



Staff Report to Council - for Direction

Title: Additional Residential Unit Funding Program

From: Tina Metcalfe, Director Human Services

Date: May 15, 2025

Report Number: HS-2025-017

Staff Recommendation:

That the Additional Residential Unit Funding Program guidelines be approved; and

That a by-law be brought forward to County Council to establish the Additional Residential Unit Revolving Reserve Fund which outlines the terms and uses of the fund; and

That the \$100,000 allocated in the 2025 budget for affordable housing be assigned to the Additional Residential Unit Revolving Reserve Fund to be utilized to fund the program; and

That the Affordable Seed Funding of \$150,000 from Bruce Power be transferred into the Additional Residential Unit Revolving Reserve Fund to be utilized to fund the program.

Report Summary:

Bruce County is focused on taking action to increase the supply and impact on the affordability of housing.

There is a significant opportunity for Additional Residential Units to provide affordable housing within Bruce County. The County is interested in developing an Affordable Additional Residential Unit program that would be available in 2025/2026.

Council included \$100,000 in the 2025 budget to support this program, and the County and member municipalities were successful in obtaining \$150,000 in funding from Bruce Power for this program. Lessons learned from the launch of an Affordable Additional Residential Unit (ARU) pilot program in 2024 has been used to inform the 2025/26 program guidelines. The recommendations in this report are needed to set up a specific reserve to fund this program and to transfer existing budgeted funds into the new reserve.

Background/Analysis:

The complex issue of housing supply and affordability requires multi-faceted, multidisciplinary solutions to create conditions to increase the supply of housing and to impact its affordability.

In 2023, Bruce County undertook a [Housing Demographic Study](#) to understand the County's changing demographic characteristics, current and future housing supply and demand, key housing gaps/issues and key factors impacting demand, supply and affordability issues.

With 83% of the County's housing stock in 2021 being single detached homes, there is a limited supply of affordable housing options currently available for seniors, individuals, young professionals, and families.

Given the above, the County developed an Affordable Additional Residential Unit pilot program. This pilot program was identified as an action within [Bruce County's Housing Action Plan](#) to encourage homeowners to build additional residential units to increase the supply of affordable rental housing units in Bruce County.

2024 Affordable Additional Residential Unit Program (Pilot):

In 2024, Bruce County dedicated a total of \$100,000 of funding to the Affordable ARU pilot program in the investment plan Housing Services submitted to the Ministry of Municipal Affairs and Housing (MMAH).

Funding for the program came from the Ontario Priority Housing Initiative (OPHI). The OPHI guidelines stipulate granting up to a maximum of \$50,000 per additional residential unit.

To be eligible for funding, program criteria required homeowners receiving the funding to enter into an agreement to rent the additional residential unit at an affordable rate for a 15-year term.

Staff received over twenty (20) inquiries about the program and five (5) applications were submitted. Of the five (5) submitted applications two (2) met all eligibility requirements and timelines. These two projects have been approved, to receive \$50,000/unit in the form of a forgivable loan.

The proponents have 15 months to complete their project. Once completed, homeowners will require an occupancy certificate from their local building official and will be required to report the rental data annually to Bruce County. One of the projects is anticipated to be occupied by summer of 2025.

Staff will provide Council with a final report about the pilot program once construction has been completed and both units have been occupied.

Affordable Additional Residential Revolving Reserve Fund:

County Council included \$100,000 in the approved 2025 budget to support the development of an Affordable Additional Residential Unit program.

Additionally, in partnership with each of the eight local municipalities, the County submitted and was successful in receiving \$150,000 in funding from Bruce Power through the Affordable Housing Seed Fund to support this program.

In order to assemble funds to launch this program, the County needs to set up a revolving reserve fund that can facilitate the in and out flow of funds to successful applicants. Council approval is required to establish this reserve fund, as well as transfer funds into the reserve. 2025/26 Affordable Additional Residential Unit Program Eligibility & Guidelines:

Staff are planning to launch the Affordable Additional Residential Unit funding program in Q3 of 2025.

The program has been developed using lessons learned from the 2024 pilot program. The following guidelines are proposed to establish eligibility, evaluation of applications and operation of the program:

- Funding will be provided for up to 75% of the total construction costs to a maximum of \$50,000 in the form of a forgivable loan.
- Intended property must be the primary residence of the homeowner.
- Homeowner(s) must be the sole owner of the property.
- The household income of the tenant must be at or below the 60th percentile for the region.
- The rent must be at or below CMHC Average Regional Market for the duration of the agreement (10-years).
- Forgiveness is for a 10-year period and forgiveness is earned at an equal rate per year over the affordability period beginning on the date of project completion.
- If the loan is in default, the homeowner will be required to repay the County based on the forgiveness rate.
- Home insurance, mortgage and property taxes must be up to date.
- Local planning and building approvals must be obtained. An occupancy permit will signal project completion.
- Where possible, applications will be approved equitably across the inland, lakeshore and peninsula regions.

Applications will be reviewed and approved on a rolling basis until the allocation of funds is depleted.

Based on the current funding allocation, staff propose to operate this program through 2025/26, and will establish a monitoring process, including reporting back to Council on the success of the program on an annual basis.

Financial/Staffing/Legal/IT Considerations:

Ontario Priority Housing Initiative (OPHI) dollars and guidelines were used to fund the pilot program in 2024.

In 2025, the homeowner(s) must agree to and sign a 10-year forgivable loan agreement. The amount of the loan will be forgiven over 10 years if the rent is maintained at an affordable rate as indicated by CMHC.

There are no financial impacts as a result of this report.

The 2025/26 Affordable Additional Residential Unit program is being developed using funds already included in the 2025 budget, as well as funding from Bruce Power's affordable seed fund for a total investment of \$250,000.

Ontario Priority Housing funding may also be available to augment the total program funding once the County is informed of our 2025/2026 allocation.

This program will be administered using existing staff resources.

Interdepartmental Consultation:

The Community Development Office, Planning, Corporate Services and the Office of the CAO were consulted on the development of the 2025/26 additional residential unit program and the development of this report.

Link to Strategic Goals and Objectives:

Community and Partnerships - Build a strong and inclusive community

Growth and Innovation - Promote responsible growth

Report Author:

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Departmental Approval:

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Approved for Submission:

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