

BY-LAW NO. D-2
A By-Law Respecting Development Incentives for the
Municipal District of St. Stephen

The Council of the Municipal District of St. Stephen, under the authority vested in it by the *Local Governance Act*, and amendments thereto, hereby makes and enacts this By-Law as follows:

1. INTRODUCTION

1.1 This By-Law may be cited as the “Development Incentives By-Law D-2.”

2. CONTENTS

2.1 The requirements of this By-Law apply to economic development incentives provided to developers for developments within the geographical limits of the Municipal District of St. Stephen.

2.2 The purpose of this By-law is to provide a structured and fiscally responsible framework for municipal development incentives that align with Municipal Plan By-law M-4, support priority development outcomes, and ensure that grants are proportionate to verified construction investment and subject to defined eligibility and compliance requirements.

2.3 This By-Law is hereto compromised of the following schedules:

- Schedule “A”: Municipal District of St. Stephen Development Incentive Policy;
- Schedule “B”: Development Incentive Application; and,
- Schedule “C”: Development Incentive Agreement.

2.4 By-law D-1, Development Incentives By-law, enacted on August 25, 2021 and all amendments thereto, are hereby repealed.

2.5 The repeal of By-law D-1, Development Incentives By-law, shall not repeal, defeat, disturb, invalidate, or prejudicially affect any Development Incentive Agreement entered into under By-law D-1.

Read the First Time this 25th day of March, 2026.

Read the Second Time this ____ day of _____, 2026.

Read the Third Time this day of ____ day of _____, 2026.

Allan MacEachern, Mayor

Jeff Renaud, Clerk

SCHEDULE A – DEVELOPMENT INCENTIVE POLICY

1. POLICY PURPOSE AND ALIGNMENT WITH THE PLAN

1.1 Purpose

The purpose of this Policy is to provide transparent and predictable municipal incentives that accelerate development types prioritized in Municipal Plan By-law M-4, including:

- a) Affordable and multi-unit housing development;
- b) Downtown revitalization and mixed-use development;
- c) Industrial expansion and industrial opportunities; and,
- d) Rural agricultural development.

1.2 Municipal Plan Alignment

In administering this Policy, Council and staff may give special consideration to projects that:

- Promote efficient infill development where water and sewer infrastructure already exists, in order to avoid extending water and sewer services to areas where long-term public costs exceed the revenues generated.
- Develop housing within Housing Priority Areas that encourage a diverse mix of housing types, including affordable rental and ownership options for adults at different ages or stages in life.
- Revitalize downtown through mixed-use development and active ground-floor commercial uses, and quality architectural design that improves the community’s image for residents and visitors.
- Support industrial and manufacturing development that creates employment, or eco-industrial projects that are energy efficient, produce renewable energy, reuse waste, or turn by-products into new goods.
- Support rural farm development and local food production, value-added agricultural product processing, or the retail sale of locally-grown agricultural products.
- Enable adaptive reuse and the preservation of character-defining elements of St. Stephen’s heritage buildings.

2. DEFINITIONS

2.1 “Accessory Dwelling Unit” means a dwelling unit with its own culinary and sanitary facilities and no more than two bedrooms which is incidental to the principal dwelling unit. When contained within the main building, it is synonymous with a secondary suite, and when contained within an accessory structure it is synonymous with a garden suite. For the purposes of this Policy, accessory dwelling units are located on a permanent foundation and do not include mobile homes, recreational vehicles, or other movable structures.

2.1 “Applicant” means the registered owner of the subject property, or an authorized agent of the registered owner.

2.2 “Architect” means a professional New Brunswick architect as that term is defined in *An Act Respecting the Architect’s Association of New Brunswick*.

2.3 “Development” includes new construction, renovation, rehabilitation, adaptive re-use, or re-purposing of an existing building.

2.4 “Dwelling Unit” means a room or suite of two or more rooms for use, or intended for use, by one or more individuals in which culinary and sanitary facilities are provided for the exclusive use of such individual(s), and with a private entrance from outside the building or from a common hallway or stairway inside. This does not include a rooming house, mini-home, residential care facility, emergency shelter, or short-term rental, as those terms are defined in the Zoning By-law.

2.5 “Urban Service Boundary” means the mapped boundary of municipal water and/or sewer services as established under Municipal Plan M-4 and implemented in the Zoning By-law.

2.6 “Housing Priority Areas” means the areas designated by Council in Municipal Plan M-4 (Map 7).

2.7 “Incremental Assessed Value (V)” means the increase in taxable assessed value used for grant calculation, determined as the Year 1 taxable assessment minus the Year 0 taxable assessment (i.e. at date of the application), using Service New Brunswick’s Property Assessment Notice at the time of the application.

2.8 “Infill Location” means a lot within the Urban Service Boundary where streets, water and sewer infrastructure are already available to provide services to a development.

3. INCENTIVE STREAMS

3.1 A project may be approved under only one (1) incentive stream. Streams and intent are listed below. Detailed eligibility and scoring are in Schedule A.

- Stream H1 – Affordable & Mixed-Income Multi-Unit Housing
- Stream H2 – Market Rental / Purpose-Built Multi-Unit Housing
- Stream H3 – Accessory Dwelling Units (ADU)
- Stream C – Downtown Development
- Stream I – Industrial Development
- Stream F – Farm Development

4. GENERAL ELIGIBILITY (ALL STREAMS)

4.1 A project is eligible only if it meets ALL of the following at the time of application:

- The property is appropriately zoned (or is the subject of a compliant rezoning) and can be serviced without significant new municipal infrastructure paid for by the Municipality.
- The proposal supports efficient development patterns: infill/contiguous development within the Urban Service Boundary; or the proposal involves a rural development that does not require any municipal sewer or water services (e.g. farm, accessory dwelling unit on a septic system).
- For projects within the Urban Service Boundary, the development will connect to municipal sanitary sewer where service is available at the lot line (or a municipal servicing plan is provided).
- The proposal avoids or reasonably mitigates impacts to environmentally sensitive and physically unsuitable areas, including watercourses, wetlands, riparian areas, coastlines, and drinking water supply wellfields and watersheds.
- A building or development permit has been issued with a reasonable construction value estimate; there are no outstanding stop-work orders; and the Applicant is not in violation of building or zoning by-laws.
- Where the site is in mapped climate hazard areas (e.g., projected flood/high-tide zones), the Applicant provides a climate adaptation plan consistent with the zoning by-law requirements.
- If the property is listed on the *New Brunswick Register of Historic Places*, any character-defining elements are respected, restored, and preserved through the proposal.

5. APPLICATION, REVIEW AND APPROVAL

5.1 Application Form

Applications must be submitted using the current form in Schedule B and include a concise project description demonstrating compliance with Section 5, the chosen stream, and any bonus points claimed.

5.2 Review Committee

Council establishes a Development Incentive Review Committee (Committee) consisting of the:

- a) CAO;
- b) Director of Planning;
- c) Director of Public Works and/or Protective Services;
- d) Treasurer; and,
- e) The CAO-selected representative for local economic development.

5.3 Recommendation and Council Decision

The Committee evaluates applications and recommends:

- a) Eligibility;
- b) Stream;
- c) Points;
- d) Grant estimate, including any deductions under section 5.5; and
- e) Any terms/conditions.

Council retains final decision-making authority to approve, vary, or refuse any applications that are recommended by the Committee. The Committee may refuse to bring forward any application to Council that they have determined to be incomplete or ineligible under this Policy.

5.4 Agreement Required

No grant is payable unless a Development Incentive Agreement is executed between the Municipality and the Applicant, consistent with Schedule C.

5.5 Other Economic Development Agreements or Incentives

Despite any provision of this Policy, Council may provide other economic development incentives (e.g. below-market land, other grants, or infrastructure improvements) through separate agreements under section 104 of the *Local Governance Act*. For the purposes of evaluating projects under this Policy, the value of any other municipal economic development incentive provided to a project shall be deducted from the total eligible grant under this Policy. This deduction of eligible grant monies does not apply to:

- a) Municipally owned downtown development sites identified in Municipal Plan M-4 (Map 10), where below-market land may be combined with incentives under this Policy; and
- b) Downtown redevelopment projects that receive separate funding through the *Downtown Façade Improvement Program*; and
- c) Any infrastructure improvements that are part of a planned/scheduled capital renewal process and are not related to a particular project.

6. GRANT STRUCTURE

6.1 Standard (Most Streams)

The standard incentive is an annual grant paid over ten (10) years, based on the Incremental Assessed Value (V) after completion, using the formula in Schedule A. For standard grants, payments begin one (1) year after passing the final building inspection (including correcting deficiencies) and after property tax reassessment is finalized, as set out in Schedule C.

6.2 Simplified Grant (ADU Stream H3)

Stream H3 uses a simplified grant model set out in Schedule A, and it is intended to help St. Stephen residents build small secondary rental units or multigenerational in-law suites/garden suites on their properties known as “accessory dwelling units” (ADUs). For simplified grants, a single payment is payable after successfully completing the final building or site inspection (including correcting deficiencies).

7. COMPLIANCE, RECALCULATION AND FORFEITURE

7.1 Reassessment Changes

Grants may be recalculated if assessed values decrease, including following assessment appeals, as set out in Schedule C. Overpayments may be recovered through offsets or repayment.

7.2 Good Standing

No incentive payment shall be made for any year in which the Applicant or Owner is in arrears on municipal accounts or subject to an outstanding lawful order. If the arrears or order are fully remedied within 90 days of written notice, the incentive payment for that year may be issued. If not remedied within that period, the incentive payment for that year is forfeited.

7.3 Insolvency

Payments are forfeited if the Owner is bankrupt/insolvent, winds up, or ceases operations, consistent with Schedule C.

7.4 Affordable Housing Compliance

Where a grant is based on affordability commitments, affordability must be maintained for the required period (minimum 10 years) and is subject to audit per Schedule C.

8. STREAMS & INCENTIVE MODELS

A1. Stream Eligibility (Minimum Thresholds)

STREAM H1 – AFFORDABLE MULTI-UNIT HOUSING DEVELOPMENT

- **Project Minimum:** Four (4) or more rental or for-purchase units in one (1) building with a minimum construction value on the building permit: \$500,000.
- **Conditions:** At least 25% of the dwelling units are offered with annual shelter costs below 30% of 50% area median household income (adjusted for inflation, according to the latest Statistics Canada data).
- **Location:** Housing Priority Areas, infill location, downtown, or as permitted in unserved rural zones.
- **Incentive Model:** Standard – See ‘A2’

STREAM H2 – MARKET RATE MULTI-UNIT HOUSING DEVELOPMENT

- **Project Minimum:** six (6) or more dwelling units for rent or for-purchase units in one (1) building or series (townhouse, rowhouse) with a minimum construction value on building permit: \$750,000.
- **Conditions:** For projects with ten or more dwelling units, at least 10% of the units are constructed to be wheelchair accessible according to the *Barrier-Free Design Building Code Regulation – Building Code Administration Act*.
- **Location:** Housing Priority Areas, infill location, or downtown.
- **Incentive model:** Standard – See ‘A2’

STREAM H3 – ACCESSORY DWELLING UNIT (ADU) DEVELOPMENT

- **Project Minimum:** The minimum construction value of the accessory dwelling unit (ADU) shall be \$50,000 as provided on the associated building or development permit application.
- **Conditions:** The ADU must be used as a dwelling unit and must be non-movable and affixed to a permanent foundation. Only one (1) ADU may be incentivized per lot and, to be eligible, the lot must already have another main dwelling unit.
- **Location:** Anywhere subject to urban or rural zoning and on-site sewage disposal permits (if applicable).
- **Incentive model:** One-time \$750 grant for every \$50,000 of construction value (rounded down) up to a maximum of \$2,250 which may be payable upon successful completion of a final building and site inspection.

STREAM C – DOWNTOWN DEVELOPMENT

- **Project Minimum:** New build or major renovation with a minimum construction value on the building permit: \$300,000.
- **Conditions:** Building façade must be built up to the front lot line with pedestrian-oriented windows/doors, a storefront commercial use, and traditional cladding materials that complement St. Stephen’s built heritage. Rear of ground floor or upper stories may contain residential uses, tourist accommodations, commercial, or any other uses permitted under the Zoning by-law.
- **Location:** within the Downtown Overlay (O-DT) Zone.
- **Incentive model:** Standard – See ‘A2’

STREAM I – INDUSTRIAL DEVELOPMENT

- **Project Minimum:** new build or major renovation with a minimum construction value on the building permit: \$500,000
- **Conditions:** Eligible projects include at least one (1) of the following:
 - a) new or expanded manufacturing or other industrial uses that add employment;
 - b) eco-industrial uses (e.g. reuse of industrial by-products, shared infrastructure with other industrial businesses); or,
 - c) building upgrades to increase energy efficiency or add on-site renewable energy generation.
- **Location:** within the Industrial Zone.
- **Incentive model:** Standard – See ‘A2’

STREAM F – FARM DEVELOPMENT

- **Project Minimum:** new build or major renovation with a minimum construction value on the building permit: \$250,000
- **Conditions:** Eligible projects include at least one (1) of the following:
 - a) abattoir facility;
 - b) livestock barns;

- c) barns or silos for commodity storage (e.g. animal feed);
- d) greenhouses and/or aquaponic facilities for food production; or,
- e) farm-gate retail shop for locally-grown agricultural products.
- **Location:** within the Rural Resource (R-3) Zone or as permitted in other rural or urban zones.
- **Incentive model:** Standard – See ‘A2’

A2. Standard Incentive Model

Annual Grant Payable = $V \times (D + P) \times Y$

Where:

- V = Incremental taxable assessment increase at ‘Year 1’ compared to ‘Year 0’
- D = Base incentive rate (0.015).
- P = Bonus points rate (max. 0.001) for project construction plans stamped by a professional Architect or projects involving properties listed in the *New Brunswick Register of Historic Places*.
- Y = Year-of-grant rate (see ‘Chart 1’).

Chart 1 – Year-of-Grant Rate (Y)

- Year 1: 95% | Year 2: 85% | Year 3: 75% | Year 4: 65% | Year 5: 60%
- Year 6: 55% | Year 7: 50% | Year 8: 40% | Year 9: 40% | Year 10: 40%

SCHEDULE B – DEVELOPMENT INCENTIVE APPLICATION

B1. General Application Deadlines & Process Timeline:

- An application (B2) for a development incentive under this Policy shall be made within 60 calendar days of the issuance of a building or development permit for a project or it becomes ineligible under this Policy.
- Administrative reviews of the development incentive application shall be made within 30 business days of receiving the application and the applicant shall be notified of their eligibility.
- Eligible projects with applications that are completed according to the Review Committee shall be referred to the Council, or the appropriate committee of Council, for a decision (accept/reject).
- If Council accepts an application, it will be referred to the CAO, who will negotiate with the applicant and notify them of the opportunity to enter into a Development Incentive Agreement (Schedule C). The applicant has up to 60 calendar days from the date of notification to enter into the agreement, after which the offer expires.
- For any ADU projects under stream H3, grant payments are calculated and payable within 30 days after successfully passing the final building inspection (or inspection of zoning compliance for Code-exempt structures) and Corporate Services receives a requisition for payment, and all other conditions of the Development Incentive Agreement are met.
- For any projects under the Standard Incentive Model (A2), grant payments are calculated and paid out after the applicant provides the municipality with a copy of their most recent [Property Assessment Notice](#) one (1) year after passing their final building inspection and all other conditions of their Development Incentive Agreement are met.

B2. Required Application Details:

- [Link to Fillable Development Incentive Application Form](#)
- Successful applications must contain the following information at a minimum:
 - Registered owner name, contact details, civic address, and PID(s).
 - Copy of the most recent [Property Assessment Notice](#).
 - Project description, intended use(s), and chosen incentive stream.
 - Construction value from building permit application.
 - General eligibility (Section 5) and stream criteria (Schedule A).
 - Evidence for any bonus point claimed (maximum of 1 point [0.001] for either: 1. project construction plans stamped by a professional Architect, or 2. the project involves property listed in the *New Brunswick Register of Historic Places*).
 - If affordable housing: unit mix, rent/price schedule, and proforma (10 years).

SCHEDULE C – DEVELOPMENT INCENTIVE AGREEMENT

C1. Agreement Required

A Development Incentive Agreement must be executed before any grant is payable. Failure to execute an agreement voids the incentive approval. The CAO of the Municipal District of St. Stephen has the discretionary authority to negotiate the terms and conditions of the Development Incentive Agreement.

C2. Minimum Suggested Agreement Terms

- Construction timeline milestones (including start date and substantial completion) with reasonable extensions for force majeure.
- Suggested construction completion timeline of twenty-four (24) months for most projects from the date of building permit issuance.
- 80% completion progress report requirement.
- Final inspection by the Municipality prior to any payment.
- Payments begin one (1) year after 100% completion and after reassessment is finalized (including appeal windows).
- Payments are made to the registered owner at completion; assignment allowed on transfer of ownership if the new owner signs an assumption agreement.
- Recalculation mechanism if assessments decrease (including appeal outcomes), and recovery of overpayments by offset or repayment.
- Good-standing clause: no payment while delinquent on municipal accounts or with unremedied lawful orders; 90-day cure period; otherwise forfeiture for that year.
- Insolvency clause: forfeiture on bankruptcy/insolvency/winding up/ceased operations.

C3. Affordable Housing Audit & Enforcement (if applicable)

- Affordability commitments must be maintained for at least ten (10) years after completion.
- Annual compliance reporting (rent roll summary and unit mix; tenant privacy protected) must be submitted by the applicant to Corporate Services on a yearly basis, to obtain grant payment.
- No conversion of committed affordable units to other unit types during the commitment period.
- Municipal right to audit compliance and to suspend or claw back payments for material non-compliance.