

# Staff Report



To **City Council**  
Service Area Office of the Chief Administrative Officer  
Date Tuesday, October 8, 2024  
Subject **Affordable Housing Demonstration Project**

## Recommendation

1. That Council direct that 14 Edinburgh Road South be declared surplus land.
2. That Council direct staff to initiate a Request for Proposal for the development of a minimum of 12 affordable housing units at 14 Edinburgh Road South.

## Executive Summary

### Purpose of Report

The purpose of this report is to recommend actions to initiate the development of an affordable housing demonstration project as outlined under Initiative 4 of the Housing Accelerator Fund (HAF).

### Key Findings

Staff recommend that 14 Edinburgh Road South be declared surplus and be identified as a site for an affordable housing demonstration project. The Guelph Pottery Centre operations, currently housed at 14 Edinburgh Road South had already been planned to be relocated to the West End Community Centre (WECC) in the summer/fall 2025, making way for this opportunity.

The HAF initiative also provides up to \$1.9 million in funding for an affordable housing demonstration project. Staff recommend that a Request for Proposal (RFP) be undertaken to solicit proposals for the use of the land and the grant funds to build affordable housing units in our community. It is expected that the city land will be sold to the successful proponent in order to accelerate the timelines of the development. The details of the demonstration project funding and the value of the land are being considered in the development of the RFP process.

Proposals will be evaluated based on timing, total units proposed and additional criteria to meet the commitments from the HAF grant and the objective of maximizes development of new affordable units.

### Strategic Plan Alignment

This report supports work underway in support of the Future Guelph Strategic Plan 2024-2027, specifically objective 4.3 Maximize Guelph's real estate opportunities to support growth and the initiative "review and challenge the status quo of current land assets and oversee corporate property decisions to maximize value" and is aligned to achieving Guelph's Housing Pledge and the HAF program of work.

## **Future Guelph Theme**

City Building

## **Future Guelph Objectives**

City Building: Improve housing supply

## **Financial Implications**

The RFP process is intended to evaluate options leveraging the city's surplus land and the available HAF grant funds, to build the maximum amount of affordable housing units possible for the community. With the contribution of public land to this project, it will be expected that the new affordable housing units will remain affordable for a minimum of 25 years.

A capital project is underway to relocate the Guelph Pottery Centre operating at 14 Edinburgh Road South. Funding for this project is included within the current approved budget.

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## **Report**

On January 12, 2024, the City of Guelph was awarded \$21.4 million to increase housing supply through the HAF.

The HAF program of work identifies eight initiatives and a broader description of the HAF program can be found on the [Housing in Guelph](#) website.

This report focuses on initiative 4, action 4.

Initiative 4 has four actions:

1. Complete an inventory of City and County-wide land assets
2. Create an evaluative framework for disposition
3. Implement the framework
4. Affordable housing demonstration project - partnership

An update on action items 1-3 will be provided in Information Report "City Land Inventory – 2024-418" on October 4, 2024.

### **Action 4: Affordable housing demonstration project**

The HAF program of work includes a line item for the City of Guelph to initiate an affordable housing demonstration project that will create a minimum of 12 affordable housing units. Staff are recommending that a RFP process be initiated to seek a potential developer/operator to construct an affordable housing project.

This initiative is identified as a demonstration project. This wording is being used to describe this file to recognize that the City's role in affordable housing is being evaluated and piloted in a new way with this project. As the City's role in affordable housing evolves, the City's processes and structures will be evaluated, with the goal that innovation will lead to new ways of business. How this property is developed may change over time as the program details are refined, but the goal of creating at least 12 new affordable units in the community remains. For this project, accelerated grant timelines are driving many of the decisions as staff aim to meet the requirements of the HAF agreement.

The HAF program allocates up to \$1.9 million dollars to this initiative and staff continue to refine the program details for these funds. Criteria including timing, grant incentive per affordable unit, and overall benefit to the community are currently being considered in connection with other City initiatives in the affordable housing space. The distribution of funds and final amount allocated will be subject to review and evaluation as per the RFP process.

The successful proponent will be required to offer housing at an affordable rate for a minimum of 25 years. Specific timing and duration of affordability benefit will be evaluated as part of the RFP. The submission that provides the best overall benefit to the community while meeting the HAF objectives will ultimately be selected.

**Affordable Housing Demonstration Project: proposed site**

The objective of this report and recommendations is to action an affordable housing demonstration project that will achieve a minimum of 12 affordable housing units, with the objective of building permit issuance by end of 2026.

14 Edinburgh Road South is a site that can be developed into residential units.

**14 Edinburgh Road South**



14 Edinburgh Road South is the current location of the Guelph Pottery Centre. This service will move to the WECC in Summer-Fall 2025.

Previously, this site was identified as a potential candidate to support the Rail Crossing Study Environmental Assessment (EA) that is being initiated. The EA will develop alternative solutions to improve traffic safety and operations across the rail corridor, with an underpass option being explored. Pending the outcome of an EA, this may involve further grade separation like retaining walls in the future.

Balancing this potential outcome and the creation of lots to support affordable housing development will be evaluated as part of the RFP.

Through internal consultation with staff, it has been determined that the EA can proceed without negatively impacting the feasibility of developing the site; however, Transport Canada and Metrolinx requirements must be respected, and include minimum setbacks required from rail lines. That will impact the developability of the site and will need to be contemplated as part of the RFP process.

The site is approximately 0.45 acres and located in a low-density neighbourhood with no known site servicing capacity constraints.

Proponents will identify how to optimize the site to accommodate at least 12 affordable housing units. Based on the minimum lot sizes identified in the Zoning bylaw it is anticipated that 12 units is achievable at this location, however, that will be subject to RFP proponent submissions.

Staff are recommending that 14 Edinburgh Road South be identified as the location of the demonstration project. This combination of the land and grant will reduce the cost of construction to support the development of an affordable housing demonstration project.

### **Disposition**

To action an immediate affordable housing development, the sale of 14 Edinburgh Road South is required. Lease or use of City lands via a partnership agreement have been explored, however these agreements can be complex and take time. Staff are recommending sale of the property through the RFP. The HAF program of work has clearly defined timelines and identify that development should begin by the end of 2026. Affordable housing in general has been identified as a corporate priority. Staff have identified that sale of 14 Edinburgh Road South will expedite development faster than partnership, shared ownership or other agreements that may require complex agreements.

### **Further Funding Opportunities**

Wellington County has recently issued an RFP under the Ontario Priorities Housing Initiative (OPHI) for an amount of roughly \$800,000 that can be used towards both new build and retrofitting of existing spaces for the purpose of creating affordable housing. Staff are working in coordination with the County on these shared objectives. These are separate initiatives; however, participation in or award from the County RFP will not exclude an applicant from submitting or being awarded the City RFP and staff will support proponents to understand stacking of funding opportunities as needed.

### **Financial Implications**

The RFP process is intended to evaluate options leveraging the city's surplus land and the available HAF grant funds, to build the maximum amount of affordable housing units possible for the community. With the contribution of public land to this project, it will be expected that the new affordable housing units will remain affordable for a minimum of 25 years.

A capital project is underway to relocate the Guelph Pottery Centre operating at 14 Edinburgh Road South. Funding for this project is included within the current approved budget.

### **Consultations and Engagement**

There has been no external public consultation on this initiative. The RFP process will be made public and posted on the City website.

Internal consultation:

Strategic Initiatives and Intergovernmental Services, Planning and Building Services, Legal and Court Services, Engineering and Transportation Services, Finance

### **Attachments**

Attachment 1 - Affordable Housing Demonstration Project Presentation

### **Departmental Approval**

None noted.

### **Report Author**

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