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MEETING DATE: February 4th, 2026

TO: MUNICIPALITY OF NORTH MIDDLESEX
Mayor and Members of Council

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RE: Zoning By-law Amendment Application
File No. ZBA-1-2026

Municipally Initiated Housekeeping Amendment
Housing Accelerator Fund Amendments

Purpose and Effect of Zoning By-law Amendment

The purpose and effect of the amendment is to implement key initiatives under the Housing Accelerator Fund (HAF), reflecting the Municipality's commitment to supporting a range and mix of housing options that respond to community needs and align with growth objectives. This amendment introduces updated housing regulations to provide more direction on the provision of diverse housing types, including additional residential units (ARUs), and to guide the form and character of new residential development. More specifically, the amendment advances specific HAF initiatives including ending exclusionary zoning that limit the range of housing forms in certain areas; removing unnecessary restrictions on residential development to enable timely and efficient housing delivery; and establishing design and implementation guidelines to support the integration of ARUs in a manner that respects neighbourhood character while increasing housing supply. These changes would be applied on a municipal-wide basis and would apply to all lands within the Municipality.

Background

Housing Accelerator Fund

North Middlesex is receiving support from the federal government through the HAF, a program administered by the Canada Mortgage and Housing Corporation (CMHC). The HAF provides targeted support to municipalities to accelerate housing delivery by encouraging the removal of regulatory and policy barriers and by creating enabling planning frameworks. HAF requires municipalities to prepare and implement Action Plans that identify concrete, measurable initiatives to increase housing supply.

HAF Action Plans require municipalities to set measurable housing targets, identify regulatory and policy barriers to housing delivery, and propose concrete initiatives to address those barriers (for example: permitting more housing forms, zoning reforms, and design guidance). Through the Contribution Agreement that was executed between the municipality and CMHC, the Municipality committed to implementing Action Plan measures within set timelines, which require amendments to the Municipality's Official Plan (OPA 17) (the "Official Plan") and Comprehensive Zoning By-law No. 35 of 2004, as amended (the "Zoning By-law").

The Municipality will receive a total of \$1.89 million in funding over four years, from 2025 to 2028. The first installment of \$474,735 has already been received for 2025. **Continued funding for subsequent years will depend on the Municipality's progress in meeting the goals outlined in its Housing Action Plan.**

The Municipality has partnered with the County of Middlesex and other HAF successful local municipalities to implement these initiatives in a cost-effective and efficient manner. The zoning related initiatives and Housing Action Plan goals are:

- Ending Exclusionary Zoning
 - o The Municipality has committed to review and amend the Zoning By-law to remove low-density zoning which limits the variety of housing types in residential areas and that excludes housing types, such as affordable housing. Further, this initiative is to encourage mixed-use and higher-density development by allowing as-of-right zoning in certain areas in the Municipality. This initiative would also allow four (4) units as-of-right within the Municipality's fully serviced settlement areas.
- Eliminating Restrictions
 - o The Municipality has committed to reviewing and amending the Official Plan and Zoning By-law to include updated policy direction and an updated regulatory framework that is designed to reduce restrictions and increase flexibility. The updated framework will encourage both residential and mixed-use development in an efficient manner by maximizing the development potential of certain lands within the Municipality's settlement areas as well as reducing the requirement for rezonings to get housing built faster.

These Housing Action Plan goals are from the CMHC HAF Best Practices. The CMHC has identified ending exclusionary zoning as a priority strategy to promote housing supply and affordability, stating that this is intended to:

- "Stop low-density zoning and regulation that excludes housing types, such as affordable and social housing and which limits the variety of housing typologies in residential areas.
- Encourage mixed-use and high-density residential development by allowing as-of-right zoning within proximity to urban centres and rapid transit.
- A proactive approach includes adopting by-laws with as-of-right zoning measures to increase height and density."

The CMHC has additionally identified zoning provisions as an obstacle to building new housing, and have identified eliminating or reducing certain zoning provisions as an initiative to increase housing supply, stating that municipalities should:

- “Eliminate restrictions and add flexibility related to height, setbacks, building floor area and other regulations to allow greater variety in housing types and density, including accessory dwellings.
- Reduce and streamline urban design guidelines such as height restrictions, visual character requirements, view cones, setbacks and angular planes to support higher density and improve project viability.
- Increase allowable floor area (FAR/FSR) for new developments.
- Update policies to facilitate the conversion of vacant and underused commercial properties to residential and mixed-use.
- Explore form-based zoning as an alternative approach, that focuses on the form and scale of residential buildings in relation to the lot. This approach focuses on the physical characteristics of the building instead of the number of dwellings inside the building.”

With regard to ARUs, the CMHC has identified the design and implementation of guidelines as a strategy to improve housing supply, stating that municipalities should:

- “Design and implement guidelines or pre-approved building plans for missing middle housing or specific accessory dwelling such as laneway housing or garden suites.
- Develop design guidelines for low-rise infill developments including accessory dwelling units and multiplexes to support as-of-right zoning permissions.
- Develop and/or promote standardized designs and pre-reviewed building plans, including the adoption of the federal design catalogue.
- Introduce a fast-tracked review process for standardized designs to allow projects to proceed directly to building permits.
- Expand certified model programs to include additional low-rise building types such as multiplexes and townhomes.”

Additionally, the HAF requires a minimum of four (4) units as-of-right (one primary and three (3) ARUs) to support infill within settlement areas with full municipal services.

Phase 1 Jurisdictional Scan

MHBC Planning Ltd. (MHBC) was retained by the County of Middlesex to prepare Zoning By-law Amendments in the local municipalities of Strathroy-Caradoc, Lucan Biddulph, North Middlesex, and Middlesex Centre in support of the HAF Housing Action Plan. MHBC’s work was informed by expertise from each of the local municipalities, who provided feedback on guidance on proposed zoning amendments as well as information on frequently amended provisions of residential zones.

By taking a coordinated approach, this arrangement enables efficient and consistent implementation of housing-supportive initiatives across the County. It also supports Building Services, which provides inspection and permitting services to several municipalities, as well as developers, engineers, and architects who work within the County by promoting consistent policy direction and regulatory frameworks, streamlined processes, and access to region-wide best practices.

MHBC prepared a Phase 1 Jurisdictional Scan (the “Scan”) which reviewed the zoning by-laws and HAF initiatives of over twenty (20) municipalities in Ontario and Canada. The Scan identified innovative initiatives, best practices, and commonalities between zoning by-laws, which were then compared to the zoning by-laws of Strathroy-Caradoc, Lucan Biddulph, North Middlesex, and Middlesex Centre. Potential amendments were identified, and discussed with an informal municipal advisory committee (the “advisory committee”) that was established to provide

additional guidance for the assessment of HAF initiatives. This committee reviewed local planning considerations and input received by way of the consultation throughout the study process.

MHBC presented the results of the Phase 1 Jurisdictional Scan to Council on June 9, 2025 and provided an overview of the potential content of the HAF Zoning By-law Amendment. Potential amendments were then further discussed and revised with the advisory committee during Stage 2, culminating in the attached draft by-law.

Proposed HAF Amendment

The draft Zoning By-law Amendment includes several amendments related to the HAF. Notable amendments to residential zones are summarized below:

- Permitting four (4) units as-of-right in the R1 zone (a HAF requirement);
- Permitting a wider range of housing forms in all residential zones, including the R1 zone;
- Decreasing minimum lot areas and minimum lot frontages to permit more compact and affordable housing types;
- Decreasing setbacks to reduce regulatory burdens and promote intensification;
- Increasing maximum lot coverage, encouraging more compact form and addressing commonly approved variance requests;
- Increasing the maximum permitted height in the R2 and R3 zones to facilitate stacked townhouses and other multi-unit forms;
- Introducing a minimum landscaped open space regulation for the R2 zone and reducing the requirement for landscaped open space in the R3 zone and providing flexibility for amenity areas;
- Permitting shared parking in Main Street commercial areas;
- Introducing a reduced parking rate for affordable housing projects;
- Adding ARU provisions to the general regulations. This includes provisions for ARUs on serviced and unserviced lots and implements the Planning Act.

These amendments represent a shift to more a form-based approach to zoning and regulation of density. While the proposed amendments would permit intensification and more compact development within the R1, R2 and R3 zones, density continues to be regulated through the Zoning By-law via maximum height, maximum lot coverage, setbacks, and parking requirements. Collectively, these provisions regulate maximum building size and the maximum number of units per lot.

Charts illustrating the nature of the proposed amendments are attached to this report, as well as the draft By-law.

Additionally, draft ARU Guidelines have been prepared by MHBC and are being reviewed by the advisory committee.

North Middlesex Official Plan Review and County Official Plan Amendment No. 4

North Middlesex is in the process of an Official Plan Review and has opted to move forward with the HAF initiative as a separate housekeeping amendment (OPA 17) for HAF initiatives to expedite approval. OPA 17 responded directly to the Municipality's HAF Action Plan commitments by revising Official Plan policies, which set the framework for impending amendments to the Municipality's Zoning By-law. OPA 17 included policy direction related to Additional Residential Units (ARUs) and more permissive housing policies. Overall, OPA 17 addressed recent changes to the Planning Act related to ARUs and brought the Municipality's housing policies into conformity with the County Official Plan, which was approved with Ministry modifications on July 7, 2023.

Amendment No. 4 (OPA 4) to the County Official Plan was adopted by County Council on January 13, 2026 and updates the County's long-range land use planning framework to reflect changes in provincial policy, align with the 2025–2030 County Strategic Plan, and incorporate updated population, housing, and employment forecasts to 2056. The North Middlesex Official Plan Review cannot be approved until OPA 4 to the County Official Plan is reviewed and approved by the Province.

Policy and Regulation Background

Planning Act

The Planning Act (the “Act”) is provincial legislation that sets out the rules for land use planning in Ontario. Simply put, it describes how land uses may be controlled, and who may control them. Section 2 of the Act requires that Council shall have regard to, among other matters, matters of provincial interest. Provincial interests include, but are not limited to, the following:

- Protection of ecological systems, natural areas, features and functions;
- Protection of agricultural resources;
- Conservation and management of natural resources and the mineral resource base;
- Conservation of features of significant architectural, cultural, historical, archaeological or scientific interest;
- Supply, efficient use and conservation of energy and water;
- Adequate provision and efficient use of communication, transportation, sewage and water services and waste management systems;
- Minimization of waste;
- Orderly development of safe and healthy communities;
- Accessibility for persons with disabilities to all facilities, services and matters;
- Adequate provision and distribution of educational, health, social, cultural and recreational facilities;
- Adequate provision of a full range of housing, including affordable housing;
- Adequate provision of employment opportunities;
- Protection of the financial and economic well-being of the Province and its municipalities;
- Co-ordination of planning activities of public bodies;
- Resolution of planning conflicts involving public and private interests;
- Protection of public health and safety;
- Appropriate location of growth and development;
- Promotion of development that is designed to be sustainable, to support public transit and to be oriented to pedestrians;
- Promotion of built form that is well-designed, encourages a sense of place, provides for public spaces that are of high quality, safe, accessible, attractive and vibrant;
- Mitigation of greenhouse gas emissions and adaptation to a changing climate.

The Act permits as-of-right up to three (3) residential units on an urban residential lot, which is defined as a lot that is municipally serviced and permits detached, semi-detached, or rowhouse dwellings. The total of three residential units consists of one main dwelling and two ARUs. While municipalities are required to permit ARUs, they may regulate ARUs through the zoning by-law, with specific exceptions.

Also, Ontario Regulation 299/19 limits zoning by-laws in the following ways:

- Cannot require an ARU to provide more than one parking space;
- Parking spaces may be provided as tandem spaces;
- Cannot establish a minimum floor area;

- Cannot regulate based on the date the primary unit was constructed; and,
- Cannot regulate based on occupancy (i.e., owner-occupied or require a relation between occupants).

In 2024, the Regulation was amended (O. Reg. 462/24) as it applies to urban areas to remove zoning barriers and to address these specific matters:

- Explicitly permit ARUs to penetrate any angular plane described in a Zoning By-law;
- Allow parcels with ARUs to have a maximum lot coverage of at least 45% (zoning by-laws can permit higher coverage);
- Override floor space index and minimum lot size requirements for parcels with ARUs; and
- Establish a maximum building separation distance of 4.0 m between ARUs and other buildings with residential units (zoning by-laws may reduce this setback).

These performance standards do not apply to rural areas or settlement areas without full municipal servicing.

Provincial Planning Statement (2024)

The Provincial Planning Statement (the “PPS”) is issued under the authority of section 3 of the *Planning Act* which came into effect on October 20th, 2024. According to section 3 of the *Planning Act*, as amended, decisions made by planning authorities “shall be consistent with” the PPS. The policy is intended to be read in its entirety, and the principal policies applicable to each proposal are to be applied. The principal policies of the PPS that are applicable are summarized below.

The PPS emphasizes the provincial priority to build more homes and increase the supply and mix of housing options, addressing the full range of housing affordability needs. A sufficient supply and mix of housing options is necessary to “support a diverse and growing population and workforce, now and for many years to come.” Growth and development remain prioritized within settlement areas, “to protect the long-term viability of rural areas, local food production, and the agri-food network.”

Section 2.2 – Housing

The PPS emphasizes the importance of providing an appropriate range and mix of housing options and densities by permitting and facilitating all types of residential intensification and introducing new housing options within previously developed areas. Intensification is defined as “the development of a property, site or area at a higher density than currently exists through redevelopment, the development of vacant and/or underutilized lots within previously developed areas, infill development and the expansion or conversion of existing buildings.” Densities for new housing which efficiently uses land, resources, infrastructure and public service facilities, and support the use of active transportation, are promoted.

With regard to ARUs, the PPS includes ARUs in the definition of “housing options”, which planning authorities are required to permit and facilitate.

In prime agricultural areas, the PPS permits two (2) additional residential units where a dwelling is permitted on a lot, provided that where two (2) ARUs are proposed at least one of the ARUs is located within or adjacent to the principal dwelling.

County of Middlesex Official Plan

The County will experience population and employment growth which is important to residents and to the future of the County and its constituent municipalities. Growth must be managed to

minimize adverse impacts on natural features and agriculture, and it must be phased to coincide with the types of levels of services available. The majority of growth shall be directed to designated settlement areas and priority is given to fully serviced settlement areas such as Ailsa Craig, Parkhill and Nairn.

Section 2.3 – Growth Management

The County will experience population and employment growth which is important to residents and to the future of the County and its constituent municipalities. Growth must be managed to minimize adverse impacts on natural features and agriculture, and it must be phased to coincide with the types of levels of services available. The majority of growth shall be directed to designated settlement areas and priority is given to fully serviced settlement areas.

Section 2.3.7 – Housing Policies

A wide variety of housing types, sizes and tenures are encouraged to meet projected demographic and market requirements of current and future County residents. Intensification and redevelopment, primarily within Settlement Areas, is encouraged and local municipalities “shall support opportunities to increase the supply of housing through intensification and redevelopment in appropriate locations, taking into account municipal services, transportation and environmental considerations.” Local official plans “shall consider site specific characteristics for neighbourhood compatibility.”

The County Official Plan provides further policy direction supporting local Official Plan and Zoning By-law measures to end exclusionary zoning and support missing middle opportunities, where appropriate given the community development context and available servicing.

Section 3.2.3 – Local Official Plans

Local municipalities are encouraged to include verbiage in their official plans that speak to residential development, including low, medium and high-density residential uses, affordable housing, special needs housing, infill and intensification. Additionally, policies that speak to built form and sustainability of proposed development applications is encouraged.

OPA 4

County Official Plan Amendment No. 4, recently adopted by [Middlesex County Council on January 13, 2026](#), contains a number of specific regulations, particularly with respect to Additional Residential Units outside of settlement areas. While these policies are yet to be approved by the Province to be in force and effect, the proposed Zoning By-law Amendment has had regard for those policies and incorporated regulations to address the policies, with the intent of minimizing the impact on agricultural lands throughout the County.

North Middlesex Official Plan

The Municipality of North Middlesex Official Plan was adopted by Municipal Council on June 23, 2003, and approved by the County of Middlesex on March 9, 2004. It was most recently consolidated in November 2023. A consolidation is currently underway and expected to be completed in February 2025. Staff will expedite the consolidation of the HAF initiatives following approval, provided no appeals are filed, and anticipate the HAF consolidation to be completed in March 2025.

Section 5.2.5 – General Housing Policies

A mix and range of residential lot sizes and unit sizes shall be provided, and intensification and redevelopment are encouraged to provide a greater mix and balance of residential housing types. The Municipality shall encourage housing accessible to lower and moderate-income households.

Neighbourhood compatibility is considered relative to the physical characteristics and site design of intensification proposals, including such matters as building height and massing, lot coverage and parking.

The Residential Area policies of this Official Plan also provide direction for accessory residential dwellings, attainable housing initiatives and residential intensification and redevelopment, including locational considerations.

The general policy direction of the North Middlesex Official Plan supports development in the Residential Area that encourages missing middle housing forms and aligns with the study objective to end exclusionary zoning.

Consultation

Notice of the proposed Zoning By-law Amendment was circulated to the required agencies and was posted on the Municipal website, in accordance with the requirements of the Planning Act. No comments or concerns were raised by agencies or members of the public prior to the submission of this report. Additional comments for feedback may be considered by verbal submission this evening.

Analysis

The Provincial Planning Statement (PPS), Middlesex County Official Plan and North Middlesex Official Plan encourage residential infill development within settlement areas, subject to servicing and compatibility. This Amendment supports intensification and infill development by permitting additional as-of-right permitted uses, increased density, and establishing provisions for ARUs. This Amendment permits a mix of dwelling types and residential lot sizes as-of-right, which is noted as a priority in the North Middlesex Official Plan, and implements the Housing Action Plan and recent changes to the Planning Act regarding ARUs. Additionally, the proposed Zoning By-law Amendment has regard for the policies of Amendment No. 4 to the County Official Plan, and incorporates regulations to address the policies with the intent of minimizing the impact on agricultural lands throughout the County.

The proposed zoning amendments were discussed with the advisory committee on multiple occasions, with the amended regulations being tailored to each community to maintain local character while achieving the goals of the HAF. While the proposed amendments would permit intensification and more compact development within the residential zones, density continues to be regulated through other zoning regulations. Collectively, the zoning by-law continues to regulate maximum building size and the maximum number of units per lot.

In conclusion, staff and MHBC are of the opinion that the proposed Zoning By-law Amendment is appropriate, is consistent with the Provincial Planning Statement and is in conformity with the County of Middlesex and North Middlesex Official Plans. Additionally, the proposed Zoning By-law Amendment implements several goals of the HAF, as required for continued federal funding.

Attachments

1	Zoning By-law Amendment Summary Table
2	Zoning By-law

Recommendation for Zoning By-law Amendment to Council

THAT Council receive the report for information for Zoning By-law Amendment application ZBA-1-2026.

AND FURTHER THAT the rezoning application ZBA-1-2026 be **APPROVED**;

AND FURTHER THAT the associated implementing By-law be read a first, second and third and final time in open session.

Reasons

Consistency with the Provincial Planning Statement would be maintained;
Conformity with the County of Middlesex Official Plan would be maintained;
Conformity with the Municipality of North Middlesex Official Plan would be maintained;
Initiatives of the Housing Action Plan would be achieved.