

# Staff Report



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To	<b>City Council</b>
Service Area	Infrastructure, Development and Enterprise Services
Date	Tuesday, September 12, 2023
Subject	<b>Housing Affordability Strategy – Project Initiation</b>

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## Recommendation

1. That Report 2023-331 from Planning and Building Services regarding the initiation of the Housing Affordability Strategy project, dated September 12, 2023, be received.
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## Executive Summary

### Purpose of Report

To present the phases, anticipated timeline and deliverables for the Housing Affordability Strategy to Council. It is expected that the project will be completed by Q4 of 2024.

### Key Findings

The city of Guelph is a desirable place to live. As a result, Guelph has seen steady growth coupled with an increasingly more expensive housing market (ownership and rental).

We continue to experience challenges with the affordability of housing. The market, alongside existing government funding programs and various policy levers, does not deliver enough housing that is at a level of affordability to meet community needs.

There have been significant legislative changes since the release of the 2017 AHS, largely in response to widespread acknowledgement of a substantial lack of affordable housing. Examples of provincial legislation and policy guidance that were introduced to collectively facilitate the provision of housing in Ontario include:

- the More Homes for Everyone Act, 2022 (Bill 109),
- the More Homes Built Faster Act, 2022 (Bill 23),
- the Better Municipal Governance Act, 2022 (Bill 39),
- the Helping Homebuyers, Protecting Tenants Act, 2023 (Bill 97), and,
- revisions to the Provincial Policy Statement (PPS) (2023).

The overall objective of HAS is to identify actions (i.e., policy refinements, tools, and incentives), advocacy, and partnership approaches to address private-market housing gaps in the short, medium, and long term.

The first step of the strategy will be to prepare a Housing Affordability Gap Analysis, as part of the State of Housing Report, to be completed by year-end 2023.

The HAS also involves analyzing the capacity of properties in the city of Guelph to accommodate gentle density, or the equivalent of four or more units. There is currently an RFP for this part of the HAS, and staff anticipate having a preliminary technical background report by Q4 2023.

The deliverables in the subsequent stages of the HAS will be largely determined through the results of the housing affordability gap analysis, as well as through continuous agency and community collaboration and engagement.

This HAS will assume an “all-hands-on-deck” approach to addressing housing supply challenges and promote a strong commitment to enhanced collaboration with Wellington County, the University of Guelph, Conestoga College, non-profit and for-profit housing organizations, Urban Indigenous residents, LGBTQ2S+, and the community-at-large to best meet the community and Council’s expectations.

### **Strategic Plan Alignment**

The HAS will help inform how best to facilitate the development of housing that can be affordable to the majority of the citizens of Guelph at a time of significant challenge and legislative change.

This project specifically aligns with the **City Building theme** by focusing on growth and all the supporting elements needed to make Guelph a more liveable city. Specifically, this project will:

- Help to increase the availability of housing that meets community needs
- Work with partners and the community to create smart programs and policies that enable more people to obtain housing.

With respect to key performance indicators, this update will provide some information on the percentage of affordable residential units (ownership and rental) within the city of Guelph.

### **Financial Implications**

The recommended actions of the recommended HAS are anticipated to require financial support. Details will be provided to Council through future reports as the strategy is developed.

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## **Report**

### **Background**

The city of Guelph is a desirable place to live. As a result, Guelph has seen steady growth in recent years. Since the approval of the 2017 Affordable Housing Strategy (2017 AHS) the province has updated population projections through A Place to Grow and imposed housing targets that exceed our growth projections.

We continue to experience challenges with the affordability of housing; existing government funding programs and various policy levers does not deliver enough affordable housing to meet community needs. There is a lack of equilibrium between the number of residents to be housed, household income, and the availability of new affordable ownership housing and/or purpose-built rental.

City staff need to continue to ask questions, through this strategy development, around:

- What are the key market, policy, regulatory and process barriers to delivering the full range of housing types, including mid-rise housing (also referred to as missing middle), especially in strategic growth areas (nodes and corridors) and residential neighborhoods?
- What kinds of decision-making approaches should we be exploring – continuing with a more enabling/facilitating approach to housing, which can mean reacting to housing challenges, a rights-based approach, or another decision-making model that may emerge from this project?
- What opportunities does the City of Guelph have to address barriers to increase housing supply and housing diversity, and create more affordable housing opportunities across the income continuum?

The 2017 AHS addressed municipal requirements under the Provincial Policy Statement (2014) and the Provincial Growth Plan (2006) and built on the City's Official Plan Update (OPA 48), which established a framework for planning for a range and mix of housing types and densities, through appropriate land use designations and supporting policies. The 2017 AHS focused on identifying policy drivers, roles, responsibilities, and tools available to the City to advance meeting targets for affordable private market rental and home ownership housing for low- and moderate-income households.

There have been significant legislative changes since the release of the 2017 AHS, largely in response to widespread acknowledgement of a substantial lack of affordable housing. The More Homes for Everyone Act, 2022 (Bill 109), the More Homes Built Faster Act, 2022 (Bill 23), and the Better Municipal Governance Act, 2022 (Bill 39), are examples of pieces of legislation that were introduced to collectively facilitate the provision of housing in Ontario, although the focus is not necessarily on affordable housing.

## **Roles and Responsibilities**

The primary responsibility for affordable housing rests with the Federal and Provincial governments, through housing policies, legislation, and funding. The County of Wellington is the local-designated housing service manager, with considerable expertise and responsibility for administering a range of housing programs, services, and funding in the local context, including the provision of non-market (subsidized) housing.

City staff are primarily responsible for facilitating private-market housing - housing that is bought and sold through a realtor or directly from a developer or private market rental. Essentially, the City can lay the groundwork for how many units are needed, the kinds of units, (e.g., single-detached homes, semi-detached, townhomes, apartments, etc.), and where they can go within Guelph.

The City does have a limited role (primarily funding) to play in helping Wellington County address the portion of the housing continuum between homelessness and community housing. Enhanced collaboration between the City and Wellington County is anticipated through this update to create Housing Affordability Strategy that captures the relationship towards providing affordable housing along all parts of the housing continuum.

The City does not have the authority, in most cases, to ensure that a developer will build housing that is affordable according to an accepted provincial definition. The City also does not have the authority to force a developer to build within a certain

timeframe nor influence either the price a developer decides to list a new housing unit for or resale housing prices within the private market.

The City has identified, through the Shaping Guelph studies including the Residential Intensification Analysis, the Land Needs Assessment, the Growth Management Strategy, and Official Plan Amendment 80, an abundant capacity to accommodate a range and mix of housing. The challenge remains on how to unlock the capacity in a way that can contribute to more affordable housing in Guelph.

An update to the 2017 AHS is necessary to position the city of Guelph to grow in alignment with Provincial direction and contribute to facilitating the creation of more affordable housing to Guelph's residents. This is what the Housing Affordability Strategy aims to accomplish.

### **Defining Affordability in a Changing Provincial Policy Environment**

In this context, it is important to note that "affordable" is a broad term that can include housing provided by the private, public, and non-profit sectors. The term "affordable" also includes all forms of housing tenure: rental, ownership and co-operative ownership, as well as temporary and permanent housing. From the City's jurisdictional perspective, and therefore that of the Housing Affordability Strategy, much of the focus of this work will be facilitating housing on the right-hand side of the housing continuum, including affordable rental, affordable ownership, market rental, and market ownership.

The City currently uses the Province's definition of "affordable" within the Provincial Policy Statement (PPS, 2020) to refer to housing where the purchase price does not exceed 30 per cent of a purchaser's before-tax income; or, in the case of rental units, the least expensive of a unit for which the rent does not exceed 30 per cent of annual before-tax income or where rent is set at or below the average market rate, for low-and moderate-income households (an annual income at the 60<sup>th</sup> percentile or less within the market area).

Based on this definition, as of 2023, about \$429,016 is considered an affordable house price in Guelph and about \$1,434 is considered affordable monthly rent.

Based on a signal from the Province through the introduction of the More Homes Built Faster Act, 2022 (Bill 23), and as of April 6, 2022, when the definition of "affordable" was proposed to be removed from the Provincial Planning Statement, a market-based definition of "affordable" introduced through Bill 23's Development Charges Act may soon apply. This would increase the home ownership affordability threshold from \$429,016 to approximately \$640,000 for home ownership.

Beyond the Provincial definition of housing affordability (price-to-income ratio), there are several other measures that can include expenditure-to-income ratio, residual income indicators, housing quality indicators, and more subjective indicators around satisfaction-level. There is the potential to explore these measures further within the parameters of this project.

### **Purpose and Goals of the Housing Affordability Strategy**

The overall purpose of the Housing Affordability Strategy is to identify actions, advocacy, and partnership approaches to address private-market housing gaps in the short, medium, and long term – this is the market where the City has the greatest, albeit limited, ability to influence. A secondary, equally important purpose is to strengthen relationships and enhance collaboration with Wellington County,

the University of Guelph, Conestoga College, non-profit and for-profit housing agencies, Urban Indigenous residents, LGBTQ2S+, and residents of our community throughout this project update so that the final deliverable, the recommended strategy, will more clearly align the relationships towards providing housing affordability in the private market and non-market housing.

Specifically, focusing on the overall purpose, the Housing Affordability Strategy will accomplish the following goals, working together with a consultant team:

- Goal 1: Enable a greater supply and mix of housing
- Goal 2: Maximize and protect the use of existing housing resulting in a greater supply of affordable housing
- Goal 3: Enhance capacity, awareness, and supports for affordable housing throughout the community.

### Workplan and Deliverables

To accomplish the goals, Table 1, below, presents an overview of the phased work plan for the Housing Affordability Strategy. It is intended that a more detailed work plan, including a community engagement and communications plan, will be developed shortly after receipt and approval of the Project Charter, in collaboration with the selected consultants. However, the Project Charter (Attachment 1) provides some more detailed information on each phase of the project. The five phases of the workplan are:

- Phase One (1) - Project Initiation
- Phase Two (2) - Research and Information Gathering
- Phase Three (3) - Identify Goals and Targets
- Phase Four (4) - Identify Actions
- Phase Five (5) - Finalize Housing Affordability Strategy

Each phase is described further in Table 1.

Table 1: Housing Affordability Strategy Project Phases and Timeline

Phase	Description	Timing
Phase One (1)	<p><b>Project Initiation</b></p> <ul style="list-style-type: none"> <li>• Present a high-level workplan and timeline to Council</li> </ul> <p><b>Deliverables</b></p> <ul style="list-style-type: none"> <li>• Housing Affordability Strategy Project Charter</li> <li>• RFP for the Gentle Density Background Review and Design Demonstrations for As-of-Right Permissions for Four (4) or More Units</li> <li>• RFP for the Housing Affordability Strategy</li> </ul>	Q3 2023
Phase Two (2)	<p><b>Research and Information Gathering</b></p> <ul style="list-style-type: none"> <li>• Identify specific local housing needs through an update to the 2015 State of Housing report as an input into the Strategy so that we can (a) identify and understand the housing affordability gaps within Guelph, and (b) better tie affordability to household incomes to allow for better assessment of the impact of proposed approaches to address housing affordability.</li> <li>• Initiate work related to the capacity for lots in the city of</li> </ul>	Q4 2023

Phase	Description	Timing
	<p>Guelph to accommodate four (4) or more units (gentle density). This work stems from direction provided by Council in April 2023, as the Comprehensive Zoning Bylaw was being approved. Staff, working with a consultant, will identify what properties in Guelph could potentially accommodate four or more units, using various development standards (e.g., parking, setbacks) and provide recommendations for permissions.</p> <p><b>Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Detailed Communication and Engagement Plan for 2024</li> <li>2. State of Housing Report, including the Housing Affordability Gap Analysis</li> <li>3. Background Technical Analysis on the Gentle Density (Four [4] or more units) work</li> </ol>	
Phase Three (3)	<p><b>Identify Goals and Targets</b></p> <ul style="list-style-type: none"> <li>• Develop goals and targets that address housing the housing affordability gaps, in collaboration and consultation with key stakeholders and the public.</li> </ul> <p><b>Deliverables</b></p> <ol style="list-style-type: none"> <li>1. Survey One (1): Accessory Unit Survey – completed approximately every five years, this survey identifies the number of accessory units in Guelph and the associated rents.</li> <li>2. Survey Two (2): Interest in Building Additional Residential Units (ARDU) Survey – this survey will build on Survey One (1), as well as seek to obtain baseline information on the appetite from current homeowners on their interest in creating additional residential units and what additional type of information would be helpful to streamline this process.</li> <li>3. Survey Three (3): Zoning Regulations, Demography, and Affordability Profile - This survey would complement the work on the four or more units component of the Strategy. This survey would collect information that can be used to approximate how many units could be built under current zoning regulations and under which demographic profiles would this could be affordable. This would involve looking outside of the typical university student market, and more into the secondary rental markets (i.e., rented accessory apartment, two rented units in a triplex, and/or rented condominium apartments).</li> </ol>	Q1 and Q2 2024
Phase Four (4)	<p><b>Identify Actions</b></p> <ul style="list-style-type: none"> <li>• Develop goals and targets that address housing the housing affordability gaps, in collaboration and</li> </ul>	Q2 2024

Phase	Description	Timing
	<p>consultation with key stakeholders and the public.</p> <ul style="list-style-type: none"> <li>Identify recommended strategic actions and an associate monitoring framework, anchored in ongoing community engagement and the updated Directions Report, to facilitate meeting targets for affordable private market rental and home ownership for low- and moderate-income households through a review and update to the 2016 Strategic Actions Report.</li> </ul> <p><b>Deliverables</b></p> <ol style="list-style-type: none"> <li>Proforma Analysis to describe the existing and potential market demand for a variety of housing typologies and tenures including, but not limited to single and semi-detached, duplex, townhouse, staked townhouse, multiplex, low rise apartment, and five (5) to eight (8)-storey apartments (linked to the four or more unit component of this project).</li> <li>Strategic Actions Report</li> </ol>	
Phase Five (5)	<p><b>Finalize Housing Affordability Strategy</b></p> <ul style="list-style-type: none"> <li>Develop draft recommendations for Council, stakeholder and community review and feedback that can then be used to finalize the Final Housing Affordability Strategy for Guelph.</li> </ul> <p><b>Deliverable</b></p> <ul style="list-style-type: none"> <li>Housing Affordability Strategy</li> </ul>	Q3/4 2024

For Phase Two (2), the Research and Information Gathering stage, staff will provide an update on items such as vacancy rates, rental (primary and secondary rental market) rates, purpose-built rental rates, owner vs rental rates, core housing need, and housing starts. A full listing of the data that will accompany the State of Housing Report, anticipated in Q4 of 2023 in Attachment-1.

**Engagement**

To provide added confidence in the level and strength of collaboration across the community regarding the goals, targets, actions, and recommendations that will be reflected in the Housing Affordability Strategy, feedback will be gathered through staff-led research and public engagement. Specific groups that staff anticipate engaging with over the course of the project include:

- County of Wellington housing services and planning staff
- Relevant City departments
- Committees of Council and inter-agency committees
- Academic researchers
- Not-for-profit housing providers
- Co-operative housing providers
- For-profit housing providers
- Urban-Indigenous housing providers
- LGBTQ2S+
- Housing support service providers
- Real estate industry professionals
- Post-secondary institutions and student associations
- Individuals with lived experience
- Community advocacy groups

- Members of the general public

## **Measures of Success**

Expectations are high for finding solutions to the challenges around housing supply across the country, but more specifically, in Guelph. Managing the scope of this project is essential, as is the ability to acquire and analyze housing need and supply information in a timely, collaborative, and comprehensive way. The success of this project will be measured by supporting, and being supported by, key internal departments, the Province, Wellington County, the University of Guelph, Conestoga College, Urban Indigenous residents, LGBTQ2S+, non-profit and for-profit housing sectors, and the community-at-large.

Ultimately, this project's success will result in a strategy that clearly identifies how to best address the housing affordability challenges within our community and what further steps the City can take to facilitate the creation of a range and mix of housing stock, primarily from a private-market perspective, that will meet the needs of current and future residents.

## **Next Steps**

Data collection and analysis will begin. Housing need and supply data will be collected, and affordable housing benchmarks will be reviewed and updated. The data will focus on the affordability, suitability and adequacy of housing needs and supply so that any gaps in housing affordability can be identified by year-end 2023. A review of the secondary rental market is also anticipated given the increased supply and significance of this housing option in the City of Guelph.

## **Financial Implications**

The recommended actions of the recommended Housing Affordability Strategy are anticipated to require financial support. Details will be provided to Council through future reports as the strategy is developed.

## **Consultations**

An engagement strategy will be initiated to ensure that consultation and feedback from all stakeholders will be collected throughout the entire project, thoughtfully analyzed, and included in the direction for how the latter phases of the Housing Affordability Strategy will be presented to Council. Staff met with the [Planning Advisory Committee](#) in Spring 2023 to provide some information regarding the project initiation and requested any early feedback from the group. The committee provided direction on exploring definitions for "affordable" considering the potential change from an income to market-based approach, as well as enhancing partnerships and collaboration with the development community, particularly small-scale residential developers.

It is anticipated that information and/or recommendation reports to Council will be provided at key stages of this project update:

- Q4 of 2023 when the housing gap analysis/State of Housing report is completed,
- Q2 of 2024 when the results of various surveys are available, and
- Q3 of 2024 when the recommended draft Housing Affordability Strategy is ready for review.



## **Attachments**

Attachment-1 List of Data to be Analyzed for the upcoming State of Housing Report (Q4/2023)

Attachment-2 Housing Affordability Strategy Staff Presentation

## **Departmental Approval**

Melissa Aldunate, MCIP, RPP, Manager of Policy Planning and Urban Design

## **Report Author**

Cushla Matthews, MCIP, RPP, Senior Policy Planner

## **This report was approved by:**

Krista Walkey, MCIP, RPP

General Manager, Planning and Building Services

Infrastructure, Development and Enterprise Services

519-822-1260 extension 2395

krista.walkey@guelph.ca

## **This report was recommended by:**

Jayne Holmes, P.Eng., PMP

Deputy Chief Administrative Officer

Infrastructure, Development and Enterprise Services

519-822-1260 extension 2248

jayne.holmes@guelph.ca