assure that you meet these requirements, the zoning bylaw can be breached in some cases."

Code of Conduct

Renovating an existing auxiliary apartment and constructing a new one are two very different projects. If you want to transform an area of your home into a separate dwelling, then the process is straightforward. Draw up project plans and submit them to the local building department; once approved, build according to the provincial building code and make it legal with a final project inspection. "Creating a new dwelling—installing new windows, building an addition, a new bathroom, new plumbing—requires a permit," says Laughlin.

Many people make upgrades but don't get work like electrical upgrades inspected. "The problem is many homeowners believe that making internal changes is their right, so why would a permit be required? Small maintenance such as new drywall or changing plumbing fixtures don't require permits, but a new dwelling is much more complex

because there are requirements for fire separation, exits, ventilation and window size,” says Laughlin.

Homeowners renovating an existing suite (one that’s been used as an apartment since before 1995) can legalize it by having the work inspected by a fire code inspector. “It’s not that hard to meet the code,” says Laughlin. “If there are problems, the inspector will tell you how to meet the requirements—you need another door, drywall, etc.—so that the apartment is safe.”

Common problems of existing units include: ceilings that are too low because the homeowner didn’t lower the floor, exit routes that are insufficient or blocked, smoke alarms that don’t work properly or the apartment isn’t sealed off properly with fire-rated drywall.

“We look at four main things: containment, egress, fire alarms and detection, and suppression,” says fire code specialist Paul Schuster, whose Toronto-based company, The Fire Guy, helps homeowners meet retrofit requirements. “Containment addresses the construction materials that separate the dwelling unit from the rest of the house. If you have a basement apartment, the ceiling must be made with something that separates it from the upstairs. Gypsum board is the most common—it has a fire separation of 30 minutes—but plasterboard can be used as well.” Putting an apartment above the garage, adds Schuster, requires even more fire protection, an hour’s worth, enough so that carbon monoxide can’t seep through.

Another part of containment is the doors. If you have a shared side entrance with doors to two separate apartments, those two doors must have a minimum of 20-minute fire protection. Schuster recommends hard-wired smoke-alarm systems over battery-powered ones: “If there’s a shared exit, the hard-wired detector interconnects the two dwellings, so both occupants hear it go off. Indeed, some codes require them.

“If you don’t comply with the code, you could face serious fines,” adds Schuster. “The fire department prosecutes right off the bat with penalties up to \$25,000 per offence, and chances are you would have more than one offence. The court system is not lenient in these cases. And if you have a fire and the fire department does an audit and it’s evident that your apartment wasn’t up to code, your insurance company may not cover you for the damage because you broke your agreement. A lot of insurance companies want proof that you had your dwelling inspected by the fire and electrical inspectors.”

Besides gaining clearance from the fire department, homeowners should also seek certification from the local electrical authority. “We look at the breakers, conductors,

kitchen outlets, lighting—all the basics,” says Ted Olechna, provincial code engineer for the Electrical Safety Authority (ESA) in Ontario. The ESA is a provincial regulatory body for the electrical industry (other provinces have similar organizations; and some are municipal). “Home-owners adding a secondary apartment don’t always realize the electrical work involved, such as installing kitchen appliances with splits and receptacles—but these are necessary for any dwelling.”

An ESA inspector conducts a general inspection if the suite pre-exists the current legislation (if it’s been operating as a secondary suite since 1994). If the suite is brand-new, the inspector applies the building code, which is much more rigorous. “It’s the homeowner’s responsibility, or whomever is installing the electrical, to contact us and have the work inspected,” says Olechna.

Groups similar to the ESA across the country all have comparable set-ups. The codes themselves are very similar and the demands are pretty much the same in all the provinces.

Being a Landlord

“The homeowner has to get into the mindset that this is a business and approach the rental agreement with business savvy,” says Wankiewicz, who fields more than 10,000 questions a year from landlords through the Landlord’s Self-Help Centre. “Landlords don’t screen potential tenants enough. Check the tenants’ references and call their previous landlords.” Besides payment problems, landlords should educate themselves on the Landlord Tenant Act. “There are a lot of misunderstandings with rental properties. Leases, for example, aren’t necessary. And the belief that you can’t evict in winter is also false.”

The Landlord’s Self-Help Centre’s Web site (landlordselfhelp.com) provides detailed information for landlords—from tips on screening potential tenants to the legalities of building and operating a secondary suite. Also included is a detailed fact sheet on the benefits of a secondary suite from a tax perspective, giving the rate of return. “In most cases, having a secondary suite doesn’t affect property taxes, unless we’re talking about a large addition. But if you’re simply converting existing space, you won’t see a rise,” says Wankiewicz.

Being a landlord can be stressful, so it’s crucial to remember that it’s a choice. “A friend of ours suggested we put a pool table in the basement because we play a lot of pool,” says Anton. “I thought it was a great idea until Selda put a twist on the idea. ‘Imagine,’ she said, ‘if we bought a house without a basement and rented the neighbour’s basement for \$600 a month. The additional living space wouldn’t be worth the \$600 a month. We

have plenty of space already.'

"Why would we waste the space on a pool table when we could use the extra income? There's a lot more we can do with that \$600.

Things to Consider...

If you're thinking about renovating or adding a secondary suite, chances are you already know who's going to occupy it. But even if your plan is to make space for Grandma, consider future uses:

- How old are the expected occupants? If it's your elderly mother, will stairs be a problem for her in a few years?
- Will your current electrical system handle the extra power required of a two-unit house? Besides upgrading the power supply, you may also consider having another electricity meter installed so that tenants are in charge of their own power.
- How many rooms do you need? Depending on the occupant, you should consider a separate kitchen, bedroom and living room.
- How private do you want to make it? For example, should the windows face onto your backyard, where you spend time with your family?
- Will you share any space? Yes, sharing the bathroom with your mother might be fine for now, but think about future occupants. The same goes with entranceways: should you create a separate side entrance?
- Where will the tenant park? You can't simply ask the person to park on the street, so consider how the driveway will work.
- How much extra storage space will be required?
- Will you charge rent? If so, check with your insurance company and mortgage lender so there is no confusion over coverage in case of an accident.