

Meeting Date: October 6, 2025
Department: Building, By-law & Planning
Report No.: BBP-2025-99
Submitted by: Jake DeRidder, Manager of Growth and Development
Reviewed by: Robert Lilbourne, Director of Community and Development Services
Approved by: Rob Browning, Chief Administrative Officer

SUBJECT: **Housing Accelerator Fund (HAF) - Development Charge Reduction Policy**

RECOMMENDATION: THAT: Council approves the Development Charge Reduction Policy, and further;

THAT: By-law No. 112-25 Development Charge Reduction Policy be referred to the By-law section of the Agenda for approval.

BACKGROUND:

As part of the Housing Accelerator Funding received from Canada Mortgage and Housing Corporation (“CMHC”), the Municipality is required to complete seven initiatives listed below:

- Initiative 1 – Ending Exclusionary Zoning and implement 4AOR in urban, fully services areas and 3 AOR in agricultural and hamlet areas
- Initiative 2 - Make Municipally Owned Available for Housing to address housing shortages and enhance affordability
- Initiative 3 - Reduce or Eliminate Parking Standards to remove potential barriers to residential development.
- Initiative 4 – Eliminate Restrictions and add Flexibility to build more housing types and encourage mixed-use development at greater densities
- Initiative 5 – Develop Affordable Housing Community Improvement Plans to provide additional incentives to support the creation of affordable and climate resilient housing.
- Initiative 6 – Design and Implement Guidelines to encourage the creation of Additional Residential Units (ARU)
- Initiative 7 – Develop Grant Programs to Encourage Diverse Housing Types such as missing middle housing, row/townhouses, purpose-built rentals.

If the Municipality fails to meet its obligations under the agreement with CMHC, then it runs the risk of not receiving the full amount of funding from CMHC.

The focus of this report and policy is initiative 7, which requires the Municipality to develop a grant program that promotes diverse housing types.

COMMENTS:

The purpose of the Development Charge Reduction Policy is to provide a reduction in development charges for “missing middle housing” which is defined as anything in between the highest apartment and a single detached dwelling. For Strathroy-Caradoc that will be primarily low-rise apartments, fourplexes, multiplexes, townhomes, etc. The goal is to encourage more diverse types of housing by lowering some of the financial barriers for builders within Strathroy-Caradoc.

A reduction will be applied to any development that meets the eligibility criteria outlined in the below (further details in the policy). Developments that do not meet these criteria will not be eligible for a reduction.

- 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.

If a project is deemed eligible by staff, the applicant would be required to pay the full development charge at the applicable time (currently prior to building permit issuance) and then would receive the reduction amount when an occupancy permit is issued in the form of a cheque.

The reduction amount is 15 percent of the total development charge per unit to a maximum of 10 units or \$50,000, whichever is less. This is to ensure the program can be used on multiple projects rather than on a single development to maximize the housing stock within the Municipality.

Some example calculations for the reduction are provided below:

4 Unit Multiplex (Strathroy)

Total Development charge (2025) = \$27,408.56 x 4 units = \$109,634.24

Reduction per unit = \$27,408.56 x 15% = \$4111.28

Total Reduction = **\$16,445.14**

12 Unit Apartment (Strathroy)

Total Development charge (2025) = \$17,277.80 x 12 units = \$207,333.60

Reduction per unit = \$17,277.80 x 15% = \$2591.67
Total Reduction = **\$25,916.70** (10 unit cap)

6 Unit Multiplex (Mount Brydges)

Total Development charge (2025) = \$29,765.37 x 6 units = \$178,592.22
Reduction per unit = \$29,765.37 x 15% = \$4464.81
Total Reduction = **\$26,788.83**

The policy will remain in effect until December 31st, 2028, which is the last year the Municipality will receive a funding installment from CMHC, Council may extend the policy if desired.

FINANCIAL IMPLICATIONS:

The policy has a \$150,000 annual limit which will be funded entirely by the monies received through the Housing Accelerator Fund, there will be no taxation used for the funding of this policy.

Additionally, because the applicants are required to pay the full development charge initially, there will be no lost revenue to the development charge reserves.

ALTERNATIVE(S) TO THE RECOMMENDATION:

1. Council to provide alternate direction.

STRATEGIC PLAN ALIGNMENT:

This matter is in accord with the following strategic priorities:

- 1) *Economic Development: Industry, and Jobs:* Strathroy-Caradoc will have a diverse tax base and be a place that offers a variety of economic opportunities to current and prospective residents and businesses.
- 2) *Managing the Challenges of Growth for the Municipal Organization:* Strathroy-Caradoc will be an inclusive community where growth is managed to accommodate a range of needs and optimize municipal resources. We are committed to maintaining operational efficiency and economies of scale through these times of change

ATTACHMENTS:

Development Charge Reduction Policy