

# Staff Report



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To	<b>City Council</b>
Service Area	Infrastructure, Development and Environment
Date	Wednesday, November 13, 2024
Subject	<b>Affordable Housing Community Improvement Plan Public Meeting</b>

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## Recommendation

1. That report 2024-451 Affordable Housing Community Improvement Plan Public Meeting be received.
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## Executive Summary

### Purpose of Report

To present the draft Guelph Affordable Housing Community Improvement Plan (CIP) (Attachment-1) for public feedback and to be received by Council.

### Key Findings

Guelph's Affordable Housing Community Improvement Plan provides financial incentives to encourage investment in affordable housing for rental and ownership.

The plan has three programs:

**Vacant Residential Unit and Vacant Space Conversion Grant** for the conversion of uninhabitable residential and/or vacant commercial/institutional/office space into affordable residential rental units.

- \$3.5M in funding is available, grants must be awarded by December 31, 2026. Units must remain affordable for 25 years.

**New Affordable Residential Unit Grant** to develop new purpose-built affordable rental or ownership units.

- If approved, funding for this program will be considered through future multi-year budgeting processes, units must remain affordable for 25 years.

**Additional Dwelling Unit Grant** to develop new affordable Additional Dwelling Units (ADU) rental units. There are two funding streams available:

- \$1.5M in funding available for homeowners. Grants must be awarded by December 31, 2026. Units must remain affordable for 15 years.
- \$500K in funding available for projects with multiple ADUs. Grants must be awarded by December 31, 2026. Units must remain affordable for 15 years.

The Community Improvement Project Area is the entirety of the City of Guelph, map shown in Attachment-2 and must meet minimum size requirements as set out by the program terms.

Funding programs provided through the Affordable Housing CIP can be combined with other incentive programs and align with recent Provincial legislative changes (e.g. Ontario Bills 23, 108, 134, 185) and Federal/Provincial Tax exemptions for affordable housing construction.

### **Strategic Plan Alignment**

The Affordable Housing CIP is one tool that moves the City toward meeting our housing pledge. The objectives of the program align with the Housing Affordability Strategy and addresses gaps in Guelph's current housing supply as identified in the 2023 State of Housing in Guelph report.

### **Future Guelph Theme**

City Building

### **Future Guelph Objectives**

City Building: Improve housing supply

### **Financial Implications**

The Vacant Residential Unit and Vacant Space Conversion Grant and the Additional Dwelling Unit Grant are Federally funded through the Housing Accelerator Fund. The New Affordable Residential Unit Grant would require funding to be added to the existing base budget through future budget processes. City supported CIPs are managed through Reserve Fund 122 – Redevelopment Incentives, and existing Brownfield, Downtown and Heritage CIP agreements will draw upon the balance and future budgeted annual transfers to this reserve until 2032.

The Development Charges Act exempts up to two ADUs per lot, as well as affordable housing units that meet the criteria, from municipal development charges (DC's). This is in addition to the grant funding that would be provided through the proposed programs, and the exemption of DC's represent a further incentive for affordable housing development. Additional financial incentives for the development of affordable housing units can be expected to increase the cost of exemptions. Development charge exemptions are funded by property taxes and utility rates.

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## **Report**

The City of Guelph identified affordable housing as a municipal priority and on January 12, 2024 was awarded \$21.4M through the Housing Accelerator Fund (HAF) by the Federal Government of which \$3.2M was allocated to support the development of a new affordable housing Community Improvement Plan and \$1.5M allocated to support an additional dwelling unit grant.

A CIP is a tool under the Planning Act that municipalities use to incentivize development to meet the local needs and priorities of a community. Since 2004 Guelph has implemented CIPs that support brownfield redevelopment, downtown renewal, and the conservation of designated heritage assets. This is Guelph's first Affordable Housing CIP to provide financial incentives that encourage development of affordable housing.

Incentives provided through the plan align with recent Provincial legislative changes (e.g. Ontario Bills 23, 108, 134, 185) and Federal/Provincial Tax exemptions for affordable rental construction. Along with facilitating the improvement of the City's

existing building stock, it will support the development of new homes to meet the targets set out by the HAF action plan and the Province of Ontario housing pledge of 18,000 new homes by 2031.

Full program details of the Affordable Housing CIP are found in Attachment-1.

### Program priorities

Objectives of the Affordable Housing CIP are based on identified shortfalls in Guelph’s current housing supply as stated in the Housing Affordability Strategy and the State of Housing in Guelph, 2023 report as outlined below:

- **Increase supply of primary rental units:** Over half of the rental units in Guelph are in the secondary market (basement apartments, condominiums, granny flats, etc.) which are less stable (can be transferred back for homeowner use or sold). Guelph requires more units that have been purposely built for long-term rental.
- **Increase supply of small units:** One-person households are one of the fastest growing household types. Smaller units and ADUs, will be needed in Guelph to meet the increased demand as household sizes continue to decrease.
- **Increase non-market rental housing options:** The vacancy rate in Guelph was at 1.5 per cent in 2022, which is below a healthy rate of 3 per cent. More primary rental units are needed to meet the increased demand.

### Program terms

Any unit that receives funding under this Plan will be subject to the Ontario Building Code and Guelph’s Comprehensive Zoning Bylaw as well as meet minimum program terms.

### Building type

Units must be located in a multi-story, multi-residential or mixed-use building or be considered an ADU under the City of Guelph’s Comprehensive Zoning By-law. Unit(s) must contain full private culinary, washroom, sleeping and living area space.

### Affordability

A unit is considered affordable by meeting benchmarks for affordability as identified in Figure 1 and updated from time to time by the Province of Ontario or the City of Guelph. Property owners will agree to list a second mortgage on title or another instrument of the City’s discretion to ensure fulfilment of program terms.

**Figure 1 - Affordable monthly rental rate and ownership benchmarks, Guelph (April 5, 2024)**

Unit type	Rental Bachelor	Rental One - bedroom	Rental Two - bedroom	Rental Three - bedroom	Ownership Condominium Apartment
Affordable rate	\$1,160	\$1,508	\$1,646	\$1,695	\$398,000

Source: [Affordable Residential Units for Purposes of the Development Charges Act, 1997 Bulletin](#)

## Unit Size

Units must contain full private culinary, washroom, sleeping and living area space. As such they will be required to meet minimum unit size standards as identified in Figure 2 and updated from time to time by the City of Guelph. Note: units eligible for accessibility funding may need to be larger to meet Ontario Building Code standards for barrier free units.

**Figure 2 - Minimum unit size for Affordable Housing Community Improvement Plan eligibility, Guelph**

Minimum floor area	Bachelor	One - bedroom	Two - bedroom	Three - bedroom	Four - bedroom
Square meter	41.8	55.0	67.4	92.9	109.2
Square feet	450	592	725	1,000	1,173

## Financial incentive programs

Three grant programs are being proposed. Full program details of the Affordable Housing CIP are found in Attachment-1.

### Program 1 - Vacant Residential Unit and Vacant Space Conversion Grant

To encourage the conversion and rehabilitation of underutilized existing building stock into affordable rental residential units. This program targets mid-rise multi-unit and mixed-use buildings with residential, commercial, institutional or office unit(s) that are currently vacant and uninhabitable.

Eligible projects receive \$100K per affordable unit and up to an additional \$20K per affordable unit that meets eligibility conditions for accessibility features beyond minimum building code requirements.

Grant applications are received by the City in advance of building permit submission and paid (if approved for funding) at the time of building permit approval. Projects must feasibly be able to obtain a building permit by December 31, 2026, to be eligible.

### Eligible projects

- Renovation of existing residential unit(s) in a multi-unit building that are not currently habitable into affordable rental unit(s).
- Conversion of vacant existing commercial, institutional or office space in a multi-unit building into affordable rental unit(s).
- Unit(s) must contain full private culinary, washroom, sleeping and living area space.
- Unit(s) remain affordable for 25 years from the date of building permit approval.

### Program 2 - New Affordable Residential Unit Grant

To encourage the inclusion of affordable rental and ownership units in multi-unit residential or mixed-use developments. This program targets new-build mid-rise projects.

Eligible projects receive \$25K per new affordable unit(s).

Grant applications for this stream would only be opened up if there is funding approved for this stream. Applications would be received by the City at the time of

site plan application and paid (if approved for funding) at the time of occupancy approval.

### **Eligible projects**

- New mid-rise, multi-unit or mixed-use buildings that include purpose-built affordable rental or ownership residential units.
- Unit(s) must contain full private culinary, washroom, sleeping and living area space.
- Unit(s) must remain affordable for 25 years from the date of occupancy approval.

### **Program 3 - Additional Dwelling Unit Grant (ADU)**

To encourage the development of new affordable rental ADUs. This program targets low-rise re-development projects. This program is split into two separate streams: a Homeowner Stream and a Project Stream.

#### **Homeowner Stream**

Eligible projects under the Homeowner Stream will receive a \$20K construction grant with up to an additional \$20K if infrastructure upgrades to the public realm are required. An additional grant up to \$10K per affordable unit that meets eligibility conditions for accessibility features beyond minimum building code requirements.

#### **Eligible projects**

- New renovation or construction project to accommodate an ADU where the applicant lives on the property.
- Unit(s) must contain full private culinary, washroom, sleeping and living area space.
- Unit(s) must remain affordable for 15 years from the date of building permit approval.

#### **Project Stream**

Eligible projects under this Project Stream would receive \$10K construction grant per affordable ADU with a minimum of three and a maximum of six ADUs. An additional grant for up to \$20K if infrastructure upgrades to the public realm are required and up to \$10K per affordable unit that meets eligibility conditions for accessibility features beyond minimum building code requirements.

Applicants are only able to apply for one project through this stream.

#### **Eligible projects**

- New construction project to accommodate a minimum of three ADUs to a maximum of six ADUs.
- Unit(s) must contain full private culinary, washroom, sleeping and living area space.
- Unit(s) must remain affordable for 15 years from the date of building permit approval.

#### **Grant combining:**

Grants received through the Affordable Housing CIP may be combined with other grants and fee exemptions or programs offered by the City of Guelph, other governments, and organizations.

## **Financial Implications**

The Vacant Residential Unit and Vacant Space Conversion Grant and the Additional Residential Dwelling Unity Grant are Federally funded through the Housing Accelerator Fund Grant. The New Affordable Residential Unit Grant would require funding to be added to the existing base budget through future budget processes. City supported CIPs are managed through Reserve Fund 122 – Redevelopment Incentives, and existing Brownfield, Downtown and Heritage CIP agreements will draw upon the balance and future budgeted annual transfers to this reserve until 2032.

The Development Charges Act exempts up to two ADUs per lot, as well as affordable housing units that meet the criteria, from municipal development charges (DCs). This is in addition to the grant funding that would be provided through the proposed programs, and the exemption of DCs represent a further incentive for affordable housing development. Additional financial incentives for the development of affordable housing units can be expected to increase the cost of exemptions. DC exemptions are funded by property taxes and utility rates.

## **Consultations and Engagement**

City departments consulted throughout the development of this program include Finance, Accessibility, Planning and Building Services, Legal and Court Services, Strategic Communication and Community Engagement, and Strategic Initiatives and Intergovernmental Services.

External engagement:

- Private and not for profit developers
- Guelph and District Association of Realtors
- Downtown Guelph Business Association
- Guelph Wellington Developers Association
- Guelph Home Builders Association
- Economic Development Advisory Committee
- Planning Advisory Committee
- Accessibility Advisory Committee
- General public

## **Attachments**

Attachment-1 Draft Guelph Affordable Housing Community Improvement Plan  
November 13, 2024

Attachment-2 Affordable Housing Community Improvement Project Area

Attachment-3 Council Presentation – Affordable Housing CIP

## **Departmental Approval**

Krista Walkey, MCIP, RPP, General Manager Planning and Building Services

Shanna O’Dwyer, Acting General Manager, City Treasurer

## **Report Author**

Christine Chapman, Manager, Economic Development

**This report was approved by:**

James Goodram, MCIP, RPP, PLE  
General Manager, Economic Development and Tourism  
Infrastructure, Development and Environment  
519-822-1260 extension 3567  
james.goodram@guelph.ca

**This report was recommended by:**

Jayne Holmes, P.Eng, PMP  
Deputy Chief Administrative Officer  
Infrastructure, Development and Environment  
519-822-1260 extension 2248  
jayne.holmes@guelph.ca