



GRAND HIGHLANDS

HOME BUILDERS' ASSOCIATION

Mayor Guthrie, Members of Council & Staff

January 30, 2026

City of Guelph
1 Carden St.
Guelph ON

Re: Comments on Proposed Downtown Guelph CPPS By-law

Mayor Guthrie and Members of Council,

On behalf of the Grand Highlands Home Builders' Association (GHHBA), an amalgamation of the Guelph & District Home Builders' Association, Greater Dufferin Home Builders' Association, and the Guelph Wellington Development Association, we are writing to provide comment on the draft Downtown Community Planning Permit System (CPPS) by-law released January 8, 2026.

The City of Guelph has proposed to implement a mechanism that effectively imposes Inclusionary Zoning (IZ) but circumvents the statutory framework under s. 16(4) and 35.2 of the *Planning Act* and O. Reg. 232/18. Such an approach is incompatible with the statutory planning framework. While the GHHBA supports all efforts to proactively streamline approvals to get more housing built in our community, our organization has serious concerns about the proposed form of the Downtown CPPS By-law.

IZ may only be implemented where it is expressly authorized by Official Plan policies that comply with the *Planning Act* and standards imposed in O. Reg 232/18. S. 16(4) of the *Planning Act* requires Official Plan policies that authorize inclusionary zoning, with additional requirements for assessment reports, geographic limitations, and updates.

The CPPS defines Class 2 and 3 permits, applications which apply to utilise as-of-right heights already permitted under OPA 106 but not yet zoned to conform, as a form of IZ whereby a percentage of Affordable Housing units are required within the height difference created by the City's own policy. This is a selective and punitive claw-back on permissions that were approved by Council without conditions in April 2025.

Where IZ is in place, all developments above 10 units are required to participate except for special cases (O. Reg 232/18, s. 3 (1)(1)). This is the only equitable approach to imposing this kind of land-discounting policy on a development area. (Requiring costs to offset affordability within a project ultimately devalues the land – this shouldn't be done on an ad hoc basis within a planning area). IZ is only effective when market conditions are buoyant and allow this additional cost to be absorbed.



519-836-8560



7 Clair Rd. W. PO Box 27075, Guelph ON N1L 0A6



mjonker@ghhba.com



GRAND HIGHLANDS

HOME BUILDERS' ASSOCIATION

We are attaching market and viability research from five other municipalities undertaken over the 2024-2025 period as they reviewed the market economics of Inclusionary Zoning in their Major Transit Station Areas. All of them conclude that IZ policies were not appropriate in the current housing market and we concur that O. Reg. 232/18 requires that such Official Plan policies clearly set out the City's approach to authorizing IZ (s. 3(1)):

- Guelph's proposed 33% Affordable Housing requirement within the OPA 106 approved heights can be up to an estimated 20% of the housing units in a project given that some sites went from 6 storeys to 24 under Downtown Height Study.
- Even if an Official Plan Amendment were lawfully implemented to authorize IZ, O. Reg. 232/18 imposes a cap on the affordable housing requirement at 5% (O. Reg 232/18 s. 3(1)(5)(ii)).
- The attached studies show that with falling unit prices, sales stagnation, and follow-through impacts on development land values, a project's ability to carry additional community benefits such as subsidizing affordable units, makes projects even less viable.
- The Watson & Associates proforma analysis attached to Guelph's study does not accurately reflect development economics, with missing or understated costs and overstated revenues, leading to projected profitability that does not accurately model development conditions in Guelph.

We further note that the province announced on January 12, 2026 their intention to pause all Inclusionary Zoning provisions until at least 2027 to address the lack of housing starts. This currently only applies to Toronto, Kitchener and Mississauga, being the municipalities that have implemented IZ to-date.

Ultimately, the GHHBA's concern is that the policy, as proposed, will create a further freeze in development downtown (and within the only Major Transit Station Area), which is counterproductive to the purpose of the CPPS project, housing construction, and the economic well-being of the community. These concerns are compounded by the fact that the City's draft CPPS does not comply with the IZ framework prescribed by the *Planning Act*. In particular, the City's OP (up to and including unconsolidated OPAs 101 and 106) contains no express authorization for IZ and references to affordable housing in OPAs 101 and 106 are limited to general considerations and do not establish, or substitute for, a compliant IZ framework.

There is no legislative basis for a municipality to achieve a 'workaround' of the comprehensive IZ requirements through a CPP by-law. While O.Reg. 173/16 does indeed allow for OP policies and implementing CPP by-laws to require the provision of specified 'facilities, services and matters' in exchange for specified height and density, such 'bonusing' is meant to be above and beyond the heights otherwise permitted.

In other words, affordable housing can be required as a condition of exceeding otherwise permitted heights, not as a condition achieving the heights otherwise approved through OPA 106. We draw the



519-836-8560



7 Clair Rd. W. PO Box 27075, Guelph ON N1L 0A6



mjonker@ghhba.com



GRAND HIGHLANDS

HOME BUILDERS' ASSOCIATION

City's attention to ss. 4(3.2) of O.Reg. 173/16, which stipulates that subsection 35.2 (2) to (9) of the Planning Act...apply with necessary modifications if a community planning permit bylaw gives effect to the [IZ policies in ss.16(4)]. This is the link between CPPS and IZ and makes it clear that CPP by-laws cannot be used in lieu of the strict stator requirements for IZ. Therefore, the statement regarding Inclusionary Zoning at page 7 of the Staff Report for the January 20, 2026 Public Meeting is fundamentally legally flawed.

Lastly, it's premature to pass the CPPS by-law while mirrored provisions in the Comprehensive Zoning By-law remain under appeal and unresolved.

We strongly urge Council and staff to engage further with the local development community on the opportunities of the CPPS (the value of confidence in speed of approvals) and the economics of achieving affordability within housing in Guelph and area.

Respectfully submitted,

Lisa Schuett,
President, Grand Highlands Home Builders' Association

Attachments:

City of Kitchener Market Survey Update 2025	Real Property Strategic Planning Services
City of Markham - IZ Assessment Report – November 2025	https://yourvoicemarkham.ca/48670/widgets/205219/documents/162191
City of Ottawa – IZ Assessment Report – June 2025	https://documents.ottawa.ca/en/files/inclusionary-zoning-assessment-report-2025pdf
City of Waterloo - CPPS Financial and Market Analysis – October 2025	https://www.engagewr.ca/download_file/8229/1739



519-836-8560



7 Clair Rd. W. PO Box 27075, Guelph ON N1L 0A6



mjonker@ghhba.com



GRAND HIGHLANDS

HOME BUILDERS' ASSOCIATION

Town of Whitby – IZ Assessment Report – November 2024	Inclusionary Zoning Assessment Report
---	---



519-836-8560



7 Clair Rd. W. PO Box 27075, Guelph ON N1L 0A6



mjonker@ghhba.com