GWDA

City of Guelph

August 16, 2024

RE: Growth Management and Affordable Housing Monitoring Report

Attn: Mayor Guthrie and Members of Guelph City Council

Thank you for the opportunity to correspond regarding the annual Growth Management and Affordable Housing Monitoring report (Monitoring report). There are many aspects of this report and many details about the state of the City of Guelph's (City) housing supply. This response focuses on the City's short-term housing supply. The Provincial Policy Statement (PPS) requires that the City maintain a 3-year supply of lands suitably zoned to facilitate residential intensification and redevelopment and land in draft plan approved and registered plans. The overall conclusion in the Monitoring report is that the City exceeds the housing supply requirements of the 2020 PPS.

As introduced above, the primary purpose of this letter is to discuss the city's short term housing supply and provide a more realistic and accurate understanding of the housing supply in the City. Let me begin by expressing our sincere thanks to staff for meeting with representatives of the GWDA and the GDHBA to discuss the housing inventory information. In past years, both Associations have expressed concern that the overall housing inventory level is questionable since the details have never been shared by the City. This year, based on several meetings with City staff, we agree that the overall short-term supply of 5,874 potential units satisfies the definition provided by the Provincial Policy statement. Based on the City's long term Growth Management Strategy of providing an average of 947 units per year to the 2051, the City has theoretically a short-term supply of potential residential units of approximately 6 years. **But are these units readily available to commence home construction?**

We agree that the number of potential units meets the Provincial definition of short-term supply, but upon closer review, many of the potential units are highly constrained and not building permit ready. Based on conditions to be fulfilled, status in the planning approvals process and other restrictions, housing units are many months or years away from breaking ground. In our view, this does not reflect short-term supply accurately. We do appreciate, however, that City staff have discussed some of the constraints in the larger report which is Attachment – 1 (pages 18 to 22). We have also met recently with City staff to review how the units were categorized. In this regard, there was a recognition by City staff that the final numbers in the categories have some minor errors and inaccuracies. The numbers presented in this letter are correct and have been verified by City staff.

Here are the constraints:

1. **Potential Units with a Holding (H) zone**. A Holding (H) zone signifies that conditions must be fulfilled for the zoning to be in full force and effect. It takes time and cost to fulfill these conditions. Finance and lending institutions view H zoned sites as not fully zoned and will not provide development financing to a developer/builder until the H is satisfied and removed. Often these conditions are

Guelph Wellington Development Association
7 Clair Rd. W. PO Box 27075, Guelph ON N1L 0A6
gwda.eo@gmail.com | www.gwda.ca

engineering conditions that are appropriately dealt with at the time of Site Plan approval. Overall, the widespread use of Holding (H) zones is problematic to bring units to market.

2. **Units identified by the City as Brownfield or will require the acceptance of a Record of Site Condition (RSC) by the Province (e.g., conversion of a commercial or industrial site to residential).** To prepare an RSC means that a Phase 1 and Phase 2 Environmental Site Assessment (ESA) will be required to be completed. When contamination is found, additional time and cost are required to remediate the site to allow the preparation of the RSC and then submit the required material to the Province where it can take months, if not years, to obtain the necessary clearances.
3. **Other constraints.** These are typically constraints that the developers are aware of that the City is not. Examples can include leases that must run out before redevelopment can take place, legal disputes that are tied up in courts, and/or easements on properties that affect the timing and redevelopment potential of a property.

The numbers reflecting units that meet the aforementioned constraints are as follows:

1. (H) Zones – 1,883 Units
2. RSC – 295 Units
3. Other Constraints (leases, legal matters, easements etc.) – 781 Units

Constrained Total – 2,959 Units (50% of the City's identified potential developable units).

Over half of the 5,874 potential dwelling units are significantly constrained and will often take years to be ready for building permits. Further, only 315 of these units (+/- 6%) are detached or semi-detached dwellings. The remaining units are townhouses or apartments. The mix of housing in the inventory is a challenge as units in higher density developments (e.g., Mid-, and High-Rise apartments) in 2024 have proven to be very difficult to sell.

In addition to the above, a further 931 potential units are <u>only</u> contained in Draft Approved Plans of Subdivision. Potential units in Draft Plans of Subdivision are <u>not</u> building permit ready and it often takes a year or more to fulfill draft plan conditions leading to registration of the plan and availability to sell and develop residential lots and blocks. Multiple residential blocks are then subject to a further Site Plan approval process before permitting can be achieved. This typically adds a year, or longer, to the approval process to obtain building permit ready units.

When these units are considered, a total of 3,890 units (66% of the total City's estimated supply of 5,874 units) are not close to permitting. **This leaves only 1,984 potential units at the end of 2023 that are anywhere close to meeting the requirements for building permit issuance. Further, some of these units may still require further approvals (e.g., Site Plan approval) before building permits can be applied for and obtained.**

We believe that a better definition of the short-term residential inventory would be "shovel ready" supply. In other words, those potential units that have achieved Planning approvals (City or Provincial) where the only remaining step is a building permit submission and approval.

- Medium and High-density residential developments that have achieved Zoning and Site Plan approval;
- Lower density developments in registered plans of subdivision.

The City recently signed a housing pledge with the Province to build 1,500 units in 2024 ramping up to 2,000 units per year in the next few years. When this pledge is considered against the 1,984 units that were close to permit ready at the end of 2023, it is barely a 1-year supply.

Building permits in Guelph for 2024 are down considerably and 2024 has been a challenging year for the land development and home building industry. High interest rates, increasing construction costs, financing/lending challenges, supply chain issues and lack of skilled trades are all contributing factors to the lack of building permits pulled in 2024. However, the lack of 'shovel ready' housing units adds a significant headwind to the short- and medium-term outlook for the City. Collectively we need to work together to increase this number of shovel ready units so that when economic conditions improve, we are ready to respond. Realistically, the supply of 'shovel ready' sites should be 3 or 4 times what it is currently, and the City should be monitoring 'shovel ready' sites. Staff use the AMANDA system to track applications, so it is possible to provide information on 'shovel ready' sites.

The GWDA wants to be a partner with the City and assist with eliminating the housing crisis and meeting the housing goals of both the City and the Province. The message that our industry is simply sitting on the inventory of 5874 units and doing nothing needs to stop. The land development and home building industry is working consistently to bring more housing projects to a building permit ready stage, but as noted herein, much of the potential new housing inventory is constrained and will take time, cost, and cooperative effort by both the private and public sectors to bring these housing projects to a 'shovel ready' status, as the municipal planning approval process is time consuming and challenging.

The City Council and staff have little control if any over interest rates, consumer confidence, housing costs, supply chain issues and skilled trades. Staff and Council do control the municipal planning approval process and the requirements to achieve residential housing development approvals. Collectively, we can make the development review process more effective and efficient, and we will continue to dialogue with staff to suggest improvements.

As a final thought, the Monitoring report was released to Council as an information report as recently as the end of May 2024. We have been advised that persons/organizations cannot delegate to Council about information reports. The Monitoring report, however, contains a great deal of valuable information regarding the status of the City's Growth Management and housing initiatives. Unless one is actively following the City website, the Monitoring report seemed to 'appear and disappear' overnight with no ability to respond. We thank Mayor Guthrie for putting this report in a regular Council meeting to allow us to respond.

Based on the above, we have two (2) recommendations at this time:

1. When the Monitoring report for 2024 is released in 2025 that Staff be directed to also include an update on "shovel ready" units as defined in this letter.
2. That the Monitoring report for 2024 be a public report and appear on a regular Council agenda to be discussed, debated, and accepted by Council.

Reiterating, we want to thank staff for meeting with us to review the inventory and ensuring that the overall housing unit number was accurate and agreed upon. We look forward to continuing this dialogue on a go-forward basis.

Sincerely.

Carson Reid, President
GWDA

Guelph Wellington Development Association
7 Clair Rd. W. PO Box 27075, Guelph ON N1L 0A6
gwda.eo@gmail.com | www.gwda.ca