

Staff Report



To	City Council
Service Area	Infrastructure, Development and Environment
Date	Tuesday, December 9, 2025
Subject	Public Meeting and Decision Meeting – Affordable Housing Community Improvement Plan– Additional Dwelling Unit Grant Program Amendment

Recommendation

1. That the Affordable Housing Community Improvement Plan – Additional Dwelling Unit Grant Program Amendment as described in Report 2025-530, in accordance with Attachment-1 be received;
 2. That the Affordable Housing Community Improvement Plan – Additional Dwelling Unit Grant Program Amendment as described in Report 2025-530, in accordance with Attachment-1 be approved.
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Executive Summary

Purpose of Report

To present the recommended Affordable Housing Community Improvement Plan (CIP) – Additional Dwelling Unit (ADU) Grant Program Amendment (Attachment-1).

Staff are recommending the approval of the Affordable Housing CIP – ADU Grant Program Amendment at a combined statutory public meeting and decision meeting so that staff can begin to accept applications under the new program criteria beginning in January, once the amendment is in full force and effect.

Key Findings

- Two of the initiatives identified under the Housing Accelerator Fund (HAF) Program were to develop an Affordable Housing CIP, and to provide financial incentives to support the development of ADUs across the City.
- [The Affordable Housing CIP](#) was approved by Council on February 11, 2025, and launched on March 6, 2025. It provides the basis for community improvement programs and initiatives related to the development of new affordable housing within the City and aims to support proponents in the construction or renovation of dwellings to develop affordable housing units.
- The ADU Grant Program, which is one of three programs under the CIP, provides two funding streams. The first stream is for homeowners who want to add ADUs to their properties. The second stream targets developer-led projects that may include multiple ADUs.

- Units incented must provide affordable housing as defined by the [Provincial Affordable Residential Units for the Purposes of the Development Charges Act, 1997, Bulletin](#), for a minimum of 15 years.
- As of October 2025, the Program has incented eleven (11) units, all under the Homeowner Stream.
- The Program’s funding may support up to twenty-eight (28) ADUs, inclusive of projects already approved, under the current program criteria.
- In August 2025, staff initiated a comprehensive review of the Program to identify potential changes to the program criteria to increase applicant interest prior to the end of 2026 in alignment with HAF requirements.
- Recommended changes were informed by feedback from potential applicants and an informal meeting with the development community.
- Staff are recommending changes to the eligibility requirements and funding amounts for both the Homeowner Stream and the Project Stream to increase uptake in the Program.
- The recommended changes to the Program will result in greater flexibility for potential applicants and increased funding available for certain types of projects while not making changes that would be out of line with already approved applications.
- Staff expect these program enhancements to facilitate more affordable housing units being built faster.

Strategic Plan Alignment

This amendment aligns with the City Building theme of the Strategic Plan 2024-2027, by focusing on increasing housing supply. Specifically, the amendment to the Affordable Housing CIP - ADU Grant Program aims to increase uptake in the Program with the objective of increasing the number of housing units in the City while supporting the growth of housing that meets community needs.

The Affordable Housing CIP is one tool to move the City toward meeting its housing pledge. The objectives of the program align with the [2024 Housing Affordability Strategy](#) and addresses gaps in Guelph’s current housing supply as identified in the [2023 State of Housing in Guelph report](#).

As reported through the 2024 Housing Affordability Strategy, 8,700 affordable units will be needed by 2051 through actions from the City and the County, private development industry, non-profit agencies, the community, and senior levels of government by 2051. An Affordable Housing CIP is one of the tools at the City’s disposal to incent the creation of affordable housing by providing financial support. Relaxing the eligibility criteria for applicants and increasing the funding available per project in certain circumstances for the ADU Grant Program aims to support the development of much needed affordable housing within the City.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

The ADU Grant Program is supported through federal funding provided by the HAF.

This funding may support up to twenty-eight (28) ADUs, inclusive of projects already approved, under the current program criteria. The proposed amendments aim to enhance program accessibility and impact by increasing the maximum funding available per unit in specific circumstances and allowing applicants to apply for multiple projects. These changes are expected to improve uptake and broaden participation.

Should the amendments result in significantly increased demand, an evaluation of the HAF budget may be considered to ensure continued support towards HAF objectives. The Development Charges Act exempts up to two ADUs per lot from municipal development charges (DCs). This is in addition to the grant funding already provided through the ADU Grant Program, and the exemption of DCs represents a further incentive for affordable housing development. DC exemptions are funded by property taxes and utility rates.

Report

The City of Guelph identified affordable housing as a municipal priority through the City's Strategic Plan. On January 12, 2024, the City was awarded \$21.4M through the Housing Accelerator Fund (HAF) by the Federal Government. A portion of funding from the HAF was allocated to support the development of a new affordable housing CIP and to support an ADU grant.

A CIP is a tool under the Planning Act for municipalities to incentivize development to meet the local needs and priorities of a community. Section 28 of the Planning Act outlines what eligible costs may be included in CIPs related to the redevelopment, construction and reconstruction of lands and buildings. Along with facilitating the improvement of the City's existing building stock, the CIP Programs support the development of new homes to meet the targets set out by the [HAF Action Plan](#), the 2024 Housing Affordability Strategy, and the [City of Guelph's Housing Pledge](#) of 18,000 new homes by 2031.

One of the high- priority (HAF-related) actions (Action 1.1.5) is to develop an Affordable Housing CIP.

The Affordable Housing CIP aims to:

- Increase the supply of primary rental units.
- Increase the supply of smaller units.
- Increase non-market rental housing options.

The CIP was approved by Council on February 11, 2025 and launched on March 6, 2025 and applies across the City of Guelph. The ADU Grant Program, one of three programs under the CIP, provides two funding streams to incent affordable ADUs. The Program's design and funding structure was intended to target homeowners who may not have the financial backing to construct an ADU on their property, as well as to support additional units on new or already existing rental properties. The ADU Grant Program provides a construction grant, a municipal infrastructure upgrades grant and a grant for adding accessibility features to a unit beyond the building code requirements for the project. The Homeowner Stream currently provides funding for one ADU per property where the property is the owners' primary residence up to a maximum of \$50K grant. The Project Stream targets developer-led projects that include multiple ADUs and currently provides funding for up to six ADUs with up to a maximum of \$140K (six affordable, accessible units).

To entice a diverse applicant pool, limitations were included to restrict repeat funding. Specifically, an interested party who has already received funding under the ADU Grant Program currently cannot receive funding for an additional project. ADU grant funds must be distributed by December 2026 when the program closes. Units must remain affordable for 15 years and meet affordability thresholds in the Affordable Residential Units for Purposes of the Development Charges Act, 1997 Bulletin.

Program Progress and Feedback

As of October 2025, the program has incented eleven (11) units. If current allocated funds are exhausted by the Program’s conclusion in December 2026, up to twenty-eight (28) units could be incented (inclusive of already approved units) with the current program criteria in place.

Initial interest has remained high for the Homeowner Stream with eighty-three (83) inquiries although there have been a lower number of applications received than expected. As of October 2025, all incented units have been under the Homeowner Stream. One (1) unit is for a detached ADU and ten (10) for ADUs within existing dwellings. Interest in the Project Stream has been limited. Table 1 indicates the interest the Program has seen and the units incented.

Table 1: ADU Grant Program interest, as of October, 2025

Criteria	Homeowner Stream	Project Stream
Inquiries	83	12
Units Incented	11	0

Staff have received inquiries about flexibility within the Program. These inquiries include:

- if funding was available for more than one unit under the Homeowner Stream, and
- if funding was available for more than one project on different properties.

Feedback received from potential applicants of the Project Stream suggests funding caps in combination with existing affordability terms could be contributing to lack of uptake in the Project Stream. An informal interview was also conducted with the development community in October 2025 which aimed to determine if proposed changes would help uptake with the Project Stream. Feedback indicated that increases to funding for infrastructure upgrades may help support interest in the Project Stream but the current economic climate is challenging for development even with incentives.

Proposed Program Changes

The ADU Grant Program is nearing the halfway mark. As staff had received inquiries about increased flexibility with regard to eligibility requirements staff felt a review of the Program was beneficial to determine what changes could be made. In August 2025, staff initiated a comprehensive review of the Program to identify potential changes to increase applicant interest. Feedback received from potential applicants was considered when formulating the changes proposed. Changes have been targeted to both the Project Stream and Homeowner Stream. The proposed

changes aim to make eligibility requirements more flexible across both streams and to increase funding in specific scenarios with limited up-take, while not making changes that would be out of line with already approved applications. Current program criteria and proposed changes are listed in Table 2 and Table 3 below.

Table 2: Proposed changes to the Homeowner Stream

Grant	Current Criteria	Proposed Criteria
Construction Grant	Up to \$20K for 1 unit	Up to \$20K per unit with up to 3 units eligible
Accessibility Features Grant	Up to \$10K for 1 unit for the addition of accessibility features beyond the building code requirements for the project	Up to \$10K per unit with up to 3 units eligible for the addition of accessibility features beyond the building code requirements for the project
Municipal Infrastructure Upgrades Grant	Up to \$20K per project for municipal infrastructure upgrades to the public realm within the City right-of-way or street if required for the project	Replace the grant of up to \$20K per project for municipal infrastructure upgrades with a tiered funding approach. The tiered funding approach is based on the number and type of ADUs included in a project and includes funding for private utility service upgrades in certain scenarios as well as municipal infrastructure upgrades. Total funding per project can be from up to \$20K to \$60K. See Table 4
Number of projects per applicant	One project per applicant	An applicant is eligible for funding for more than one project under the ADU Grant Program

Table 3: Proposed changes to the Project Stream

Grant	Current Criteria	Proposed Criteria
Construction Grant	Up to \$10K per unit with up to 6 units eligible	Up to \$15K per unit with no cap on number of units eligible
Accessibility Features Grant	Up to \$10K per unit for the addition of accessibility features beyond the building code requirements for the project	Up to \$10K per unit with no cap on number of units eligible for the addition of accessibility features beyond the building code requirements for the project
Municipal Infrastructure Upgrades Grant	Up to \$20K per project for municipal infrastructure upgrades to the public realm within the City right-of-way or street if required for the project	Replace the grant of up to \$20K per project for municipal infrastructure upgrades with a tiered funding approach. The tiered funding approach is based on the number and type of ADUs included in a project and includes funding for private utility service upgrades in certain scenarios as well as municipal infrastructure upgrades. Total funding per project can be from up to \$20K to \$60K. See Table 4
Number of projects per applicant	One project per applicant	An applicant is eligible for funding for more than one project under the ADU Grant Program

Proposed Changes Rationale:

1. **For the Homeowner Stream: increase the number of units per project that can be funded from one (1) to three (3)** - The Homeowner Stream currently provides funding for one (1) unit on a property, including up to \$20K for construction and up to \$10k per unit for the addition of accessibility features beyond the building code requirements for the project. Proposed changes would permit this funding amount for up to three (3) units on a property.

Rationale: This change aligns with inquiries staff have received regarding funding for more than one unit on a property.

2. **For the Project Stream: remove the cap on the number units per project that can be funded** - The Project Stream currently funds up to six (6) units per project. Funding per unit is available for construction as well as for the inclusion of accessible features beyond the building code requirements for the project. Proposed changes would remove the entire cap on the number of eligible units per project.

Rationale: This change aims to provide additional support in the Project Stream for applications with a greater number of units.

- 3. For the Project Stream- increase construction grant funding per unit from \$10K to \$15K** -The Project Stream currently provides a construction grant of up to \$10K per unit. Proposed changes would increase the construction grant to up to \$15K per unit.

Rationale: This change aims to make the Project Stream more advantageous with more funds for up-front costs of construction. Further, staff are proposing to increase funding available for the construction portion of the grant under the Project Stream to be more comparable to that of the Homeowner Stream. The funding levels in the Homeowner Stream are maintained to support circumstances where there might be limited familiarity with the permitting process and the potential for unforeseen financial costs.

- 4. For the Project Stream and the Homeowner Stream - open eligibility criteria to allow an individual, corporation or entity to apply for funding for multiple projects.**

Rationale: Program terms for both the Homeowner Stream and Project Stream currently prohibit an applicant, who has already received funding under the ADU Grant Program from receiving additional funding for another project. This is proposed to be removed, and direction that funding can be received for multiple projects is included. The lot configuration may result in an application for the ADU Grant Program concurrent with applications such as those for consent or subdivision and what was originally one property may result in more than one property. Only one application on a property will be considered at a time, however applications may be received for more than one project on different properties from the same applicant. This change reflects feedback staff have received from inquiries and interest in funding for more than one project.

- 5. For the Project Stream and the Homeowner Stream - replace a flat funding amount of up to \$20K per project for municipal infrastructure upgrades with a tiered funding approach that also includes funding for private utility service upgrades in certain scenarios. This is summarized in Table 4.** Currently up to \$20K is available for municipal infrastructure upgrades to the public realm within the City right-of-way or street if required for a project of any scale. Municipal infrastructure for the purposes of this grant includes water and wastewater infrastructure. The tiered funding approach adds additional funding for projects where there is more than one ADU on a property or where there are multiple ADUs as part of a single project to help cover costs associated with the upgrading of private utility services and/or any additional costs for municipal infrastructure upgrades if needed.

Rationale: In some instances, when multiple ADUs are added to a property, proponents may be faced with the need to upgrade hydro electric utility services. This includes work to be completed within the City's right-of-way or street and on private property. Private utility service upgrades can come as unexpected and high costs and can increase with the number of units being added to a property. A funding approach has been designed to provide a grant for these costs when jumps in cost are anticipated to occur, as well as additional funding for municipal infrastructure upgrades for larger projects. The funding approach is designed to reflect the potential increased cost associated with adding additional units beyond a single ADU to a property, as well as to provide

financial incentive to add multiple ADUs to a property, or to add multiple ADUs as part of a single project at once.

Table 4: Municipal infrastructure and private utility service upgrades grant by number and type of ADUs included in a project

Number and type of ADUs included in a project	Amount	Criteria
One ADU (second unit on a property)	Up to \$20K	If municipal infrastructure upgrades to the public realm within the City right-of-way or street are required for the project.
One ADU (third or fourth unit on a property)	Up to \$20K	If municipal infrastructure upgrades to the public realm within the City right-of-way or street are required for the project, and/or, private utility service upgrades within the City right-of-way or street and on private property up to and including the meter base are required for the project.
Two ADUs	Up to \$40K	If municipal infrastructure upgrades to the public realm within the City right-of-way or street are required for the project, and/or, private utility service upgrades within the City right-of-way or street and on private property up to and including the meter base are required for the project.
Three or more ADUs	Up to \$60K	If municipal infrastructure upgrades to the public realm within the City right-of-way or street are required for the project, and/or, private utility service upgrades within the City right-of-way or street and on private property up to and including the meter base are required for the project.

Financial Implications

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for multiple projects. These changes are expected to improve uptake and broaden participation.

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Consultations and Engagement

As there had been comprehensive public engagement at the time the CIP was being created and the fact that the expansions to the Program that are proposed for the Homeowner Stream are based on feedback from interested proponents, staff did not undertake further public engagement for the Homeowner Stream. For the Project Stream, staff felt it would be beneficial to conduct informal follow-up discussions with developers that might be interested in the Project Stream to understand if the changes proposed would be of interest. Feedback received informed the proposed amendment.

Engineering Services and the Community and Affordable Housing team assisted in development of this amendment. The amendment was circulated to the City's Finance Department and Legal Department.

The Affordable Housing CIP indicates that the amendment must be circulated to the Ministry of Municipal Affairs and Housing for comment prior to Council approval. A draft of the CIP amendment was circulated to the Ministry. Comments were received from the Ministry, and these have been reflected in the amendment. Changes are administrative and include changes to Sections 1, 4.1 and 10.1 of the CIP. The requirement for a Statutory Public meeting is proposed to be satisfied at the presentation of this report to Planning Council.

Next Steps

Pending Council approval, the proposed CIP amendment is planned to be in force in January 2025.

Information on the changes will be provided through the City's [Affordable Housing CIP Page](#) and applicants will be informed of the program changes.

Attachments

Attachment-1 Amendment to Affordable Housing Community Improvement Plan Additional Dwelling Unit Grant Program

Attachment-2 Affordable Housing Community Improvement Project Area

Attachment-3 Council Presentation - Affordable Housing CIP - Additional Dwelling Unit Grant Program Amendment

Attachment-4 Ministry of Municipal Affairs and Housing Comments City of Guelph Community Improvement Plan Amendment

Departmental Approval

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