

Staff Report



To	City Council
Service Area	Office of the Chief Administrative Officer
Date	Tuesday, December 9, 2025
Subject	Exploring the Potential for Five Plus (5+) Units in Guelph

Recommendation

1. That Council directs staff to continue evaluating the feasibility of permitting five or more residential units on low density residential lots (RL.1 and RL.2), and to undertake the following actions:
 - a. Refine the criteria used to assess suitability for increased residential density;
 - b. Prepare draft Official Plan policies and zoning by-law amendments, as necessary, to support the implementation of five or more residential units per lot; and
 - c. Report back to Council in Q4 2026 with findings, proposed policy directions, and recommended regulatory changes for consideration.
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Executive Summary

Purpose of Report

The purpose of this report is to present the preliminary findings of the potential for five or more (five plus) units in Guelph as directed by [Council](#) and to fulfill a commitment related to the [Guelph's Housing Accelerator Fund \(HAF\) Action Plan](#). This report also seeks direction from Council to continue to assess the potential for five plus units.

Key Findings

- In April 2023, Guelph [City Council](#) directed staff to consider as-of-right permissions for greater than three units per property within the low-density residential designation.
- In October 2023, staff were more specifically directed to prepare a Zoning by-law amendment to permit up to four units on low density residential lands as-of-right, subject to servicing capacity.
- In December 2024, Council approved Staff Report [24-405](#) Permitting Four Dwelling Units on a Lot (four unit project). The four unit project is one of eight (8) initiatives that are part of the \$21.4M [Guelph's HAF Action Plan](#) to fulfill all the initiatives and stimulate the development of 739 housing units above the annual building permit issuance average.
- As part of the HAF initiatives (HAF-6) the City committed to exploring the feasibility of permitting five or more units (five plus) by right city-wide. Before undertaking a fulsome study, an initial review was needed to assess the

potential of five plus units in Guelph. This report addresses the City's HAF commitment to explore the potential for five plus units on low density residential lots in Guelph.

- The review presented in this report builds upon the findings of the four unit project and further refines a series of criteria to determine the potential for five plus units in the City.
- The four unit project concluded that Residential Low Density RL.1 and RL.2 zones present the greatest opportunity to support additional residential units. RL.1 and RL.2 zoned lots make up 80 per cent (or 32,000 lots) of the City's residentially zoned lands.
- The four unit project found a potential for 14,250 lots to be suitable for four plus units. These lots are illustrated in Attachment 1.
- Exploring the potential for five plus units used a measured approach to refine these lots. The criteria was scoped to the following:
 - RL.1 and RL.2 zoned residential lots identified as suitable in the four unit project
 - High capacity linear watermain and sanitary suitability
 - Proximity to transit
 - Lot Size and lot frontage
- The findings of the scoped criteria review indicates that approximately 18 per cent (5,900 lots) of the total 32,000 low density residential lots could potentially accommodate five units as-of-right. Attachment-2 illustrates the lots that could be suitable for five plus units.
- Staff are requesting Council direction on advancement of the five plus units project. Should Council direct staff to proceed with the recommendation presented, staff would continue evaluating the feasibility of permitting five or more residential units by further refining the criteria used to identify lots suitable for five plus units. Proceeding with the project would provide the City the opportunity to further housing readiness by advancing a five plus unit zoning by-law amendment and associated enabling policies.

Strategic Plan Alignment

The five plus unit review aligns with the approved 2024-2027 Strategic Plan theme of City Building and the Future Guelph objective of improving housing supply by increasing the range of housing options for current and future residents.

Future Guelph Theme

City Building

Future Guelph Objectives

City Building: Improve housing supply

Financial Implications

The City of Guelph has a funding agreement for \$21.4 million with the Federal Government through the HAF. Receiving the full \$21.4 million is contingent on following through with the City's HAF initiatives. The five plus unit review specifically addresses our commitment to the HAF-6 initiative.

If Council directs staff to proceed with work on permitting five plus units as-of-right, the project will include an analysis of the impact on growth-related revenues. At this stage, impacts are expected to be similar to those identified last year when

four units (Staff Report [24-405](#)) were permitted. Staff will continue to monitor and report as policies are developed.

Report

Background

In April 2023, when Council approved the Comprehensive Zoning by-law (currently partially under appeal), direction was provided to staff to consider as-of-right permissions for greater than three (3) units per property within low density residential zones. The Council-approved Zoning by-law (2023)-20790 permits a maximum of three (3) residential units per lot.

Subsequently, in October 2023 and due to increasing urgency around housing affordability challenges Council directed staff to immediately prepare a zoning by-law amendment that would permit, as-of-right, up to four (4) residential units per lot within residential zones, subject to servicing capacity.

In January 2024, the City partnered with the federal government to deliver Guelph's [HAF Action Plan](#). A total of \$21.4M will be provided to incent and stimulate 739 housing units (above annual average) by the end of 2026. Receipt of the full grant amount is dependent on successfully achieving the targets and fulfillment of all the initiatives outlined in the Action Plan.

In December 2024, Council approved Staff Report [24-405](#), Permitting Four Dwelling Units on a Lot, in partial fulfilment of a HAF commitment and Council 2023 direction. The City further committed to exploring the potential for five plus units on a lot as part of the ongoing HAF-6 initiative to encourage the development of missing middle units in existing neighborhoods. To fulfill the City's full commitment, this report presents a map of the areas where opportunities for permitting five plus units by right, city-wide, may exist (Attachment-2).

The following sections of this report provide a summary of the approach and criteria used to identify the potential for five plus unit permissions, the overall findings, and an explanation of possible next steps.

Approach and Criteria

The analysis to identify opportunities for five plus units on low-density residential lots builds upon analysis for the four-unit project. Staff have initiated a review to identify the potential for five plus units on low density residential lots based on water and sewer capacity, lot size, lot frontage, and availability of transit. Table 1 provides a summary of the rationale for why these criteria were used.

Table 1. Criteria Used to Identify the Potential for Five Plus Units

Criteria	Description	Rationale/ Comments
Low density residential lots	Lots within RL.1 and RL.2 Zones	The RL.1 and RL.2 Zones offer the most opportunity for gentle density through additional dwelling units. Lots in the RL.1 and RL.2 Zones tend to be larger and do not allow denser developments like townhomes or apartments, as is the case with RL.3 and RL.4 Zones.
Linear Watermain and Sanitary Suitability	Very High Suitability	Existing watermain and sanitary capacity is an important criterion when intensification (or additional residential units) is considered. Very high servicing levels were deemed to be needed if the number of units on a lot were to increase.
Accessible to transit	400m from a Guelph Transit line	It was determined that transit support would be needed on lots with additional residential units. 400m is a reasonable walking distance to transit services.
Lot Size	Lot size greater than 560m ²	Density requirements for the Official Plan were used as a baseline. Selected existing dwellings were investigated and found to have a mid-range of 560m ² . The four unit project used a minimum lot size of approximately 450m ² , a larger lot size was deemed more suitable for five units.
Lot Frontage	Lot frontage wider than 9m	Lot frontages that were greater than the minimum required for single detached dwellings in the RL.2 Zone were deemed to be suitable.

Findings

The findings, as displayed in Table 2 are based on a scoped criteria review. Approximately 41 per cent of the low density residential lots zoned RL.1 and RL.2 that were suitable for four units may be suitable for five plus units. Specifically, it is estimated that there are approximately 5,900 lots suitable for five plus units of the 14,250 units previously identified in the four unit project. Another way of

interpreting the findings is that, of the total number of low density RL.1 and RL.2 residential lots in Guelph (32,000), approximately 18 per cent (5,900) could support five units, possibly more.

Table 2. Results of the Five Plus Unit Scoped Analysis

Criteria Applied	Parcel Count	# of lots reduced	% lots reduced between applied criterion	% of all RL.1 and RL.2 lots
All RL.1 and RL.2 lots	32,000	n/a	n/a	n/a
Lots suitable for up to four units	14,250	17,750	n/a	45%
Lots remaining after servicing criterion applied	10,100	4,150	71%	32%
Lots remaining after transit access criterion applied	9,530	570	67%	30%
Lots remaining after parcel size criterion applied	5,900	3,630	41%	18%
Total number of lots suitable for 5 Plus units	5,900	26,100	n/a	18%

Attachment-1 was shared in December 2024 when staff report [24-405](#), Permitting Four Dwelling Units on a Lot potential, was approved by Council. This map shows the areas within the City that could support up to four units. Attachment-2 is a map that illustrates the areas where opportunity for five plus units was identified with the scoped criteria provided. Attachment-2 also demonstrates a comparison of the targeted areas within the City that have the potential to support four units versus five plus units.

With the scoped criteria applied, Attachment-2 shows that parcels found in the northeast corner of Guelph as well as a cluster of parcels just south of the Downtown boundary no longer show suitability for five plus units due to insufficient servicing constraints. Attachment-2 highlights that insufficient servicing is a key variable in identifying areas containing parcels with the potential to support five plus units.

Based on the preliminary analysis for exploring five plus units, and alignment with Strategic Plan priorities around improving housing supply by increasing the range of housing options for current and future residents, staff support advancing this body of work.

Additional considerations for advancing the five plus unit project

To date, there has been extremely limited uptake on four residential unit permissions although the development of second and third Additional Dwelling Units (ADUs) continues to grow, comprising 52 per cent of new residential development in 2024. The limited uptake of four units can be related to a number of factors including the current market conditions as well as time for the market to adapt to the new development options.

Although the criteria to permit four units was carried forward in this preliminary review of opportunities to permit five plus units, there are additional considerations for advancing the five plus unit project.

A five plus unit project would require further review of the following considerations:

- Analysis of variations in lot and site characteristics for the maximum number of units above five and up to 12 units which was identified in the HAF initiative.
- Minimum required parking standards to ensure consistency with infill development in established neighborhoods.
- Official Plan considerations including density, servicing suitability, transit access, and parcel size requirements.
- Public engagement with interest holders and community members to determine priorities for five plus unit implementation.

Additional analysis would inform appropriate development standards and minimum requirements to ensure that new developments integrate into established neighborhoods.

Financial Implications

The City of Guelph has a funding agreement for \$21.4 million with the Federal Government through the HAF. Under the HAF agreement, the City committed to reviewing its zoning regulations to permit four units on low density lands to encourage missing middle housing such as ADUs and exploring the possibility of accommodating five or more units on low density residential lots. Receiving the full \$21.4 million is contingent on following through with the City's HAF initiatives.

The five plus unit review specifically addresses our commitment to the HAF-6 initiative. Further review of the five plus units project aligns with the HAF-6 initiative to encourage missing middle units in existing neighborhoods.

If Council directs staff to proceed with work on permitting five plus units as-of-right, the project will include an analysis of the impact on growth-related revenues. At this stage, impacts are expected to be similar to those identified last year when four units (Staff Report [24-405](#)) were permitted. Staff will continue to monitor and report as policies are developed.

Next Steps

Next steps would depend on Council direction. Should Council direct that staff continue to pursue options for five plus units, work will be undertaken to further develop criteria for developments between five and 12 units. This work is proposed to be undertaken by the consulting firm that completed the four-unit analysis to maintain consistency in the analysis. The study would include further public consultation prior to drafting zoning and development standards to be considered by Council. It is anticipated this study would be completed by Q4 2026.

Should Council direct staff to take no further action, the analysis for five plus units will not be undertaken and until such time as Council directs staff to do so.

Conclusion and Recommendations

ADUs have been a driver of new residential units in the city and additional opportunities may attract different proponents to take interest in this type of development in Guelph. Staff see opportunities in the preliminary review undertaken for five plus units and recommend advancing this body of work.

However, an alternate motion is presented should Council not wish to immediately pursue additional housing readiness work.

Alternative motion:

1. That staff take no further action on the development of policies and by-law regulations for five or more units, at this time.

Consultations and Engagement

Finance staff were included in the development of this report.

Future internal and public consultation and engagement would occur as part of five unit plus project prior to developing regulations or development standards.

Attachments

Attachment-1 Map of Lots that could Potentially Support up to 4 Units

Attachment-2 Map of Lots with Potential Suitability for 5 Plus Units

Departmental Approval

None.

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