



Application Guide

Accessory Dwelling Unit Incentive Program

Rural Housing Program Pilot Project
Capital Regional District | January 2025



Making a difference...together



Rural Housing Program

About the Program

The Capital Regional District Accessory Dwelling Unit (ADU) Incentive Program is part of the new Rural Housing Program, a pilot project for the Southern Gulf Islands (SGI) and Salt Spring Island (SSI) Electoral Areas. Throughout 2025 and 2026, the Program will provide eligible homeowners with 50% of the cost to build an ADU (suite or cottage), up to a maximum of \$40,000.

In exchange for receiving the grant, for a five-year period, the owner will be required to rent the new ADU at rents that are feasible at today's building costs, and aligned with the Provincial Rental Income Limits¹:

- Bachelor/1 Bedroom: \$1,400
- Two bedroom: \$1,760

The grant recipient will be asked to enter into a housing agreement or covenant with the CRD to ensure the program requirements are upheld. Notice of the agreement is registered on the title of the property and runs with the land if the property is sold.

How Does it Work?

- Grants of \$40,000 up to a total of 50% of construction costs are available for new Accessory Dwelling Units.
- Application inquiries will be accepted after April 01, 2025
- Final approval is not granted until after June, 2025 and once the owner secures a building permit. As a pilot project, there are limits on the number of incentives available, applications will be reviewed based on eligibility and available remaining funds.
- From the time of final application approval, owners have one year for the ADU to be built and to receive an occupancy permit. Extensions may be granted on a case-by-case basis.
- The funding is released at the time of occupancy permit.
- Owner must enter into a section 219 covenant or housing agreement to meet program requirements.
- Rents must be limited to the Provincial Rental Income Limits for 5 years, even with tenant changeover.
- Rents can increase according to the Residential Tenancy Act.
- Unit must have a rental agreement under the Residential Tenancy Act.
- Unit cannot be rented to a family member, left vacant, used non-residentially, or used as a short-term rental.
- The owner is responsible for submitting documents that prove program compliance to CRD.
- Once the unit is complete, applicants will receive the grant. The amount will be based on the costs of construction, up to a maximum of \$40,000. An occupancy permit will be required prior to receiving the funding.

¹ May be updated for the current year in which the application is made.

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Eligibility:

- Applicant must be the registered owner of the property or their authorized delegate.
- Applicant must be a Canadian Citizen
- Combined gross annual income of all homeowners on title of less than \$209,420 (for the previous year).
- The assessed value of the property must be below \$2.2 Million (for the previous year).
- The ADU must be permitted by Islands Trust zoning and meet the definitions of each island's land use bylaw.
- The ADU must be an independent, legal unit with its own kitchen and bathroom. It can be a stand-alone unit (cottage), a renovation to install a new secondary suite in an existing building, or a secondary suite included in the construction of a new building.
- Upgrades to existing, vacant ADUs to make them habitable and eligible for a building permit will be considered on a case-by-case basis, subject to CRD issuing building permits and occupancy permits.
- Tiny homes on wheels (THOWS) and RVs are not eligible unless building and occupancy permits are issued.
- Building permit issuance date cannot be earlier than January 01, 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:

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