

Development Charge Grant Policy

November 2025

Objective

This Development Charge Grant Policy ("Policy") establishes a framework for providing development charges grants for missing middle housing. The purpose of this Policy is to encourage the development of diverse housing types within the Municipality of Strathroy-Caradoc by lowering financial barriers and promoting increased housing supply, affordability, and community diversity.

Application

This Policy applies to all building permits for new residential construction or redevelopment where development charges are payable charges under the *Development Charges Act* and the Municipality of Strathroy-Caradoc's Development Charge By-law, and where the development includes one or more eligible units as defined in this Policy.

Definitions

Municipality: refers to The Corporation of the Municipality of Strathroy-Caradoc, its Council, and any staff or representatives authorized to act on its behalf

Development Charges: Fees imposed under the *Development Charges Act, 1997* to recover costs associated with growth-related infrastructure.

Average Market Rent (AMR): The Municipality of Strathroy-Caradoc shall maintain full discretion in the determination of Average Market Rent (AMR) based on unit size/type. The amounts will be updated and publicly available on the Municipality's website.

Administration and Enforcement

The following positions ("Administrators") are assigned to administer all provisions under this Policy:

- Chief Administrative Officer
- Director, Community & Development Services

Where any provision of this Policy conflicts with provincial legislation or regulations, the provincial requirements shall prevail.

Eligibility Criteria

In order to be eligible for a development charge grant under this Policy, the development must comply with the following:

- Construction of a minimum of four (4) new residential units on a single legal property (prior to development).

- Units may be for ownership or rental. Eligible forms include: fourplexes, multiplexes, stacked townhouses, rowhouses, and apartment buildings.

- Comply with all Municipal policies/documents and the Strathroy-Caradoc Zoning By-law or be in the process of a planning application under the *Planning Act* to allow the intended housing type.

The following developments are <u>not eligible</u> for a development charge grant under this Policy:

- Projects which are already eligible for a development charge grant or exemption under the *Development Charge Act*.

- Single detached, semi-detached, or duplex dwellings (unless part of a larger development)

- Short-term rentals (ex., Airbnb or vacation rentals)

- Secondary suites or additional residential units (ARUs)

- Legal properties which previously received a grant under this Policy

- Properties or applicants that have outstanding taxes, fees, or other municipal charges

<u>Attainable Housing Eligibility</u>

In addition to the above eligibility criteria, in order to be eligible for a development charge grant for attainable housing, the development must also comply with the following:

- Registered owners of lands and buildings must enter into an agreement with the Municipality outlining the obligations and responsibilities of the owner, including but not limited to the criteria listed in this section.

- A minimum of 15% of the total rental housing units in the development must be rented at or below Average Market Rent (AMR) for a minimum period of 25 years from occupancy.

- If the units change and are no longer deemed to be affordable while the agreement is active, the Municipality may require the development charge grant to become repayable to the Municipality in full.

- During tenancy, the housing provider must agree not to increase the rent during the affordability period by more than the prevailing rent increase guideline established for each calendar year pursuant to the Residential Tenancies Act, 2006 or any successor legislation or the rental rates established through the agreement, whichever is less. However, the rent rate established through the agreement may be adjusted to the current year during unit turnover.

- Tenancy for Attainable Units rented at 80% or less of AMR should be coordinated with the City of London Housing Access Centre (HAC) to ensure those who are in need of housing the most have priority access, based on wait list or other available data deemed appropriate.

- Conversion of ground-level non-residential floor space to residential is not eligible for funding under this program, unless explicitly permitted by the Municipality in its sole discretion.

Meeting the above criteria does not guarantee funding, subject to annual limits.

Development Charge Grant

Any development deemed eligible under this Policy will receive a development charge grant per unit of fifteen (15) percent or twenty-five (25) if eligible under the Attainable Housing Eligibility. The grant will apply to a maximum of ten (10) units per legal property or $50,000 whichever is lesser.

There will be a total maximum annual limit of $150,000 in development charge grants issued per calendar year by the Municipality, if the yearly amount exceeds this value the Municipality has the right to refuse an application.

Application Process

- **Pre-Consultation:** Applicants are encouraged to consult with Planning staff prior to submitting an application.

- **Application Submission:** Submit a “Development Charge Grant Application” form prior to the issuance of a building permit.

- **Staff Review:** Staff will evaluate applications for compliance with this Policy and recommend approval or denial.

- **Building Permit Issuance:** Once all conditions are met, a building permit can be issued and full development charges paid in accordance with the *Development Charges Act*

- **Occupancy Permit Issued:** Once construction of the units is complete and an occupancy permit is issued, payment of the grant is issued to the applicant by the Municipality in accordance with this Policy.

Payment Process

To ensure compliance with the requirements of the Policy the following payment process shall apply:

- When development charges are payable, the applicant shall pay the full amount of applicable development charges, in accordance with the Municipality's Development Charges By-law.

- Following the issuance of an occupancy permit for the units, the Municipality will issue a cheque equal to the amount of the approved development charge grant. If the grant is issued under the Attainable Housing Eligibility, the Municipality must confirm the rent levels are in accordance with the requirements of this Policy and have an executed funding agreement(s).

- The Municipality shall issue the payment within 60 days of occupancy of all units which are deemed eligible under this Policy.

General Provisions

- Applications will be evaluated and accepted on a first come first serve basis. If annual funding is exhausted, the Municipality has the right to refuse the application.

- If an occupancy permit is not issued within 2 years of a Development Charge Grant Application being received for a project, the grant will expire and not be paid to the applicant.

- The Policy will be in effect until December 31st, 2028 and may be extended at the discretion of the Municipality.

- In cases of ambiguity, the Administrators interpretation of this Policy shall be final.