

A 2-BEDROOM DETACHED ADU IN GUELPH CASE STUDY

TO CITY COUNCIL TUESDAY, DECEMBER 9, 2025

SUBJECT PUBLIC MEETING AND DECISION MEETING –

AFFORDABLE HOUSING COMMUNITY IMPROVEMENT PLAN–

ADDITIONAL DWELLING UNIT GRANT PROGRAM AMENDMENT

Completed 2 detached ADU's in Guelph October 2024

September 2025



2-bedroom ADU under construction





COST TO BUILD 850 SQUARE FOOT 2-BEDROOM DETACHED HOUSE

Construction Proposal	\$300,000
Upgrade water on City's street	\$27,277
HST on Construction	\$42,546
Development charges - school	\$4,021
Exclusions and misc 4% of proposal	\$12,000
Interest during construction	\$8,000
Insurance during construction	\$1,000
Appliances	\$4,000
Total Cost	\$398,844

WHAT WOULD IT RENT FOR?

- A 2-bedroom **apartment** in Guelph typically costs between **\$2,200 and \$2,700 per month**
- Factors that influence the cost:
- **Location:** Apartments in certain neighborhoods may have higher or lower rental rates.
- **Size:** Larger apartments will generally be more expensive.
- **Features:** Amenities like parking, included utilities, laundry on-site, age of the unit.

2-BEDROOM DETACHED HOUSE

- Entire detached house
- Everything is brand new
- Includes six appliances
- One parking spot
- Kitchen designed by a baker and restaurant owner
- All electric heating and cooling
- Utilities not included

2-BEDROOM DETACHED HOUSE: \$2,300 MONTHLY

- Entire detached house
- Everything is brand new
- Includes six appliances
- One parking spot
- Kitchen designed by a baker and restaurant owner
- All electric heating and cooling
- Utilities not included

OPERATING EXPENSES WITHOUT GRANT

	Monthly	Yearly
Mortgage \$400,000 at 4.19% 30-year amortization	\$1,945	\$23,344
Property Taxes	\$204	\$2,450
Insurance	\$75	\$904
Total Expenses	\$2,225	\$26,698
Rent	\$2,300	\$27,600
Available for Maintenance	\$75	\$902

OPERATING EXPENSES WITH \$35,000 GRANT

	Monthly	Yearly
Mortgage \$365,000 at 4.19% 30-year amortization	\$1,775	\$21,301
Property Taxes	\$204	\$2,450
Insurance	\$75	\$904
Total Expenses	\$2,055	\$24,655
Rent	\$1,740	\$20,880
Available for Maintenance	-\$315	-\$3,775

COMPARE WITHOUT AND WITH \$35,000 GRANT

	Annual Without Grant	Annual With Grant
Mortgage 4.19% 30-year amortization	\$23,344	\$21,301
Property Taxes	\$2,450	\$2,450
Insurance	<u>\$904</u>	<u>\$904</u>
Total Expenses	\$26,698	\$24,655
Rent	<u>\$27,600</u>	<u>\$20,880</u>
Available for Maintenance	\$902	-\$3,775

BUSINESS DECISION: ACCEPT \$35,000 GRANT?

Annual Difference	-\$4,677
Difference over 15 years of agreement	-\$70,160

\$115,000 Incentive would make it equal

With \$115,000 CIP Grant	Monthly	Yearly
Mortgage \$285,000 at 4.19% 30-year amortization	\$1,386	\$16,632
Property Taxes	\$204	\$2,450
Insurance	\$75	\$904
Total Expenses	\$1,666	\$19,986
Rent	\$1,740	\$20,880
Available for Maintenance	\$74	\$894