Town of Georgina Housing Accelerator Fund

Additional Residential Unit Incentives

Background Report

September 2025

Executive Summary

The Town of Georgina has committed to increasing housing supply and to broadening the range of housing choices available in the Town. Funding for several initiatives to increase housing supply has been provided through an agreement through the Housing Accelerator Fund established by the Federal Government.

The Town of Georgina completed a Housing Needs Assessment (29 April 2025) which provided a comprehensive analysis of current and future housing needs within the community, with a particular focus on the identification of specific gaps in availability, affordability, and accessibility. Among the conclusions was the recognition that strategic interventions are required as there are currently housing challenges making it increasingly difficult for residents to access suitable and affordable housing. To this end, the report supported the development of a broad range and tenure of housing types.

Through the Housing Accelerator Fund Agreement, the Town has funding to support the development of Additional Residential Units (ARUs) as one means of increasing housing supply and creating opportunities to provide financial support for these units. Implementation of this type of funding is typically completed through a Community Improvement Plan (CIP). CIPs are a tool enabled under the Ontario *Planning Act* which allow municipalities to offer incentives, grants and other programs in an effort to stimulate revitalization and growth within a municipality.

This Background Report examines the legislative authority, existing programs, Town policy, ongoing initiatives by the Town through other HAF Agreement work, and comparative best practices for funding ARUs in the Town's communities. The Background Report will inform the development of a Town wide Community Improvement Plan for ARUs.

Table of Contents

1. Introduction

The Town of Georgina is a lower-tier municipality within the Regional Municipality of York ("York Region"), with a current population of approximately 53,000 residents. By 2051, the Town's population is projected to grow to 70,500, representing an increase of 17,500 residents. Accommodating this growth includes updated planning and zoning provisions to support a diverse range of housing options.

To support transformative change in municipal planning and development processes, the Government of Canada introduced the Housing Accelerator Fund ("HAF") in the 2022 Federal Budget. The program was designed to provide incentive-based funding to municipalities to facilitate housing delivery and encourage long-term systemic improvements in land use planning and approvals. In the 2024 Federal Budget, the Government of Canada committed an additional $400 million to the program, extending funding through to 2027 and 2028.

On January 27, 2025, the Government of Canada entered into a funding agreement with the Town of Georgina following a successful HAF application. The Town will be awarded up to $5,843,000 to implement various initiatives (Town's Housing Action Plan) that will result in the construction of 210 additional homes by the end of 2027. These homes are over and above current growth projections over the next three years. The agreement is conditional on the Town's ability to fulfill specific commitments established by the Canada Mortgage and Housing Corporation ("CMHC"), including the implementation of initiatives that streamline development approvals and promote the construction of a range of housing types.

Through the HAF funding, the Town of Georgina will implement eight (8) initiatives aimed at expediting housing development through the Town's Housing Action Plan.

NPG Planning Solutions Inc. ("NPG") with Tim Welch Consulting ("TWC") has been retained to support the implementation of three (3) of these initiatives identified in the Town's HAF Action Plan:

- **Initiative 1**: Amend the Town's Zoning By-laws and/or Official Plan/Secondary Plans (if necessary) to permit four (4) residential units as-of-right per lot within urban and fully serviced settlement areas of Keswick and Sutton/Jackson's Point, to support gentle intensification and infill development.
- **Initiative 7**: Update the Town's Comprehensive Zoning By-law to permit Additional Residential Units ("ARUs") on municipally-serviced and privately-serviced residential properties.
- **Initiative 8:** Develop a Promotional and Financial Incentive Program to support the creation of ARUs.

This Background Report involves Initiative 8. A separate Background Report is prepared for Initiatives 1 and 7.

1.1 What is a Community Improvement Plan (CIP)?

A Community Improvement Plan (CIP) is a planning tool that outlines strategies and programs to revitalize specific areas within a municipality is authorized by Section 28 of the *Planning Act*. Once approved, a CIP allows a municipality to provide tax assistance, grants or loans to assist in the revitalization of lands and/or buildings within the defined Community Improvement Project Area (CIPA). These incentives are for municipal priorities which are defined in the CIP.

Through a CIP, municipalities can:

- Focus public and developer attention on local priorities and municipal initiatives;
- Support targeted areas or the whole municipality for specific types of development;
- Facilitate and encourage community change in a co-ordinated manner; and,
- Stimulate private sector investment through municipal incentive-based programs such as grants, loans or waiving of fees.

The adoption and approval of a CIP must follow a process prescribed in legislation to ensure consultation and transparency including a required public meeting is completed to ensure resident and community feedback is heard.

1.2 Purpose of the Report

The purpose of this report is to outline the background, justification and framework for an Additional Residential Unit (ARU) CIP for the Town of Georgina.

This report supports the Town’s goals under Initiative 8 of their Housing Accelerator Fund (HAF) Plan to meet the obligations of the funding from the federal government and to increase the availability of housing that is both affordable and attainable in the Town of Georgina.

2. Housing Accelerator Fund Background Information

2.1 Georgina’s Commitment to Housing

In October 2023, the Town formally endorsed the provincially assigned Housing Pledge, committing to facilitate the development of 6,200 new homes by 2031. As part of the HAF application process, the Town undertook a comprehensive Housing Needs Assessment, which identified significant housing supply gaps and highlighted a range of populations in need of additional and diverse housing options.

The assessment revealed that approximately 1,178 households—primarily young adults aged 25–34—were unable to secure adequate housing in 2024. This challenge is expected to intensify, with Georgina's projected population growth requiring between 3,474 and 5,481 additional housing units by 2041. Rental affordability remains a particular concern, as 40.4% of renter households are currently living in unaffordable conditions. The Town’s housing supply is heavily skewed toward single-detached homes, which make up 83% of the total stock and account for 90% of all housing completions between

2015 and 2024. These trends point to a critical need for a broader mix of housing types, including gentle density forms like Additional Residential Units (ARUs).

In the fall of 2024, Georgina submitted a successful reapplication to the Housing Accelerator Fund. Among the key commitments made in the Town's Housing Action Plan was the adoption of Zoning By-law amendments to permit up to four residential units "as-of-right" per lot (Initiative 1). This amendment, anticipated for completion by fall 2025, is expected to create new opportunities for modest intensification, especially in existing single-detached neighbourhoods.

While fourplexes and other larger housing forms may be best suited to new developments or vacant lots, ARUs provide a more immediate pathway to increasing density within established residential areas. Given the predominance of single-detached homes, in the Town, ARUs represent a practical solution to address housing gaps using existing land and infrastructure.

To support this strategy, the Town's successful HAF application included two initiatives specifically focused on ARU development:

- **Initiative 7**: A comprehensive review and update of Zoning regulations to reduce barriers and streamline approvals for ARUs (currently underway).
- **Initiative 8**: The development and delivery of an incentive program to encourage ARU construction by homeowners.

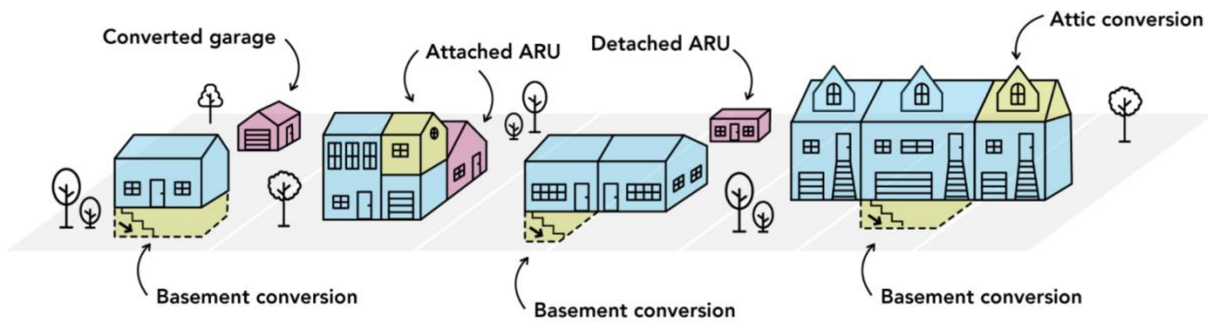
Together, these initiatives aim to raise awareness of ARU opportunities and enhance their financial and regulatory feasibility. ARUs can typically be built more quickly and affordably than larger housing types, making them well-suited to meet immediate housing needs and provide diverse rental options. Their integration also supports broader planning goals by integrating with existing communities, optimizing existing infrastructure, and reducing development pressure on agricultural lands.

These initiatives have established clear targets: encouraging the development of at least 50 additional new ARUs over the three-year duration of the HAF program, and 550 ARUs over a 10-year horizon. Through this approach, Georgina is increasing housing supply in the Town to expand affordable/attainable rental options and contribute to regional housing growth targets.

2.2 What are Additional Residential Units (ARUs)

ARU (which are also known as Additional Dwelling Units (ADUs), Second Units, accessory or basement apartments, secondary suites, carriage houses, laneway suites and in-law flats) are often described as self contained residential units with dedicated kitchen and bathroom facilities that are added to within existing residential structures or as auxiliary structures on residential lots. **Figure 1** below illustrates a range of potential types and configurations of ARUs.

Figure 1: Types of ARUs[1]



ARUs allow density to be added to neighbourhoods without the need to remove the existing primary structure. This results in a smaller and more gentle built form while creating ARUs in areas that already have municipal services and community amenities.

As outlined in the figure above there are numerous development forms and options for the development of ARUs, each with their own advantages and challenges. As they are often added to existing residential properties, the property owner is often the primary developer of the project. The motivation of the property owner to undertake this project is also often varied. As a result, having clear zoning and building regulations, incentives and toolkits can be vital to ensure these projects are undertaken.

3. Understanding ARUs in Georgina

The Town of Georgina has actively supported the development of ARUs through a combination of accessory structure bylaws—permitting detached and above-garage ARUs—and the use of Zoning By-law amendments and minor variances. Bill 23, *The More Homes Built Faster Act* passed in 2022 permitted ARUs as-of-right across residentially zoned and serviced areas in Ontario, in single-detached, semi-detached and townhouse forms of housing. The Town is currently updating its Comprehensive Zoning By-law (No. 500) to allow ARUs in its urban and rural areas. Similar provisions were included in Zoning By-law 600 passed in 2023 for the rural and agricultural areas through By-law 600 is currently pending final approval by the Ontario Land Tribunal. These Zoning By-law updates will permit ARUs as-of-right, enabling this form of new housing to be built Town wide.

Data was provided by the Town in **Table 1** shows ARU Approvals from 2023:

Table 1 – Georgina ARU Approvals

Year	Approved Count
2023	*45*

[1] Credit: Town of Whitchurch-Stouffville

Year	Approved Count
2024	32
2025 (Jan 1 to March 31)	10

A review of approvals in 2023 and 2024 shows that 13 and 5 of these approvals, respectively, were for the legalization of pre-existing, unregistered ARUs. These legalizations are a positive outcome, as they bring the units into compliance with current building and fire codes, thereby ensuring safe living conditions for tenants.

The majority of approved ARUs over this period have been internal conversions—such as basement or garage units—rather than creating new detached structures. These conversions tend to be more cost-effective for homeowners. This trend aligns with Georgina's housing stock, where 83% of all dwellings are single-detached homes and over 57% were built after 1980, many of which are well-suited for internal modifications.

Recognizing the potential of ARUs to contribute to local housing supply, the Town has identified their smaller footprint and faster construction timelines as valuable in helping to meet growth and intensification targets set through to 2051. ARUs represent a form of gentle density that can deliver relatively affordable housing options.

To further support this approach, Georgina's application to the Housing Accelerator Fund (HAF) included two ARU-focused initiatives. Initiative 7 proposes a comprehensive review and update of local by-laws to streamline ARU development. Initiative 8 introduces a financial incentive program to encourage homeowners to build ARUs. Each initiative aims to facilitate the creation of an additional 25 new ARUs over a three-year span, contributing to a broader goal of 225 new units over the next decade.

4. Legislative and Policy Context

4.1 Legislative Authority

4.1.1 The *Planning Act*

A CIP is a statutory document prepared under Section 28 of the *Planning Act.* To prepare a CIP, a municipality is required to have Official Plan policies in place that describe the use of CIPs. The Town of Georgina Official Plan contains provisions that allow community improvement and revitalization policies under *Section 8.6: Community Improvement*.

The municipality must also adopt a Community Improvement Project Area through a By-law of Council. A Community Improvement Project Area is the designated area to which a CIP applies. Only property owners and tenants located within the Community Improvement Project Area (CIPA)are eligible to apply for the incentives enabled by a CIP.

The *Planning Act* allows municipalities to undertake the following actions through a CIP:

- Acquire, hold, clear, grade, or otherwise prepare land for community improvement;
- Construct, repair, rehabilitate or improve buildings on land owned by the municipality;
- Sell, lease or dispose of any buildings or land owned by the municipality; and,
- Create and issue grants, loans, or other incentive programs to owners and tenants of buildings and lands within the CIPA, to assist with eligible improvements covered under the CIP.

Generally, a CIP consists of financial incentives and municipal leadership initiatives. Financial incentives may include grants, loans, and fee rebates. Municipal leadership initiatives are actions or initiatives financed and led by the municipality itself such as streetscaping, improving pedestrian facilities on main streets, or wayfinding improvements.

4.1.2 The *Municipal Act*

Supporting the implementation of CIPs under the *Planning Act*, the *Municipal Act* allows for municipalities to provide grants or loans to property owners (Section 107) as well as tax assistance – such as deferrals or cancellation (Section 365.1). The *Municipal Act* provisions are more restricted than what is permitted in a CIP thus most municipalities use CIPs to achieve their revitalization and investment priorities.

4.2 Policy Guidance

4.2.1 Provincial Planning Statement

The Provincial Planning Statement (PPS) sets the policy foundation for regulating the development and use of land province wide. The PPS (2024) was implemented in October 2024. The 2024 PPS updated and synthesized policy direction from two other previous policy documents: the Provincial Policy Statement (2020) and A Place to Grow: Growth Plan for the Greater Golden Horseshoe (2019).

The PPS gains its authority from Section 3 of the *Planning Act*, which authorizes policy statements “on matters relating to municipal planning that in the opinion of the Minister are of provincial interest.” All decisions affecting planning matters are required to be consistent with the PPS. The PPS prioritizes growth and development within urban and rural settlements that will, in turn, support and protect the long-term viability of rural areas, local food production, and the agri-food network. The PPS also includes policies for the protection of natural and cultural heritage, water, agriculture, mineral, petroleum and aggregate resources, and human health and safety by directing development from natural and human-made hazards. For the first time, the PPS speaks to additional residential units in agricultural areas with specific policy requirements to implement this housing form.

Zoning By-laws play an important role in implementing PPS policy direction. The creation of forward-looking by-laws is promoted, and emphasis is placed on development of an appropriate range and mix of housing and employment options, fostering active communities and promoting compact, transit-supportive development. Zoning and development permit by-laws are required to be kept up-to-date with the PPS by establishing development standards to accommodate growth and development.

4.2.2 Greenbelt Plan (2017)

The Greenbelt Plan (2017)[2] is a Provincial Plan that identifies where urbanization should not occur to afford permanent protection for the agricultural land base, and areas with ecological and hydrological features and functions in the Greenbelt Plan Area (boundary). The agricultural and natural heritage in the Greenbelt benefit quality of life for all Ontarians and help achieve a thriving economy, a clean and healthy environment, and social equity in the province. The plan outlines the boundary extent of the Greenbelt, provides policies specific to these areas and identifies where urbanization should not occur.

The entire Town falls within the Greenbelt area. The communities of Keswick, Sutton/Jackson's Point, and Pefferlaw are identified as Towns and Villages in the Greenbelt Plan and are generally exempt from its policies, aside from certain provisions that are not relevant to the focus of this Background Report. The remainder of the Town's land area is designated as Protected Countryside and Natural Heritage System, which are intended to be safeguarded from urban development. The Greenbelt Plan does permit ARUs in limited circumstances.

4.2.3 York Region

York Region Official Plan (2022)

The York Region Official Plan (YROP) 2022 outlines policies across its seven chapters that support CIPs and the creation of diverse housing options. Chapter 4: *An Urbanizing Region* sets specific intensification targets for the Town of Georgina, identifying the need for an additional 2,700 residential units by 2051. Policy 4.1.10(d) explicitly recognizes ARUs and gentle density as mechanisms to achieve these targets.

Other chapters in the YROP reinforce support for ARUs by promoting:

- Compact and complete community development;
- Protection of agricultural and natural heritage lands;
- Efficient servicing and waste management; and,
- Active transportation and sustainable mobility planning.

Together, these policies make a strong case for ARU development and provide a regional mandate to incentivize these housing forms through targeted municipal programs such as CIPs.

[2] The Greenbelt Plan derives its authority from the Greenbelt Act, 2005.

Housing Solutions: A Place for Everyone

York Region's current 10-year Housing and Homelessness Plan outlines the need to expand affordable and diverse rental options across the Region. Goal 1 emphasizes increasing support for affordable rental housing, a role that ARUs can fulfill at a small but meaningful scale.

Incentivizing ARU development within Georgina would expand rental options and improve housing access for a broader spectrum of residents. A new 10-year Housing and Homelessness Plan is currently under development, which may offer further policy support for ARU expansion.

4.2.4 Town of Georgina

The Town of Georgina has several policy measures that support ARU development and their incentivization through a community improvement plan.

Town of Georgina Official Plan

The Town's Official Plan supports smart growth principles including:

- Limiting outward expansion;
- Protecting natural and agricultural lands; and,
- Building healthy and complete communities.

These goals align with the integration of ARUs as a gentle intensification strategy within existing urban areas.

Relevant policies include:

- **Section 2.2.8.4**: Calls for residential intensification to occur through infill development within Keswick, Sutton, and Jackson's Point.
- **Section 2.2.12**: Commits to building healthy communities through a mix of housing types, tenures, and affordable housing options.

ARU development aligns with these goals by supporting compact urban form, enabling infill within established neighbourhoods, and increasing the diversity of housing supply.

Secondary Plans

The Keswick Secondary Plan (2023)

Section 13.1.5.3.4 permits up to two accessory dwelling units per lot in residential zones—where no existing additional units are present—up to a maximum of three residential units. This is part of the ongoing Zoning By-law initiatives through the HAF projects to update the zoning in the Town for ARUs.

Sutton/Jackson’s Point Secondary Plan (2013)

Although dated and not explicitly referencing ARUs, this plan supports intensification through small-scale infill development. Section 13.2.1.6.1 (V) projects housing approximately 320 persons through “small-scale infill developments,” language which aligns well with modern ARU forms. Despite its age, the policy direction supports ARU-type housing.

Pefferlaw Secondary Plan (1996)

The Pefferlaw Secondary Plan permits ARUs on properties with single-detached, semi-detached, or townhouse dwelling units for lands designated Residential. The policies include requirements for developing ARUs. Within the Rural designation, one ARU is permitted through a Zoning By-law Amendment. The Rural policies for ARUs include certain requirements (size, parking as examples). The ongoing initiatives through the HAF Agreement will address the Secondary Plan and Zoning for ARUs in Pefferlaw.

Town of Georgina Community Improvement Plans

The Town of Georgina has several existing Community Improvement Plans which predominantly focus on commercial and mixed-use areas of the downtown areas of the urban communities in Georgina.

Table 2 – Georgina Community Improvement Plans

CIP Name	General Description	Incentive Level
Façade Building Grant	Grant to promote the sensitive redesign of existing building facades to enhance the image of the area.	A grant of the less of up to a maximum of $7,500 or 50 percent of the cost of improvement.
Heritage Building Grant	Grants to provide building owners with financial incentive to improve heritage building facades in a way that conserves significant historical features.	A grant of the less of up to a maximum of $7,500 or 50 percent of the cost of improvement.
Landscape Improvement Grant	Grants to create enhanced landscaping features such as pedestrian pathways, sustainable features, planters and other aesthetic improvements.	A grant of the less of up to a maximum of $7,500 or 50 percent of the cost of improvement.
Accessibility Improvement Grant	Grants to improve accessibility in existing buildings in Uptown Keswick, Sutton, and Jackson’s Point.	A grant of the less of up to a maximum of $7,500 or 50 percent of the cost of improvement.

While these existing CIPs are not currently designed to support residential ARUs, elements of these programs—particularly the Accessibility Improvement Grant—could be adapted to enhance ARU viability. For instance, funding could be extended to include features such as ramps or accessible design in newly built or retrofitted ARUs, improving equity in access. This would require the Town to implement "stacking" of incentives where a project is eligible for more than one program.

5. Best Practices Review and Comparable Municipalities Information

5.1 CIP Geography and Incentives

The Town of Georgina's CIPs are geographically limited to select areas—specifically, portions of Keswick, Jackson's Point, and Sutton—with a predominant focus on commercial and mixed-use zones. While a small number of residential parcels exist within these zones, the existing CIP structure does not include residential or ARU-specific development across the municipality.

To enable ARU uptake as a form of gentle intensification, the definition of the CIP Area must be broader for the ARU CIP. Best practice for ARU-supportive CIPs involves extending eligibility to all designated settlement areas and residentially planned lands, as well as rural areas of the Town, ensuring alignment with planning objectives and minimizing the administrative burden of narrowly defined or frequently changing boundaries.

5.1.1 Urban and Rural Considerations

In urban settings, ARUs align closely with infill and gentle density goals. Extending CIP coverage to all settlement areas allows for consistent application of incentives and ensures equity for homeowners across different urban centres.

In rural contexts, ARU feasibility is typically dependent on access to water (well/cistern) and sufficient private septic capacity. Despite these constraints, many rural municipalities permit ARUs on agriculturally zoned lands, recognizing their potential to:

- Comply with provincial Minimum Distance Separation (MDS) regulations, and,
- Provide increased housing options for farm families.

While large volumes of ARU construction are not expected in rural zones, enabling these developments through a flexible CIP framework would contribute to broader housing and economic development goals. The Town's adopted Zoning By-law 600 permits ARUs in the agricultural and rural areas which aligns with a potential Town wide approach to incentives for ARUs.

5.1.2 Hamlet and Secondary Settlement Areas

The Town's Official Plan identifies several hamlet areas—Belhaven, Ravenshoe, Baldwin, Brownhill, Virginia, and Udora—that, while not targeted for large-scale growth, are well positioned for incremental residential intensification. Supporting ARUs and other small-scale housing forms in these hamlets, where servicing allows, promotes housing diversity and maintains the rural character of these communities.

5.1.3 Town Wide CIP

Implementing a Town wide ARU CIP, in tandem with updated Zoning By-laws, offers the most efficient and transparent path forward. This approach:

- Ensures coverage across all appropriate geographies without repeated boundary adjustments;
- Reduces confusion among homeowners and developers about eligibility;
- Assists in implement Zoning By-law 600 (when approved); and,
- Reinforces the Town's commitment to enabling housing diversity and supply in all communities.

By streamlining zoning flexibility and aligning incentive structures through a universal ARU CIP, the Town can create a more inclusive, scalable, and administratively efficient strategy to support ARU development.

5.2 Policy Considerations and Best Practices

There are a range of policy considerations and best practices to incentivize and encourage ARUs in the community. A broad snapshot on this topic for homeowners, polling conducted by EKOS Research in 2021 surveyed 1,003 Ontario homeowners and found that approximately 34% would consider building an ARU on their property—if major barriers such as cost, time, knowledge, and permitting were removed.[3] Among those interested, the top three barriers were:

- Zoning uncertainty and lot size constraints (27%)
- Financial barriers, such as lack of savings or existing debt (25%)
- Time constraints or hesitancy to become a landlord (19%)

As for motivations to build an ARU, respondents cited:

- Providing housing for a family member (52%)
- Generating rental income (38%)
- Increasing property value (24%)

[3] CHMC and EKOS Research. (2021) Housing Supply Challenge Maintaining Affordability Through ADUs: A Tracking and Analysis Model Polling Results. https://gingerpolitics.wordpress.com/wp-content/uploads/2025/05/adu-polling-2021.pdf

Although this poll only captures homeowners it does provide insights into the motivations for those who may build ARUs in Ontario.

5.2.1 ARU Development Costs and Affordability

ARU construction costs in Georgina vary significantly, depending on site-specific conditions and the type of ARU being developed. Internal ARUs—such as basement or attic conversions—are typically the most affordable, largely due to their ability to connect to the primary dwelling's existing utilities. The primary cost drivers for internal units are structural modifications, including separate entrances and exit points.

Table 3 – ARU Cost Estimates[4]

ARU Type	Estimated Cost Range
Basement Apartment:	$80,000 - $150,000
Garage Conversion:	$100,000 - $160,000
Detached ARU/Garden Suite:	$180,000 - $300,000+
High-End Detached ARU:	$350,000+
Prefab ARU:	$150,000 - $300,000

Detached ARUs, while offering greater independence and privacy, come at a higher cost. These units require standalone servicing, and one of the most substantial cost factors is trenching servicing from the front of the property to the rear, where most detached ARUs are located.

Prefabricated ARUs offer some cost predictability and speed but can struggle with integration on irregular lots or where local zoning imposes setback requirements that cannot be met.

While ARUs can be a lower-cost form of housing, the rent charged often reflects market rates. Without affordability conditions tied to incentives, many property owners price ARUs at the market's ceiling to maximize returns. To address this, some municipalities have linked financial incentives—such as grants or forgivable loans—to affordability commitments.

5.2.2 Types of ARU Development and Incentive Structures

ARU projects generally emerge from two development pathways:

[4] ARU cost estimates based on a scan of estimated construction costs by TWC Inc from builders and projects across Ontario. Site specific factors and servicing may result in variation.

- **Greenfield Developers**: Builders integrate ARUs into new residential subdivisions, either as fully constructed or roughed-in units. This allows density to be embedded in new communities from the outset.
- **Homeowner Developers**: Individual property owners add ARUs to their existing homes. These developers often face significant knowledge, regulatory, and financing barriers. Even small administrative hurdles—like minor variances—can discourage uptake or result in unregulated construction.

To support both development types, municipalities are increasingly using a range of incentives:

Fee Waivers

Waiving planning, permit, and inspection fees can ease financial burdens for homeowners. Although such fees are a small portion of total costs, the savings can improve accessibility and simplify processes. However, widespread waivers must be carefully balanced to avoid creating municipal service delivery deficits.

Incremental Property Tax Relief

While effective for large-scale projects, incremental tax relief has limited impact for ARUs. The increase in property assessment is typically modest, making tax rebates relatively insignificant for homeowners. Additionally, this approach requires long-term tracking and municipal repayment.

Development Charge Exemptions

ARUs added to existing homes are already exempt from development charges under provincial legislation. As a result, this tool is not applicable to ARU development.

Grants and Forgivable Loans

Direct grants or forgivable loans are highly effective incentives. Grants can be issued upon permit issuance or occupancy approval. Forgivable loans tied to affordability commitments—e.g., a set rent for a fixed number of years—help align homeowner and public interests. These programs require administrative capacity to monitor compliance but are among the most impactful tools. Tying grants to affordable rent limits on the ARUs may lessen program take-up unless the amount of incentive is very large.

5.2.3 Zoning Regulations

Zoning and By-law regulations play a major role in determining the viability and potential of ARUs. Currently, zoning for ARUs is coming into alignment with provincial requirements of Bill 23. Bill 23 amended the existing ARU provisions of the *Planning Act* to allow for up to 3 dwelling units in a building (single detached, semi-detached or townhouse) or 2 units in a primary building and 1 unit in an ancillary structure on any parcel of “urban residential land” (i.e. land serviced with municipal water and sanitary sewers).

The *Planning Act* overrides any Official Plan or Zoning By-law related to ARUs, including the requirement for any minimum unit floor area, or requiring more than one parking space for an ARU beyond the principal dwelling unit requirement. Town of Georgina, Zoning By-law 600 which covers the Countryside Areas already contains provisions for ARU development. In parallel to this initiative a review and update of the Town's Comprehensive Zoning by-laws related for units "by right" (HAF Initiative 1) and specifically ARUs (Initiative 7) are underway in parallel to the development of this CIP.

5.2.4 Application Processes

A straightforward, user-friendly application process is essential for encouraging ARU development—especially among homeowners unfamiliar with municipal procedures. Complicated or time-limited application windows can deter participation or result in a surge of incomplete or rushed applications. Program design considerations include:

Rolling Intake vs. First-Come, First-Served: Programs with large, front-loaded incentives (e.g., St. Catharines' $80,000 per unit) have seen funds exhausted within weeks, creating inequities and delays for prospective applicants. Smaller, more modest grants available on a rolling basis may ensure wider access and sustained interest.

Defined Intake Periods: Some municipalities (e.g., Bruce County) have used capped annual programs (e.g., $250,000/year, $50,000 max per unit) to align with limited budgets and staffing. They use a defined intake period to ensure capacity and budgets to approve ARUs in their community. In 2024 only two of five grants were approved.

Municipal Capacity: A surge in applications could overwhelm staff capacity for approvals and inspections. A balanced approach—moderate incentives, rolling applications, and clear communication—can help manage workloads and maintain service standards.

5.3 Comparator Municipal ARU Community Improvement Plans

Municipalities located in the York Region can act as helpful comparisons to understand the regional policy context. Smaller municipalities offer a more similar comparison, as the larger more southern municipalities have larger urban footprints and higher density. The table below outline existing ARU incentive programs in York Region:

Table 4 – York Region ARU Incentive Programs

Municipality	ARU Incentive Program Description	Financial Value
Aurora	No program – conducting similar zoning by-law review based on their Affordable Housing Action Plan – scheduled for 2025 completion. May trigger future ARU incentives.	Nil
East Gwillimbury	No program	Nil
King	No program	Nil

Municipality	ARU Incentive Program Description	Financial Value
Markham	No program	Nil
Newmarket	No program	Nil
Richmond Hill	No Program – Has an affordable housing/rental market incentive but must build a minimum of 11 units.	Nil
Vaughan	No program currently – According to HAF Action Plan Summary ARU Education and Incentive program scheduled to launch July 1, 2025 and creating new CIP.	Nil
Whitchurch-Stouffville	Is currently developing an Affordable Housing CIP, it is not clear if ARUs will be eligible or what incentives will be offered if any.	Nil

ARUs have not been the focus of incentive programs in York Region. Georgina may be one of the first communities in the Region to implement an incentive program for ARUs. This could give the Town a "first mover advantage" by attracting this form of development to the municipality.

Beyond the other comparable York Region municipalities, a scan of selected ARU incentive programs in Ontario provides examples of municipal ARU incentives.

Table 5 – Other Ontario ARU Incentive Programs

Municipality	ARU Program Description	Financial Value
St Catharines	Grant to offset the cost of the ARU development. This program has been enhanced by HAF funding.	Up to 70% of total eligible costs max of $40,000 on internal units and $80,000 on exterior dwelling unit. Max $80,000 per property. This funding is through the City's HAF agreement.
Chatham-Kent	Grants to assist the creation of additional units as part of their Community Improvement Plan.	Building Permit rebate – 100% cost up to $5,000 Residential Conversion and Affordable Housing Grant Program up $20,000 plus $5,000 for each additional unit. Total grant can't exceed construction cost.
Bruce County	Homeowners who own a single-detached property in Bruce County are eligible to	Up to $50,000 in financial assistance is available to eligible homeowners for the construction of

Municipality	ARU Program Description	Financial Value
	apply. Additional criteria are available on the website	an ARU. Rented at an affordable rate for 15 years.
Lambton County	ARU must be rented at 80% CMHC Annual Market Rent for 15 years, and the tenant must have an annual income of less than $99,000	Loan assistance of up to $25,000 or 75% of the total cost of the project, whichever is less, to create an ARU at their home.
North Perth	Grants to homeowners to add legal second suites that are accessory to a single detached dwelling, semi-detached dwelling, duplex dwelling, or townhouse dwelling.	50% of eligible costs to a maximum of $10,000 per property.
London	Non-forgivable and forgivable loans offer financial assistance to property owners to help offset the costs of creating new detached additional residential units.	Loans up to $45,000 for the creation of new ARUs, requirement for tenants to enter into a residential lease agreement. Up to $45,000 in forgivable loan for the creation of new ARUs provided at 100% of Average Market Rent or for Indigenous homeowners. Less funding ($20,000) is available if units are provided above market rent levels. This funding is through the City's HAF agreement.
Guelph	This grant is designed to encourage homeowners and landlords to build Additional Residential Units that are affordable on the property.	Up to $20,000 for an affordable housing unit added to the property. Up to $20,000 if upgrades to water or wastewater infrastructure are required up to and within the right-of-way to service the new housing unit. Up to $10,000 if the affordable housing unit has accessibility features beyond Building Code requirements. This funding is through the City's HAF agreement.
Sarnia	This program aims to provide financial assistance to offset the construction costs associated with renovating an existing dwelling or accessory building to include a new additional residential unit within the principal dwelling or an existing accessory building.	Up to $20,000 in grant funding, units cannot be used for short-term accommodation or student housing.

There are a range of ARU incentives available in Ontario, highlighting the use of incentives to encourage this form of development.

6. Project Considerations

The targets set out in the HAF Agreement of 25 ARUs being constructed over 3 years and with a planned range of grant proposed during the application process of between $2,000 - $30,000. The three-year goal is to encourage at least 25 additional new ARUs in the Town and 225 with 10 years.

Given the pace of ARUs being renovated and built in Georgina, averaging approximately 40 per year based on 2023-24 and Q1 data for 2025 it is likely that demand for a potential incentive program through a CIP will be robust once finalized. It is possible that once broader awareness of the Zoning By-law changes and incentive program, that this demand will grow and ongoing sustainability may become an issue to reach the 10-year targets.

Affordability considerations are central to ensuring the success and sustainability of ARU incentive programs. While incentives such as grants can mitigate upfront construction costs, they must be balanced against broader economic factors. Rising construction costs, averaging $100,000 for internal ARUs and $200,000 for detached units, demand that incentives be sufficiently substantial to encourage meaningful participation.

Moreover, affordability must also consider prospective tenants of these units. Establishing guidelines or conditions that promote affordable rental rates can help secure the primary goal of supporting housing accessibility. Striking this balance between homeowner incentivization and tenant affordability can foster a sustainable framework to achieve long-term housing goals.

6.1 Cost Benefit Analysis of ARU Incentives and Approaches

Based on the best practices outlined in previous sections and the overall project considerations required by HAF objectives there are a wide range of costs and potential benefits

Table 6 below outlines the Costs and Benefits of different incentive programs for ARUs.

Table 6 – Costs and Benefits of ARU Incentive Elements

Element	Cost	Benefit
Size of the Incentive (Large - $30,000)	Larger grants may be difficult to maintain at high funding levels after HAF Funding is exhausted.	Larger incentives are more likely to make projects viable and encourage uptake.
Size of the Incentive	Likely to be more administratively burdensome with many smaller	Will allow more projects to be incentivized (750) based on the

Element	Cost	Benefit
(Small - $2,000 - $5,000)	incentives to distribute. May not see uptake due to the smaller size.	funds available from HAF. Easier to top up smaller funding levels and keep the program sustainable after HAF is exhausted.
Eligible Funding Amount	Many municipalities place a limit on the total eligible portion of project cost that can be covered by incentives. If the threshold is too low, it may limit program uptake. There is a greater administrative burden as the town will have to monitor if eligible expenses are submitted.	This ensures the homeowner / developer is “invested” in the project. The upper limit can help stretch funding across additional projects.
Fee Waivers	Permit and inspection fees are often tied to specific staff roles. High uptake in fee waivers could create long-term sustainability challenges.	Fee waivers can be particularly helpful to proponents with limited funds to begin the development process.
Grants	Can potentially generate perception challenges in the community as a financial giveaway to developers.	Simplest to administer.
Forgivable loans	Most forgivable loans require ongoing administrative tracking by the municipality. This may require additional municipal staff to oversee and administer this program.	Provides the municipality some control over the medium-term usage of the unit, for example ensuring the units are used as long-term rental accommodation. If immediately forgiven it can function like a grant.
Affordability Requirements	Would require town staff to monitor participating ARUs rental rates to ensure they are meeting an affordability threshold as a condition of incentives.	The incentives are linked to affordability of the rental unit so the town can ensure that created units will be affordable for a prescribed period.
Targeted CIP Geography	Will not be available to all property owners in the town despite the Zoning By-law allowing it Town wide.	Will help create a concentration of gentle density in urban areas where services
Town wide approach	Could result in more widespread distribution of ARUs in the Town, resulting in units outside of core urban areas or not in proximity to other community amenities or services.	Creates the broadest pool of eligible property owners.

Element	Cost	Benefit
Application Processes (Open)	Incentives administered on a first come first service basis could create barriers for some homeowners to accessing it as they are not dedicating their full time to their project and may not be aware of the program at the initial opening.	A rolling application process (a maximum amount of funds available each year, over three years) allows projects to access funding as needed when they are at an appropriate point in the development cycle.
Application Processes (Closed)	A flood of applications to meet a deadline could result in a backlog of approvals in other municipal departments such as planning and development.	Setting a clear deadline each year can ensure that all applications are considered wholistically, especially in the case of a limited funding availability.
Complexity of the Program Reporting	Based on all of the factors outlined above programs can become complex, this complexity can lead to higher administrative burdens for compliance tracking and may create barriers for applicants.	A more comprehensive program reporting can ensure that there is less risk of misuse of incentives and ensure compliance with program goals and guidelines.
Incentivization of Greenfield ARU construction	Incentives go to developers, and savings may not necessarily be passed on to eventual homeowners. No guarantee the unit will be rented.	Proactively increase density in new construction within the municipality.

These costs and benefits provide a range of considerations for the Town to consider around their CIP structure and the types of incentives provided for ARU development.

7. Conclusion

Additional Residential Units (ARUs) offer a method to address the Town of Georgina's housing issues in a gradual and measured way while aiming to meet its housing goals.

This Background Report identifies that developing and implementing a Community Improvement Plan is suitable for ARU incentives. The Plan should focus on a Town wide approach with incentives to support ARU development. The next steps for implementation of this component of the Housing Accelerator Fund Agreement is to prepare the draft Community Improvement Plan for review by Council and members of the community.