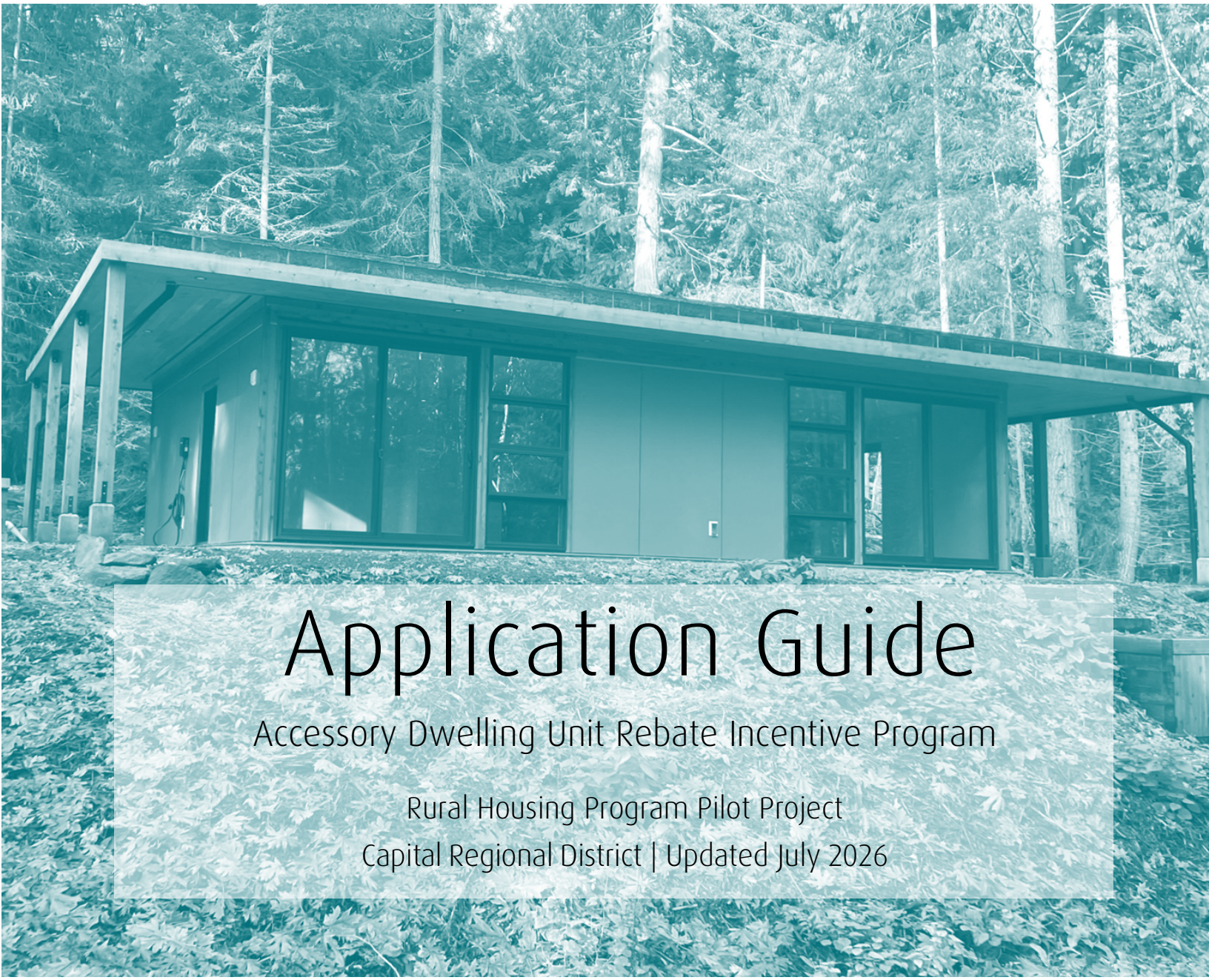

Application Guide

Accessory Dwelling Unit Rebate Incentive Program

Rural Housing Program Pilot Project

Capital Regional District | Updated July 2026

Making a difference...together

Rural Housing Program

Application Guide

Accessory Dwelling Unit Rebate Incentive Program

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About the Program

The Capital Regional District (CRD)'s ADU Rebate Program in the Southern Gulf Islands and Salt Spring Island Electoral Areas is part of its Pilot Rural Housing Program.

Eligible homeowners can receive a rebate covering **50% of the cost of building a new ADU (suite or cottage),** up to **$40,000**, while funding is available.

In return, homeowners must rent the new ADU for **at least five years** at rents that align with Provincial Rental Income Limits (2026/2027):

- Bachelor/1-bedroom: up to $1,400/month
- 2-bedroom: up to $1,760/month

Homeowners who receive the rebate must sign an agreement with the CRD. The agreement is registered on the property's title and remains in effect for the five-year term, even if the property is sold.

How Does it Work?

- Receive a rebate of up to $40,000, covering up to 50% of eligible ADU construction costs.
- Applications are accepted year-round. CRD staff can assist with the building permit process.
- Final approval is provided once a building permit is issued.
- After approval, you have one year to complete the ADU and obtain an occupancy permit (extensions may be considered).
- The rebate is paid after the ADU is completed and the occupancy permit is issued.
- For five years, the ADU must:
    - be rented at or below Provincial Rental Income Limits,
    - be rented under a Residential Tenancy Act agreement, and
    - remain available for long-term residential use.
- The ADU cannot be rented to family members, used as a short-term rental, left vacant, or used for non-residential purposes.
- Owners must enter into a legal agreement registered on title and provide documentation showing ongoing compliance.
- Funding is limited. Applications will be approved based on eligibility and available program funds.

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Eligibility:

To qualify for the rebate:

- You must be the property owner (or an authorized representative) and a Canadian citizen.
- The combined gross annual income of all property owners must be less than $209,420 (based on the previous year's income).
- The property's assessed value must be less than $2.2 million (based on the previous year's assessment).
- The ADU must be allowed under Islands Trust zoning and comply with local land use bylaws.
- The ADU must be a self-contained legal dwelling with its own kitchen and bathroom. Eligible ADUs include:
    - a detached cottage,
    - a new secondary suite converted through renovation to an existing building, or
    - a new secondary suite built as part of a new building.
- Existing vacant ADUs that require upgrades to become legal and habitable may be considered on a case-by-case basis.
- Tiny homes on wheels (THOWs) and RVs are only eligible if they can obtain both a building permit and an occupancy permit.
- The ADU must have a building permit issued on or after January 1, 2024.

Eligible Costs:

Costs to be reimbursed must be directly related to the creation of the secondary suite or cottage and include:

- Architectural and design fees
- Structural modification
- Electrical work
- Fixtures
- Appliances (50% of actual cost to a maximum of $2,500)
- Building and trade permit fees
- Costs to obtain certificates, drawings and specifications directly related to eligible scope of work
- Materials related to the approved construction
- Contractor labour (not including work done by Applicant or any member of the Household)
- PST and GST

The following costs will not be eligible:

- Extensions, conversions, repair or replacement of buildings and areas of buildings outside the ADU.
- Labour costs for work completed by the homeowner
- Tools purchased or rented by the homeowner

For more information contact:

CRD Rural Housing <ruralhousing@crd.bc.ca>

Rural Housing Program