



Making Affordable Housing Feasible

On behalf of non-profit and co-operative affordable housing providers

November 28, 2024

To: *Mayor & Council
City of Guelph*

From: *Michel Labbe*
President & CEO
Home Opportunities Non-Profit Corp.

Re: **Financial Recommendations to Accelerate
Affordable Housing Delivery**

Purpose of Report

On behalf of non-profit and co-operative affordable housing providers, to propose additional financial tools be integrated within the Affordable Housing Strategy 2024 to accelerate ('unlock') the development of affordable housing for the community of Guelph.

Key Findings

Housing Delivery

Eligibility to all non-profit and co-operative housing providers, such as Habitat for Humanity, Home Opportunities (etc.) and recipients of funding from Affordable Housing Reserve and Housing Accelerator Fund.

Critical Need

Affordable Housing Strategy 2024 will update the 2051 'affordable' housing targets. Meeting Guelph's projected overall unit target of 26,000 by 2051 will require construction of over 1,000 units per year. City of Guelph's Provincial commitment to deliver 18,000 units by 2031 will require production of over 2,000 units per year. This level of construction has not been experienced in Guelph in recent decades.

City of Guelph will need to support the construction of at least 1,000 units per year to begin to address the critical need for affordable housing. With a backlog in excess of 8,000 units, it becomes evident why thousands of employees commute into Guelph daily and why local employers are challenged to attract, and retain workers as well as plan for operations expansions. Availability of affordable housing is the critical element currently lacking that is required to sustain the Guelph community’s wellness, growth, and economic development.

Targets for Guelph’s critically needed affordable housing cannot be achieved by offering grant and subsidy programs alone. On behalf of non-profit delivery agencies, the following analysis and implementation of financial recommendations have been provided to accelerate (‘unlock’) the production of affordable housing units, and can be delivered without the need for grants or subsidies, and with minimal impact to the city’s budgets and cashflows.

Financial Recommendations

- **Deferral of Property Tax through incremental tax financing (TIF)**
- recovered as the homes are resold or rented.
- **Deferral of municipal application & permit fees** - recovered prior to the issuance of a building permit.

Note: Currently being utilized in multiple neighboring municipalities to support the development of affordable housing.

1. **Affordability Definition** (CMHC defined) - For non-profit housing delivery agencies as 30% of the units sold to households with incomes (*Income-Based*) below those that qualify to carry units at 80% of the average rent level in Guelph (CMHC defined). Additionally, 20% of the new units would be made available for incomes that are \$20,000 a year above those (50% total).

<u>Unit type</u>	<u>Average Rent (Oct/23)</u>	<u>80%</u>	<u>Qualifying Income</u>
Bachelor	\$1,159	\$927	\$37,080
1 Bedroom	\$1,508	\$1,206	\$48,240
2 Bedroom	\$1,652	\$1,322	\$52,880
3 Bedroom+	\$1,958	\$1,566	\$62,640
Row	\$2,061	\$1,650	\$66,000

2. **Sustainable Affordability** (CMHC defined) – Non-profit delivery agencies will achieve affordability in ‘perpetuity’ when they provide an affordable replacement unit elsewhere within the City of Guelph. Rather than, build units and maintain those same units as affordable, strategically deliver replacement units that continue to be provided affordably.

Summary

Guelph’s Housing Affordability Strategy currently contains incentives, and programs to support production of affordable rental, and ownership units - Affordable Housing Reserve, Housing Accelerator Fund and the Affordable Housing CIP.

The financial recommendations listed above would augment Guelph’s Housing Affordability Strategy 2024 to provide non-profit and co-operative affordable housing providers the additional financial tools necessary to accelerate (‘unlock’) the development of affordable housing units for the community of Guelph without needing any additional grants or subsidies.