



Policy No. 2026-003

Corporate Policy

Date: May 6, 2026    Adopted May 6, 2026

Subject: Additional Residential Unit (ARU) Grant Program

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## 1.0 Purpose

1.1 The purpose of the Additional Residential Unit (ARU) Grant Program (“the Program”) is to support the creation of new, long-term Additional Residential Units within the Township of Puslinch in a manner that aligns with provincial legislation, including Bill 23, and the Township’s zoning permissions. The Program is intended to encourage gentle, low-impact intensification that respects and preserves Puslinch’s rural character while responding to evolving housing needs.

The Program recognizes that ARUs provide important financial and social benefits to residents. For homeowners, particularly first-time buyers, facing higher borrowing costs, ARUs can improve housing affordability by enabling supplemental rental income. ARUs also support multi-generational living arrangements by allowing seniors, adult children, or extended family members to live nearby while maintaining independence and privacy. For renters, the Program helps expand the supply of smaller, more affordable rental units, contributing to a more complete range of housing options and supporting the County of Wellington’s Housing Continuum.

## 2.0 Policy Objectives

2.1 Increase the supply of smaller, more affordable rental housing options without the creation of new lots;

2.2 Encourage long-term rental housing that integrates sensitively within existing residential and rural residential neighbourhoods;

2.3 Reduce upfront financial barriers associated with constructing ARUs;

2.4 Support homeowners in adapting their properties to changing family, demographic, and financial needs;

2.5 Strengthen community resilience while maintaining the Township’s rural character; and

2.6 Ensure accountability and appropriate use of public funds through clear eligibility requirements and monitoring.



### 3.0 Program Authority and Alignment

3.1 The Program supports the County of Wellington Housing Development Fund mandate by addressing affordable housing through innovative, locally administered solutions. The Program operates through a partnership model in which the County provides funding, the Township administers the Program, and homeowners construct ARUs.

### 4.0 Program Funding and Scale

4.1 The Program will launch with funding in the amount of \$200,000;

4.2 Funding shall be issued as grants to eligible homeowners, with individual grant amounts ranging from \$10,000 to \$15,000 per ARU;

4.3 Subject to approved grant amounts, the Program is intended to support the creation of up to 20 Additional Residential Units across the Township.

### 5.0 Eligible Unit Types

5.1 Eligible ARU types include:

- Detached units;
- Attached units, including above-garage units or additions; and
- Basement units.

5.2 All supported ARUs must be intended for long-term residential use.

5.3 Short-term rentals are not permitted and are prohibited under the Township's Zoning By-law.

### 6.0 Affordable Rent Requirements

Units supported through the Program shall be maintained as affordable rental units for the duration specified in the applicable funding agreement.

For the purposes of this program, "affordable rent" shall be defined as rental rates not exceeding eighty percent (80%) of the Canada Mortgage and Housing Corporation (CMHC) Average Market Rent (AMR) for the applicable unit type and bedroom count, as updated periodically, or as otherwise adjusted or established by the County of Wellington in its role as Consolidated Municipal Service Manager (CMSM).



Property owners shall be required to provide, on an annual basis or upon request, satisfactory documentation to the Township demonstrating that the rental unit continues to meet the program's affordability requirements.

Failure to maintain affordability in accordance with the terms of the agreement may result in remedies as outlined in the funding agreement, including repayment provisions.

## 7.0 Grant Amounts and Affordability Periods

7.1 Grant amounts shall be determined by the Township based on unit type, size, and available funding, to a maximum of \$15,000 per ARU. Detached ARUs may be eligible for grants of up to \$15,000, while attached ARUs, including basement apartments, units above an existing garage, or units located within the main dwelling, may be eligible for grants of up to \$10,000.

7.2 A property owner may apply for funding for more than one ARU on a single property, to a maximum of two (2) units in accordance with the Township's Zoning By-law. Notwithstanding the above, the total cumulative grant funding provided to any one property shall not exceed \$20,000.

7.3 The required affordability period shall be established at the time of application approval and will be based on the calculated differential between the prevailing market rent and the affordable rent in accordance with section 6.0 of this Policy.

The affordability period will be determined such that the total estimated rental revenue differential over the affordability term is generally commensurate with the value of the grant provided.

The established affordability period shall not be extended. However, the Township may reduce the remaining affordability period where the differential between market rent and affordable rent materially changes during the affordability term, as determined by the Township.

7.4 The affordability period calculation will be based on market conditions and applicable Canada Mortgage and Housing Corporation (CMHC) Average Market Rent data at the time of application submission. As affordability thresholds and market rents may fluctuate over time, this approach ensures a fair and proportionate relationship between the grant amount and the required affordability commitment.

## 8.0 Eligibility Criteria



8.1 The property must comply with all applicable Township by-laws, including zoning and building/fire code requirements;

8.2 All property taxes, fees, and other municipal charges must be paid in full;

8.3 The ARU shall not be used as a short-term rental;

8.4 Properties subject to active enforcement action related to an illegal ARU are not eligible for the grant. However, properties where owners have proactively initiated the legalization of an ARU may be considered eligible;

8.5 A property owner may apply for funding for up to two (2) ARUs per property, in accordance with the Township's Zoning By-law, to a maximum cumulative grant of \$20,000 per property;

8.6 The homeowner must agree to maintain the approved affordable rent for the full term of the affordability in accordance with the formal grant agreement; and

8.7 The homeowner must enter into a formal grant agreement with the Township.

## 9.0 Application and Approval Process

9.1 The Township shall establish an application process and intake period for the Program (May 2026 to September 2027);

9.2 Applications shall be evaluated based on eligibility, on a first-come-first served basis, readiness to proceed, and alignment with Program objectives; and

9.3 Grant funding shall be issued upon building permit approval, providing upfront financial support and reducing early financial barriers to construction.

## 10.0 Grant Agreement and Conditions

10.1 Each approved grant shall be governed by a formal agreement between the homeowner and the Township.

10.2 The agreement shall outline, at a minimum:

- The approved grant amount;
- The required affordability period;
- Maximum permitted rent;
- Prohibition on short-term rental use;
- Construction and occupancy timelines;
- Repayment provisions where applicable; and



- Reporting and compliance requirements.

## 11.0 Construction and Occupancy Requirements

11.1 Construction must commence within six (6) months of building permit issuance.

11.2 The ARU must reach occupancy within two (2) years of permit issuance, consistent with the Township's Building By-law.

## 12.0 Monitoring, Compliance, and Administration

12.1 The Township shall administer the Program and monitor compliance through standard building inspections, administrative oversight, and ongoing monitoring of rental affordability requirements.

12.2 As a condition of the grant agreement, homeowners shall be required to demonstrate compliance with the approved maximum rent throughout the affordability period. This may include, but is not limited to:

- Submission of an initial lease or occupancy agreement confirming the approved rent at the time of first occupancy;
- Annual affidavit confirming that rent charged does not exceed the maximum permitted under the agreement;
- Other reasonable documentation upon request by the Township; and
- An affidavit where the ARU is occupied by a family member at \$0 or reduced rent.

12.3 The Township may conduct periodic audits or reviews of participating properties during the affordability period to confirm compliance with rent limits and program conditions.

12.4 Homeowners shall be required to notify the Township of any change in tenancy or rent during the affordability period.

12.5 Failure to comply with the affordability requirements or other terms of the grant agreement may result in enforcement actions, including repayment of all or a portion of the grant, in accordance with the terms of the agreement.

## 13.0 Program Reporting and Review

13.1 Township staff shall report to Council on Program uptake, unit creation, and outcomes, as required.



13.2 The Program may be reviewed and adjusted based on funding availability, demand, and Council direction.