

Information Report



Service Area	Infrastructure, Development and Environment
Date	Friday, February 16, 2024
Subject	Exploring Opportunities for 4+ Units on Residential Lots: Background Analysis

Executive Summary

Purpose of Report

This information report provides an update on the background analysis regarding as-of-right permissions for four (4) or more units on low density residential lots (see Attachment 1 – Exploring Opportunities for 4+ Units on Residential Lots: Considerations for Gentle Density). On October 17, 2023, Council directed staff to immediately prepare a zoning by-law amendment that would permit, as-of-right, up to four (4) residential units per lot within residential zones (subject to servicing capacity).

Key Findings

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.

On October 17, 2023, [Council directed staff](#) to immediately prepare a zoning by-law amendment that would permit, as-of-right, up to four (4) residential units per lot within residential zones where the Council-approved (subject to appeal) the City's new Zoning By-law (2023)-20790 permits a maximum of three (3) residential units per lot. A draft by-law amendment to be completed by Q2 of 2024.

Council also directed staff to explore the potential for five (5) or more residential units per lot within residential zones (subject to servicing capacity). Subsequently, the City received funding to support this work through the Housing Accelerator Fund to be completed by Q4 of 2024. This work aligns with our commitment to permit four (4) units per residential lot through the Guelph's [Housing Accelerator Fund Action Plan](#).

Servicing and road infrastructure will be examined to identify any risks, constraints or upgrades required to support Gentle Density which will inform the upcoming draft bylaw amendment.

The Background Analysis (see Attachment 1) concludes Phase 1 of this project. The Background Analysis reviewed provincial and local policy and analysis of low-density residential lots in Guelph. Key highlights include:

- The lands zoned RL.1 and RL.2 zones present the greatest potential to support permissions of a 4-unit residential typology under the new Comprehensive Zoning Bylaw and also offer the greatest potential to accommodate 5+ units with modifications to the Comprehensive Zoning Bylaw.
- Guelph's key policy documents support greater intensification and density. There are opportunities to identify areas where further alignment could be introduced.

The Technical Background Report will inform the future draft zoning by-law amendment, anticipated to come to Council in June 2024.

Five (5) community engagement sessions will be taking place between February 20 – 29th, 2024 both in-person and virtually. The purpose of these sessions is to provide an opportunity for the public, neighbourhood groups and homebuilder interest holders to learn about the project and provide their feedback on the trade-offs and priorities of gentle density in Guelph. In addition, Guelph's [Have Your Say](#) page is available for the public to stay informed on the project and provide feedback. Staff will engage with interest holders again in Spring 2024 for additional feedback.

Strategic Plan Alignment

Meeting our housing pledge is a key priority within the City's new Strategic Plan – Future Guelph. Within the City Building strategic theme, Sec 6.1 identifies supporting actions that identifies actions, advocacy and partnerships that help improve supply. This project seeks to better understand opportunities for increased gentle density within low density residential neighbourhoods. This will help move the City towards improving housing supply and support sustainable growth.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

This project is funded through approved capital budgets. As outlined in the [Shaping Guelph Municipal Comprehensive Review: Fiscal Impact Analysis Memo](#) (Fiscal Impact Analysis) as the city grows, there are new operating and capital costs that are required to support this growth. Council should anticipate with each new residential unit or job created in the city in the short- to medium-term (10 to 15 years), that it will mean tax levy and rate pricing increases. The Fiscal Impact Analysis demonstrated that higher-density growth mitigates tax and rate pressures over time, as this is the most cost-effective use of land and drives the highest taxation revenue per acre. There may be other social and economic benefits of the development to consider, and Council should continually weigh the potential City budget increase against the broader value proposition of any given development.

Report

Council recently approved the City's new Comprehensive Zoning Bylaw (2023)-20790 in April 2023, and it is currently under appeal at the Ontario Land Tribunal

(OLT). The new Comprehensive Zoning Bylaw eliminates exclusionary zoning in low density residential areas by allowing a variety of housing types including 3-unit buildings in the form of apartment buildings and on-street townhouses in RL.1 and RL.2 zones that previously only permitted single detached dwellings, semi-detached and additional dwelling units. This update reflects both the City's policy framework and Provincial direction to support infill development as a result of Bill 23.

In the Fall of 2023, staff retained the consulting firm, O2 Planning and Design ("O2") to prepare a policy background review and design demonstrations in three phases. Work completed through the Gentle Density Background Review and Design Demonstrations are running concurrently with and will inform the 2024 Housing Affordability Strategy.

Gentle Density is defined as increasing the number of units in urban areas with minimal impact on existing neighbourhoods. Gentle Density can be achieved through property redevelopment or through additional dwelling units (ADUs) that are added to a primary dwelling.

The Background Analysis, included as Attachment-1, focuses on reviewing provincial and local policy and analysis of low-density residential lots in Guelph. This document concludes Phase one of this project.

This document highlights Guelph's existing conditions, its policy context locally and provincially, and several precedent examples of gentle density work being done across the country.

Modify Lowest-Density Zones

RL.1 and RL.2 zones are intended primarily for the lowest density residential developments.

- Low Density Residential 1 (RL.1): the purpose of this zone is to accommodate single detached dwellings, semi-detached dwellings and duplex dwellings, as well as small multi-unit residential buildings and on-street townhouses.
- Low Density Residential 2 (RL.2): The purpose of this zone is to accommodate single detached dwellings, semi-detached dwellings, and duplex dwellings on smaller residential lots, as well as small multi-unit residential buildings and on-street townhouses.

All RL.1 and RL.2 parcels make up 25% of Guelph's total parcel land area, and 80% of residential parcel land area. The RL.1 and RL.2 zones present the greatest opportunity to support gentle density in Guelph through minor revisions to these land use zones in the Comprehensive Zoning Bylaw. Comprising the majority of the City's residential land base, the existing built form and lot configurations are best suited to provide opportunities for expanding Guelph's housing supply through gentle density. Understanding the spatial distribution of these lands helps make it clear that the greatest impact from a policy change would occur with RL.1 and RL.2 lots.

Strengthen Guelph's Policy Framework

While most of Guelph's existing plans, policies, and strategies are supportive of gentle density, there are still some areas of alignment that could be strengthened to better enable and support future gentle density development applications. Examples of this include further support for more affordable housing choices in the

Official Plan, improved alignment with the Transportation Master Plan, and opportunities for additions to the Urban Design Manual.

Financial Implications

As outlined in the [Fiscal Impact Analysis](#), as the city grows, there are new operating and capital costs that are required to support this growth. The analysis showed that by 2051 (208,000 people and 116,000 jobs), the City should reach tax-supported fiscal sustainability from a growth revenue and cost perspective whereas the rate-funded services would continue to have capital funding deficits. The report cautioned that there will be an increase in tax and rate pressures through the build out period of 2023 to 2051 due to the misalignment in timing of revenues occurring later in the plan compared with costs earlier in the plan. This analysis pre-dated the provincial legislation changes through Bill 23, which significantly reduced the development charge revenues (estimated at more than \$200 million in the first 10 years alone) that were anticipated in the Fiscal Impact Analysis to fund the capital cost of growth.

The Fiscal Impact Analysis demonstrated that higher-density growth mitigates tax and rate pressures over time, as this is the most cost-effective use of land and drives the highest taxation revenue per acre. There may be other social and economic benefits of the development to consider, and Council should continually weigh the potential City budget increase against the broader value proposition of any given development.

Consultations

Staff are holding targeted information sessions (virtual and in-person) with our homebuilding industry and community groups/resident organizations (including equity deserving agencies) over the last two weeks of February. These sessions will provide information to residents and offer an opportunity for input into the draft regulations.

Community consultations are scheduled on the following dates:

- February 20, 2024: 1:00pm – 3:00pm - Homebuilding Community Information Session, Virtual.
- February 22, 2024: 2:00pm – 4:00pm - Homebuilding Community Information Session, Harcourt Memorial Community Church.
- February 22, 2024: 6:00pm-8:00pm - Neighbourhood and Interest Holder Information Session, Harcourt Memorial Community Church.
- February 26, 2024: 6:00pm-8:00pm - Neighbourhood and Interest Holder Information Session, Virtual.
- February 29, 2024: 5:00pm – 8:00pm - Public Open House, Marg MacKinnon Community Room at City Hall.

Guelph's [Have Your Say](#) page is live on the City's website, with opportunities for the public to provide feedback and stay informed. Public comment on the draft zoning bylaw amendment is planned for Spring 2024.

Attachments

Attachment-1 Exploring Opportunities for 4+ Units on Residential Lots in Guelph: Considerations for Gentle Density

Departmental Approval

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