THE CORPORATION OF THE TOWN OF CALEDON

BY-LAW NO. 2025-118

A by-law to enact a Town-Wide Gentle Density
Community Improvement Plan

WHEREAS pursuant to Section 28(2) of the Planning Act, R.S.O. 1990, as amended (the “Planning Act”) the Town of Caledon has been designated as a Community Improvement Project Area;

AND WHEREAS Section 28(4) of the Planning Act provides for adoption of a Community Improvement Plan respecting the areas designated as a Community Improvement Project Area;

AND WHEREAS the Town of Caledon’s Official Plan, contains provisions enabling community improvement to be carried out through the designation, by the Town, of Community Improvement Project Areas and through the preparation and implementation of Community Improvement Plans;

AND WHEREAS a public meeting has been held in accordance with the Planning Act;

NOW THEREFORE the Council of The Corporation of the Town of Caledon ENACTS AS FOLLOWS:

Short Title

This by-law shall be known as the Gentle Density Community Improvement Plan.

1. The Community Improvement Plan attached to and forming part of this By-law as Schedule A is hereby adopted as the Town-Wide Gentle Density Community Improvement Plan.

Enactment

This By-law shall come into full force and effect on the day of its passing.

Enacted by the Town of Caledon Council this 25th day of November, 2025.

"Annette Groves"
_____
Annette Groves, Mayor

"Kevin Klingenberg"
_____
Kevin Klingenberg, Municipal Clerk

Town of Caledon: Gentle Density Community Improvement Plan

September 2025

Prepared for:

The Town of Caledon

Prepared by:

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nblc
Trusted advisors since 1976.

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1.0 Introduction

In January 2025, the Town of Caledon (Town) was announced as a successful recipient of funding from the federal government's Housing Accelerator Fund (HAF) program. This program was initiated in April 2023 to increase housing supply, encourage affordable housing, and support local government initiatives to remove barriers and increase certainty in the development process.

Through a competitive application process, Caledon was awarded $14M in funding, which must be used to support the actions proposed in the Town's HAF application, with all funding spent by December 11, 2028.

Through the Town's HAF application, the following objectives were identified:

- Support the Town of Caledon's Housing Pledge to construct 13,000 homes by 2031.
- Help the Town of Caledon achieve its housing supply growth target of 2,628 by 2028.
- Help develop affordable housing units, in line with the *More Homes Built Faster Act*.

To help accomplish the above objectives, the Town has identified several initiatives and funding proposals. One of these initiatives is the creation of a Community Improvement Plan (CIP) to accelerate residential development through gentle density in both urban and rural areas. Gentle density is a low-impact type of housing like basement apartments, in-law suites, multiplexes, and other similar housing forms that provide increased density but fit the scale and neighbourhood character of low-rise communities.

To achieve this objective, the following goals have been identified:

- Encourage private investment in existing residential properties to complement public infrastructure upgrades and support gradual intensification across Caledon's communities.
- Support the adaptive reuse and long-term viability of Caledon's housing stock, including heritage-sensitive renovations and the conversion of single-family homes into multiplexes.
- Support the creation of mixed-use, transit-supportive, pedestrian-friendly urban environments through intensification.

- Expand access to a broader mix of attainable housing options by incentivizing the creation and legalization of affordable units within the private housing market.
- Protect the rural character and reinforce the vibrancy and sustainability of Caledon's villages, hamlets, and growth areas through modest residential intensification that enhances local character and livability.
- Achieve a mix and range of housing, reinforcing complete communities that respond to the needs of residents.
- Align objectives and coordinate incentive programs with Peel Region to maximize impact and streamline implementation across jurisdictions.

This CIP is intended to encourage modest intensification and support the creation of diverse housing options across the Town of Caledon. It aims to accelerate the development of additional residential units and multiplexes—particularly in areas where uptake has been limited due to servicing constraints, regulatory barriers, or financial feasibility challenges in the current housing market.

1.1 What is a Community Improvement Plan?

A CIP is a tool that enables municipalities to achieve broad land use planning and economic policy objectives by offering financial incentives to attract private investment. Through Section 28 of the *Planning Act*, municipalities must adopt policies within the Official Plan and approve an implementing by-law to designate a Community Improvement Project Area, which can be restricted to a specific location(s) or be municipality wide.

Common objectives of a CIP can include downtown / neighbourhood renewal, intensification, affordable housing, office development, transit-oriented development, brownfield remediation, building retrofits and improvements, and many others.

The policy and legislative context for a CIP is provided in Section 5.0.

1.2 Community Improvement Plan Purpose

The purpose of this CIP is to accelerate gentle intensification to expand the range and supply of housing within Caledon. The CIP supports housing needs based on varied incomes and stages of life, offering diverse housing options for renters and empowering homeowners. The CIP provides the Town with new opportunities to meet the Provincial annual intensification targets for new residential units, diversify its housing mix, and offer "missing middle" housing through thoughtful infill development.

1.3 General Enabling Authority

The Town of Caledon is authorized, through this Community Improvement Plan, to implement financial and land-based tools, including grants, loans, leases, and land disposition, that would otherwise be restricted under Section 106 of the *Municipal Act*. These tools will be used exclusively to advance the objectives of this CIP and shall be administered in a transparent and accountable manner.

1.4 Community Improvement Plan Project Area

Section 28(2) of the *Planning Act* states:

> *Where there is an official plan in effect in a local municipality or in a prescribed upper-tier municipality that contains provisions relating to community improvement in the municipality, the council may, by by-law, designate the whole or any part of an area covered by such an official plan as a community improvement project area*.

The Community Improvement Project Area (CIPA) is the entire municipality as illustrated by **Figure 1.** The rationale for the Town-wide boundary is to provide the greatest opportunity to attract affordable and broadened housing development in the Town, with the objective of creating diverse, mixed-income communities within Caledon that offer a range of housing options for residents of various socio-economic backgrounds.

Figure 1: CIP Project Area



2.0 Financial Incentive Programs

Community Improvement Plans enable municipalities to establish financial incentive programs to target different community needs. In accordance with the *Planning Act* and *The Town of Caledon Official Plan*, the Town may offer grants or loans to property owners and developers to help cover eligible costs and advance community improvement goals.

Once a CIP is adopted and approved, a Municipal Council can fund and implement financial incentive programs. It is important to note that programs are subject to funding availability and a Municipal Council can choose to implement, suspend, or discontinue an incentive program at any time. This Gentle Density CIP is an enabling document, which means Municipal Council is under no obligation to implement any part of a CIP including the financial incentive programs.

To support the goals and objectives of this CIP, Caledon is introducing four targeted and coordinated financial incentive programs. These programs aim to lower barriers, encourage community participation, and promote the gradual densification of existing neighborhoods through gentle forms of intensification, such as additional residential units (ARUs) and multiplexes.

See Section 6 of this document for all definitions.

2.1 Servicing Review for Rural Lots: Grant A

Description: Providing financial assistance for property owners to support servicing reviews for rural lots interested in developing additional residential units and/or multiplexes.

Funding and Eligibility: The funding will be in the form of a grant up to a maximum of **$35,000** per application / property. The actual funding amount will not exceed the cost of the servicing review, with applicants required to submit the preliminary and final invoice for approval.

Funding is available in accordance with the Municipal Council approved terms of reference for a Servicing Review.

Duration: Until budget expiry or December 31, 2028, unless Municipal Council approves additional funding. This program is subject to funding through the Town of Caledon budget.

2.2 Multiplex Development: Grant B

Description: Providing financial assistance to homeowners seeking to convert existing homes into multiplex units or constructing a new multiplex building. This program supports the creation of multiplexes to increase and diversify the housing stock.

Funding and Eligibility: The funding will be in the form of a grant, up to a maximum of **$50,000** per project. The actual funding amount shall not exceed eligible costs, as defined in Section 6 of this CIP.

Duration: Until budget expiry or December 31, 2028, unless Municipal Council approves additional funding. This program is subject to funding through the Town of Caledon budget.

2.3 Subdivision Secondary Suites: Grant C

Description: Providing financial incentives to developers who include multiplexes or code-compliant additional residential units within new subdivision developments.

Funding and Eligibility: The funding will be in the form of a grant up to a maximum of **$15,000** per unit. The actual funding amount shall not exceed eligible costs, as defined in Section 6 of this CIP.

Duration: Until December 31, 2028, unless Municipal Council approves additional funding. This program is subject to funding through the Town of Caledon budget.

2.4 Additional Residential Units: Forgivable Loan D

Description: Supporting homeowners create or legalize additional residential units by covering a portion of construction and registration costs.

Funding and Eligibility: The funding will be in the form of a forgivable loan covering construction and permit and licensing fees, up to a maximum of **$30,000** per project. Eligibility requires the homeowner to commit to affordable rental rates for at least two years, in accordance with the terms of the forgivable loan. Monthly rental rates must, at all times during the affordability timeframe, be maintained at or below the rates in effect. These rates are listed below reflect 2025 but will be updated by the Province of Ontario on an annual basis.

Table 1 (2025 Rates – to be updated annually)

Unit Type	Rental Bachelor	Rental- 1 Bedroom	Rental- 2 Bedroom	Rental 3- Bedroom
Affordability Rate	$1,163	$1,624	$1,856	$1,976

Source: Municipal development and community benefits charges, and parklands | ontario.ca

Duration: Until budget expiry or December 31, 2028, unless Municipal Council approves additional funding. This program is subject to funding through the Town of Caledon budget.

2.5 Stacking of Grants

Grants may be combined with other grants and fee exemptions or programs offered by the Town, other levels of government, and other organizations. However, the total of all grants and forgivable loans shall not exceed the total eligible costs of the project.

2.6 Good Standing

Applicants must be in good standing with respect to bylaws, property taxes or other financial obligations to the municipality, and not be involved in ongoing litigation with the Town.

2.7 Below-Market Land Leasing and Dispositions

To support the development of affordable housing, community services, and economic revitalization within the CIPA, the Town of Caledon may lease or dispose of municipally owned land at below-market rates. This initiative aims to:

- Facilitate the development of affordable housing and community infrastructure.
- Encourage economic development and job creation.
- Support the revitalization of underutilized or vacant lands.

Such leases or dispositions may constitute forms of assistance that could otherwise be interpreted as "bonusing" under Section 106 of the *Municipal Act*, 2001. Accordingly, these actions are authorized under this Community Improvement Plan pursuant to Section 28(6) of the *Planning Act*, which permits municipalities to sell, lease, or otherwise dispose of land for the purpose of carrying out community improvement.

Any lease or disposition of land at below-market value will be governed by criteria that ensure the public interest is maintained and the objectives of this CIP are achieved. This will be developed through a separate process.

Any land disposition **may** also provide grants and loans (including but not limited to those above) to support the feasibility of developing the lands for their intended purpose. These additional incentives may be provided to achieve the following:

- Supporting the acquisition of land for affordable housing, employment uses, or public interest development.
- Reducing financial barriers for not-for-profit or mission-driven developers.
- Advancing key priorities identified in Town planning and economic development strategies.

All grants will be subject to formal agreements outlining eligibility, terms of repayment, and applicable conditions.

3.0 Application Process

3.1 Application

Application Forms are available at caledon.ca/housing or through the Town's Planning Department. Applications and all supporting documentation are reviewed by the CIP Administrator to ensure that they meet eligibility requirements. If an application does not meet eligibility standards, the applicant will be notified.

3.2 Application Review

Applicants may submit a complete application at any time after the program has been approved and remains in effect. Applications will be processed on a first come, first serve basis.

Applications will be reviewed for eligibility by the CIP Administrator.

3.3 Approval and Agreements

Subject to funding availability, applications meeting the eligibility criteria will be approved. Council delegates approval authority through this CIP to the Commissioner, Planning and Development or designate. Once all program requirements have been met, payment of the approved grant in accordance with the general and specific program eligibility requirements will be issued. The timing of grant issuance is as follows:

- **Program #1 Rural Servicing Grant:** To be provided upon receipt of a completed servicing review and final invoice from a qualified party. An applicant must meet with staff, confirm eligibility, confirm the Terms of Reference of the servicing review, and be approved through the CIP prior to the servicing review being undertaken.
- **Program #2 Multiplex Grant:** To be provided upon approval through this CIP and issuance of a building permit. Repayment of the grant will be required if construction has not commenced by December 31, 2028.
- **Program #3 Subdivision Secondary Suite Grant:** To be provided upon approval through this CIP and issuance of a building permit. Repayment of the grant will be required if construction has not commenced by December 31, 2028.
- **Program #4 ARU Forgivable Loan:** To be provided upon approval through this CIP and issuance of a building permit. The loan will be forgiven at the end of the two-year affordability window if all terms and conditions have been satisfied. Repayment of

the loan will be required if the affordability period is not maintained, and/or if construction has not commenced by December 31, 2028.

The applicant will be required to enter into a legal agreement with the Town stipulating all requirements of the grant and program, which will be registered to title at the property owner's expense. While an application can be approved anytime, the approved grant or forgivable loan amount will be rescinded where a building permit has not been issued by December 31, 2028 or where the conditions of the funding are not met.

Further details on application process, application forms, legal agreements, and other relevant information are available through the CIP Administrator.

3.4 Monitoring

Town of Caledon staff will monitor the following matters to assess the impact of this CIP and its programs, as follows:

- the number of applications submitted;
- the number of approved and denied applications;
- the total amount (in dollars) of funds committed and issued;
- the total number of secondary units and multiplex units funded;
- the amount of rural lots serviced;
- the total number of affordable housing units funded (if any); and
- other indicators, as appropriate.

Town of Caledon staff will review the monitoring data and where the review finds an excess or lack of applications relative to the available funding, adjustments may be made to the CIP, including the incentive amount provided and the application intake and assessment processes. Where amendments can be made to improve outcomes, these will be made in accordance with Section 3.5 of this CIP.

3.5 Amendments

The individual incentive program(s) in this CIP can be activated, deactivated, reduced, or discontinued without amendment to this CIP. Further, increases in funding provided by the financial incentive program(s) in this CIP, or the addition of any new or amended incentive programs that are consistent with the purpose and intent of the Gentle Density CIP may be added and adopted subject to Municipal Council approval without amendment to this CIP.

These programs may apply, at the discretion of Council, to the whole or to part of the Community Improvement Project Area. Changes to the terms, conditions, and processes described in the financial incentive program(s) may be undertaken without amendment to this CIP but will be subject to Council approval.

Incentive programs under this CIP will discontinue by December 31, 2028, unless additional funding is approved.

4.0 Implementation

This plan is intended to be implemented over a three-year period. If Council, in consultation with Town staff, is satisfied that the vision, goals, and objectives of this Plan have been realized, or if it is determined that the Plan or components of the Plan are no longer relevant, the Community Improvement Plan and Community Improvement Project Area may be dissolved, in which case a new CIP and/or CIPA may be prepared and adopted by a by-law(s) of Council.

4.1 CIP Plan Administration

Council delegates authority to the Commissioner, Planning and Development on matters related to the implementation of this Plan, including decisions related to the approval of applications for financial incentives. The CIP Administrator shall review submissions for eligibility and oversee the day-to-day implementation of this Plan. The core responsibilities of the Administrator shall, at a minimum, include the following activities to support the Plan:

- Meeting with potential applicants to review the plan within the context of proposed community improvement works and to confirm eligibility.
- Act as a resource for eligible applicants and facilitate the submission of applications from eligible applicants.
- Identify necessary submission materials, including any supporting documents, studies or reports, to deem an application complete.
- Provide direction or referrals to planning, building, and heritage staff early in the process to help applicants navigate relevant approvals and reduce processing time.
- Facilitate execution of a financial incentive agreement between an eligible applicant and the Town, and coordinate payment of the financial incentive at the appropriate time, in accordance with the policies of this Plan.
- Support implementation of the Marketing and Communications Plan, with a specific focus on outreach to homeowners, small landlords, and builders to raise awareness of opportunities related to ADUs and gentle density.
- Commit the Town's resources to ensure the Plan is appropriately monitored and evaluated.

4.2 Application Review and Decision-Making

Council delegates approval authority to the Commissioner, Planning and Development on matters related to the approval of applications for financial incentives. The CIP Administrator will support the Commissioner, Planning and Development by coordinating the review process, gathering input from relevant Town departments as needed, and ensuring all necessary information is available to inform decisions.

The CIP Administrator may engage departmental staff for technical input or clarification based on the nature and scope of specific applications. The CIP Administrator will also coordinate input into the Plan Monitoring and Evaluation program and may consult with relevant staff and stakeholders to support continuous improvement of the CIP.

The CIP Administrator may seek formal direction from Council on matters related to decisions on financial incentive applications, particularly in complex or precedent-setting cases that require additional direction or approval.

5.0 Appendix: Policy and Legislative Context

5.1 Legislative Authority

The legislative authority to prepare a CIP and relevant financial incentives are established under Section 106 of the *Municipal Act* and Section 28 of the *Planning Act*.

5.2 Municipal Act

Under Section 106 of the *Municipal Act*, municipalities are prohibited from assisting manufacturing business or other industrial or commercial enterprise through the granting of financial incentives, including: giving or lending money or municipal properties; leasing or selling municipal lands at below fair market value; guaranteeing loans; or providing partial or total exemptions from fees, charges, or taxes. However, Section 106(3) of the *Municipal Act* provides an exception to these prohibitions, and that exception may be exercised through a CIP under Section 28 of the *Planning Act,* as well as through Section 365.1 of the Municipal Act regarding property tax cancellations.

5.3 Planning Act

As required by Section 28 (7) of the *Planning Act*, grants and loans provided through the CIP shall not exceed eligible costs. As stated by Section 28(7.1), eligible costs include:

> *...the eligible costs of a community improvement plan may include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities.*

5.4 Future of Caledon Official Plan

The Town of Caledon Official Plan dates back to 1978 and has been amended over the years. It is proposed to be replaced by the Future Caledon Official Plan. This plan was adopted by Council on March 26, 2024 and is being reviewed for approval by the Province.

On July 1st, 2024, the Region of Peel became an upper-tier municipality without planning responsibility. Town Council will integrate relevant policies from the Region of Peel Official Plan into the Future Caledon Official Plan once approved by the Province.The new Official Plan provides direction for the development of Caledon to 2051, balancing conservation with growth targets. Currently there are policies in place (as required by the *Planning Act*)

that enable the creation of a CIP for the Town of Caledon. Section 29.1.1 of the Official Plan identifies the following criteria to designate a CIP area:

- Deficiencies in the physical infrastructure of the area, including water, sanitary sewers, storm sewers, roads, sidewalks, curbs, street lighting, traffic control and electrical facilities;
- Opportunities to enhance or facilitate the viability of mixed-use, commercial, residential and employment areas;
- Opportunities for infill and development of under-utilized sites; opportunities to address housing issues that may be particular to one community or Town-wide, including the development of affordable home ownership and rental housing; and,

Through section 29.3, the new Official Plan supports and incentivizes affordable housing, encouraging Town-wide development through both financial and non-financial tools, including rental housing in the form of additional dwelling units.

6.0 Schedule A: Glossary of Terms

Additional Residential Units (ARU) as defined by the *Planning Act*, refer to a second and a third residential unit in addition to a primary residential unit, for a total of up to four units, on a residential lot containing a detached house, semi-detached house or townhouse. ARUs are self-contained units with its own cooking facility, sanitary facility and sleeping area. ARUs may also be referred to as second units, secondary suites, accessory dwelling units, basement apartments, coach houses, laneway houses, garden suites, tiny homes, granny flats, in-law apartments or nanny suites.

Affordable Residential Units means a residential unit that is either owned or rented and affordable defined by the *PPS 2024*. The PPS defines "Affordable" as:

a) in the case of ownership housing, the least expensive of:
    1. housing for which the purchase price results in annual accommodation costs which do not exceed 30 percent of gross annual household income for low and moderate income households; or
    2. housing for which the purchase price is at least 10 percent below the average purchase price of a resale unit in the municipality;
b) in the case of rental housing, the least expensive of:
    1. a unit for which the rent does not exceed 30 percent of gross annual household income for low and moderate income households; or
    2. a unit for which the rent is at or below the average market rent of a unit in the municipality.

Average Market Rent as identified in the bulletin entitled the "*Affordable Residential Units for the Purposes of the Development Charges Act*, 1997 Bulletin", as it is amended from time to time, that is published by the Minister of Municipal Affairs and Housing on a website of the Government of Ontario.

Building Permits are issued by the local body responsible for enforcing Ontario's Building Code and are required for the construction, renovation, demolition and certain changes of use of buildings.

Community Improvement Plan (CIP) is a planning tool under Section 28 of the *Planning Act* which permits planning and financial assistance programs involving lands, buildings, loans, grants and tax assistance for designated community improvement project areas.

Community Improvement Project Area (CIPA) as defined by Section 28 of the *Planning Act* means a municipality or an area within a municipality, the community improvement of which in the opinion of the council is desirable because of age, dilapidation, overcrowding, faulty arrangement, unsuitability of buildings or for any other environmental, social or community economic development reason.

CIP Administrator: Town Staff responsible for the day-to-day operation of the CIP, coordination with applicants, and other duties as described in this CIP.

Eligible Costs can include costs related to environmental site assessment, environmental remediation, development, redevelopment, construction and reconstruction of lands and buildings for rehabilitation purposes or for the provision of energy efficient uses, buildings, structures, works, improvements or facilities, permit fees and licensing fees.

Gentle Density is a low-impact type of housing like basement apartments, in-law suites, multiplexes and other similar housing forms that provide increased density but fit the scale and neighbourhood character of low-rise communities.

Multiplex is housing that contains 2, 3 or 4 units within a single building. This housing is commonly referred to as a duplex, triplex or fourplex. Units can be rental or condominium units in the form of converted houses or purpose-built as a multiplex.

Servicing Review is a review, conducted by a qualified septic system designer, that assesses the condition and capacity of an existing system to determine if upgrades may be required. The review includes calculating the total load, including that resulting from any additional unit(s).