

# Planning Works and Environment

<b>Subject</b>	<b>City of Guelph Affordable Housing Action Plan 2002</b>
<b>Recommendations</b>	<b>That the January 28, 2002 planning report entitled “City of Guelph Affordable Housing Action Plan 2002” be approved (subject to budget approval).</b>
<b>Background</b>	<p>The PWE Committee, at their meeting on October 22, 2001 directed planning staff to prepare a strategic action plan dealing with affordable housing. This plan preparation followed on the receipt by the Committee of the “Affordable Housing Policy Paper” that was prepared by City Staff during the summer of 2001. This paper outlined the numerous problems the community faces with regards to the availability of appropriate, safe and adequate affordable housing.</p> <p>To accomplish the preparation of a strategic action plan for the Committee's consideration, the following steps have been completed by staff:</p> <ul style="list-style-type: none"><li>• Preparation of a document outlining draft strategic actions;</li><li>• Holding of a public workshop; and</li><li>• Finalization of a recommended strategic plan.</li></ul> <p>Schedule A outlines the recommended strategic actions that the City should use to address affordable housing matters in the community. For the purposes of this report, affordable rental housing is considered to be housing that is available to tenant households earning less than \$32,000 annually.</p> <p>To complete this report, Schedule B outlines the proceedings from the December community workshop, including staff's comments on the various proposed strategic actions.</p> <p><b>Summary of Affordable Housing Strategic Actions</b></p> <p><b>Priority One Actions</b></p> <ol style="list-style-type: none"><li>1) Municipal Grant Program – Provide \$300,000 in the City's Operating Budget to assist in jointly funding (with senior government housing programs) and the private sector in the provision of affordable rental housing. This funding is anticipated to provide \$6,000 per unit as the City's partial contribution to making additional affordable housing available (would assist the construction of 50 units per year). It is intended that this operating funding would be put in place on a 5 year pilot project basis to reflect a municipal contribution in the cost sharing program for affordable housing announced Nov 30, 2001 by the senior governments.</li><li>2) Multi-Residential Tax Class Rate: 2002 Tax Policy Formulation – Direct the Finance Department to investigate the costs/benefits of modifying the tax rate time period for the residential tax class for new rental buildings (more than 6 units) beyond 8 years.</li><li>3) Zoning By-law Review &amp; Reform - Direct Planning staff to</li></ol>

January 28, 2002

## Report #

**Planning  
Department**  
(02-06)

**Prepared by:**  
Paul Kraehling,  
Planner

**Approved by:**

\_\_\_\_\_  
Craig A. Manley,  
Manager of Policy  
Planning

\_\_\_\_\_  
J. A. Forbes,  
Director of  
Planning



# Planning Works and Environment

- review and reform the City's zoning by-law respecting regulations concerning:
- Parking standards
  - Lodging House requirements
  - Accessory Apartments
  - Single Room Occupancy Units
- 4) Promote the Use of Existing Housing Incentive Programs
  - 5) Extend the Tax Incremental Financing (TIF) Incentive program that is currently in place for downtown from December 2002 to December 2005.
  - 6) Work to Define and Co-ordinate Affordable Housing Efforts with Wellington County
  - 7) Continue to Lobby Senior Levels of Government for Affordable Housing Assistance - The Province and the Federal Government are currently negotiating a "framework agreement" respecting the construction of new affordable housing.
  - 8) Initiate a Demonstration Project - An affordable rental housing project should be developed in conjunction with partners (other levels of government and the private sector).

## Priority Two Strategic Actions

- 1) Extension of Tax Incremental Financing Program to the "Older Built-Up Area" of the City – Direct the Finance Department to investigate the costs/benefits of extending the program that is currently in place to a wider geographic area as outlined in the City's Zoning By-law.
- 2) Review the City's Development Charges Policy Structure for Affordable Housing
- 3) Investigate Reserve Funding Mechanisms for Affordable Housing Development – Direct Finance Department to examine the merits of this proposal.

<b>Alternatives</b>	Do nothing different than current actions, ie benchmarking, lobbying senior governments.
<b>Implications</b>	The availability of lower income household housing may become further exasperated, especially for lower income tenants.
<b>Funding</b>	Expansion program proposed in City's operating and capital budgets.

January 28, 2002

## Report #

**Planning  
Department**  
(02-06)

**Prepared by:**  
Paul Kraehling,  
Planner

**Approved by:**

\_\_\_\_\_  
Craig A. Manley,  
Manager of Policy  
Planning

\_\_\_\_\_  
J. A. Forbes,  
Director of  
Planning



# Schedule A - City of Guelph

## Affordable Housing Strategic Actions

This action plan is based on recommendations from the City of Guelph Planning Department's Affordable Housing Policy Paper (October 2001). The specific action recommendations have been derived from work from a number of sources:

- A community housing forum held in March of 2001 by the Wellington and Guelph Housing Committee;
- Public input received during the completion of the Affordable Housing Policy Paper during the summer 2001;
- The results of a survey of Ontario municipalities which was completed as a component of the Affordable Housing Policy Paper;
- A Community Workshop to review draft Affordable Housing Strategic Actions, held at the River Run Centre on December 12, 2001

To begin, certain actions to assist the creation of affordable housing units can be implemented immediately based on existing staffing, finances and consensus. Other items must be researched and agreement must be reached on specific actions. Finally, certain actions need to be explored further as they may generate controversy. Actions with controversial components will be subject to a detailed review, detailed recommendations and revised with invited local experts and the broader community before being brought to Council.

*This outline of strategic actions is based on the following assumptions:*

1. *The issue of affordable housing cannot be solely addressed by the municipality since City revenues are primarily based on local property assessment (a limited tax revenue source);*
2. *Guelph's City Council has identified affordable housing as a Council priority;*
3. *The role of the municipality is to provide leadership and to facilitate private sector development of affordable housing;*
4. *The City of Guelph is primarily interested in making additional affordable rental housing available for lower income tenant households;*
5. *The City's efforts are directed primarily at the creation of additional affordable housing opportunities, not the on-going subsidization of accommodation.*

*Municipal efforts to support affordable housing are grouped into the following Strategic Action Areas:*

1. *Financial Considerations*
2. *Regulation Review and Reform*
3. *Information Co-ordination, Marketing, Partnerships and Lobbying*
4. *Demonstration project*
5. *Monitoring*

To discuss aspects of affordable housing, a common definition is required. There are many definitions around. For example, Canada Mortgage & Housing Corporation (CMHC) defines affordable housing as housing for which a household spends 30% or less of their total income. Affordable housing, as generally defined in the City's Official Plan applies to housing forms that are affordable to households in the lowest 60<sup>th</sup> income groupings in the community.

For the purposes of this affordable housing discussion, we are primarily concerned with providing housing opportunities for those tenant households earning less than \$32,000 annually, ie for households at or below the 50<sup>th</sup> percentile.

Table 1: Tenant Household Income and Affordable Rents in Guelph and Wellington County, 2000

Percentile	20 <sup>th</sup>	30 <sup>th</sup>	40 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>
Household Income	\$ 14,927	\$ 19,353	\$ 25,318	\$ 31,714	\$ 38,426
Affordable Rent	\$ 373	\$ 483	\$ 632	\$ 792	\$ 960

## A. Financial Considerations

### Problem

There is a sizeable gap between the rent that low-income tenants can afford to pay and the economic rent to construct new various forms of housing in Guelph. Despite the addition of over 700 accessory apartment units in the City since 1993, the waiting list for accommodation in social housing is over 2,200 households. While the vacancy rate for Guelph rose slightly from 0.7% in 2000 to 1.0% in 2001, the vacancy rate remains the second lowest in South Western Ontario. Very few affordable rental dwelling units of other types are being created because there is no profit incentive to the private sector to participate in this market.

### Background

The City hired a financial market consultant, Andersen Consulting, to complete a pro-forma feasibility analysis for various forms of potential affordable housing in the community. These forms of housing included high rise concrete, low rise "stick-built" frame, renovation and new construction forms in older and newer development areas of the City.

The consultant reviewed 3 forms of "rental income" – economic rents of what it would cost to construct and operate a new building; market rents of what is currently being charged for various forms of housing (by size of unit) in the city; and affordable rents or what a household could afford to pay assuming rent is not more than 30% of annual income.

Data from the consultant's report, including a closer look at the cost components of various housing types, are summarized in **Appendix A**.

These are the key findings from the report:

- Economic rents for new construction are only affordable to lower income households in small studio or one bedroom units that are found in accessory unit (ie basement) apartments. Other forms of accommodation in mid rise and high rise apartments are not affordable.
- Basement apartments are the cheapest units to construct, followed by main street commercial conversions, non-residential conversions and medium density walk-ups.
- High density high-rise apartments are the most expensive units to construct and operate.

Senior government levels – the Canadian and Ontario Governments – have established a capital construction affordable housing framework agreement (November 30, 2001). The agreement states that a \$50,000 per unit capital construction subsidy will be available, with \$25,000 from the federal government (50%) and contingent on a \$25,000 matching subsidy shared between the provincial and municipal governments.

The subsidies, in the instance for the City of Guelph should be directed at new affordable rental housing that would benefit households with annual incomes in the 40<sup>th</sup> percentile. Other programs would be necessary to make additional housing available to lower-income tenants. It is recognized that the following strategy does not address those in the lowest income levels and that profit elimination and rent supplement programs remain necessary to meet this need.

***Action 1 - Establish a municipal grant program to assist in the provision of affordable housing by addressing the financial gap between the economic costs to construct new rental housing and what is affordable to lower income households.***

***Timeframe – Immediate***

Planning staff have included an "expansion package" budget item in the amount of \$300,000 in the City's draft 2002 budget to address incentives for new affordable housing. Council will need to consider this request as part of its overall budget deliberation in early 2002. This level of funds is to assist in the creation of 50 affordable housing units per year (approximately one medium-sized apartment building). It has been proposed that this could be done by providing fifty (50) grants of \$6,000 each to create new affordable rental units. The grant would be dependent upon achieving rents for households with incomes at the 50th percentile or lower. In addition it is required that the units would be continued to be rented out at an "affordable rate" for a minimum of 10 years.

If combined with current downtown financial incentives, the total capital subsidy, for example, for an affordable housing unit in downtown Guelph would be approximately \$16,000 for a small apartment (see Table 2 for a detailing of available/proposed subsidies). This level of subsidy is consistent with the per

unit allocations set out in a recent affordable housing strategy proposed for the Regional Municipality of Waterloo. It is anticipated that this level of funding would be sufficient to qualify for grants available from the senior government levels; specific program details are expected in the near future, ie eligibility criteria, etc.

***Action 2 - As part of the City's 2002 taxation policy formulation, eliminate the tax disincentive of multi-residential rental housing by lowering the multi-residential municipal tax rate to be equal to the tax rate for owner-occupied dwellings for up to 35 years. The cost/benefit analysis associated with this tax class adjustment should be completed by Finance Department staff, ie consider the length of the time period extension, fairness rules applied to existing rental buildings, "range of fairness" guidelines.***

### ***Timeframe – Immediate***

Current assessment classification provides a disincentive to the creation of "rental units". The municipal tax rate which applies to multi-residential rental buildings (comprising 7 or more units) is 2.74 times higher than the tax rate applied to a condominium ownership multi-residential building. The City of Guelph was one of the first municipalities to take advantage of Municipal Act Amendment legislation that allowed municipalities to lower the tax rate on new multi-residential rental buildings to the rate charged for condominium buildings for a period of 8 years. The City now has the option to extend this lower tax rate for up to 35 years.

By lowering the tax rate for up to 35 years on new multi-residential dwellings, the City's existing revenue stream should not be adversely impacted. This is because these buildings are typically registered as "condominiums" even if they continue to be rented to take advantage of the difference in tax classification. By ensuring that rental apartment buildings are treated the same for tax purposes as condominium apartment buildings for a longer time frame there will be more certainty for potential investors, and it may serve to reduce operating costs which may assist in lowering monthly rents. If the City of Guelph lowered the property tax rate for new multi-residential dwellings to be equal to the rate for condominium dwellings, this would reduce the operating costs of an average 2 bedroom apartment by approximately 50\$/month.

The City's Finance Department staff should complete an analysis on this suggested action as part of the 2002 taxation policy formulation process.

***Action 3 - Extend the current Downtown residential tax increment incentive (TIF) program to December 31, 2005, and review the costs/benefits to expanding this form of program to the "Older Built-Up Area" of the City (as defined in the City's Zoning By-law).***

### ***Timeframes – Immediate and longer term***

The City currently has a 3-year tax-increment financing (TIF) program for the conversion of non-residential space or the construction of new residential units in Guelph's downtown. This program involves permitting property owners to continue to pay their property taxes at the pre-construction assessment level for three years. This provides tax relief that assists in reducing capital and operating costs during construction and the early tenancy period. Tax incremental financing is useful to promote rejuvenation efforts. The stimulus creates a phase-in of new taxes coming into the municipality, with full municipal taxation occurring after 3 years. There is no requirement in this program to limit construction to only affordable housing.

This short-term tax relief program should be extended from its current proposed ending date of December 31, 2002. The existing TIF program has been in place since 1998 but to date no property owners have used the program. It is anticipated that with additional interest in housing and funding programs being announced as well as increased marketing efforts by the City, there can be modest uptake of the program.

In addition to extending the time period for maintaining the downtown program, an examination of the program's geographic area applicability should be undertaken. It is suggested that the program can be extended to the "Older Built-Up Area" of the City subject to the following criteria:

- The development of affordable housing units for lower and middle income households;
- The units should be for rental accommodation, either for new construction or renovation of space;
- The program should be in effect as a pilot project for a 5 year timeframe.

***Action 4 - Review the City's development charge structure to support affordable housing as part of the required update process in 2003.***

#### ***Timeframe – Short term***

Currently the City's Development Charges By-law has a provision for encouraging residential development in the downtown area. This policy tool is a component of the City's Downtown Incentive Program. Full Development Charges apply to housing developments in suburban and greenfield areas of Guelph, and charges are reduced in central areas. Within the "Older Built Up Area" (as defined by the Zoning By-law), the Development Charge fee is approximately 8% lower from in the suburban areas. A full waiver (100%) is applied to new units in the downtown through the Downtown Incentive Program. No differentiation is made in the Development Charge By-law between affordable and non-affordable dwelling units.

Recent changes to the current Municipal Act allow municipalities to partially or fully waive development charges for affordable housing projects. When the City reviews its Development Charges By-law in 2003, the City should examine how

development charges may be used as an effective fiscal tool to achieve community development objectives. The Development Charges review should specifically examine how the By-law could be used to support affordable housing as well as support revitalization efforts throughout the central city.

***Action 5 - Research the various options for establishing and funding a reserve account or a revolving fund for affordable housing.***

***Timeframe – Immediate***

Interest rates are at record lows. Other cities have recently re-negotiated mortgages on social housing at lower interest rates with the savings being reinvested in reserve funds to support the development of affordable housing initiatives.

Recent changes to the Municipal Act now allow the County, as the Consolidated Municipal Service Manager (CMSM) responsible for subsidized housing in Guelph and area, to define affordable housing as a "capital facility", similar to public parks, or government institutions (such as a library). By doing this, the County is free to provide the following incentives:

- Loans at favourable rates
- Grants (including fee rebates for development frontage charges, planning/building permit approval fees)
- Land, including giving, selling or leasing below market value
- Guaranteed borrowing
- Municipal services at no charge

By exempting affordable housing from these charges, the County, with the City's support, could substantially assist in the provision of new affordable housing.

The City and/or the County should investigate different ways to establish reserve accounts or revolving funds to assist in affordable housing production.

## **Summary of Financial Incentives**

The cumulative effect of current housing subsidies and proposed housing subsidies is described for various forms of construction in the following table. For the purposes of this report, this example is only for existing and potential subsidies for a 2 bedroom affordable rental unit.

**Table 2: Cumulative Effect of Incentives (per unit) for Affordable Rental Housing Development**  
 Illustration of existing and proposed financial incentives for a 2-bedroom unit in various locations from municipal contributions only.

Type of Unit	Location	Existing Incentives				Subtotal (existing)	Potential Development Incentives*****			Total (potential)
		DC Waiver *	Multi-residential Tax Class**	Other incentives ***	Downtown TIF (annual) ****		Capital Grants	DC Waiver (extended to the OBA)	3-year TIF (extended to affordable housing in Downtown and OBA)	
Basement Apt.	Any	\$ 5,600	\$ -			\$ 5,600	\$ 3,000.00			\$ 8,600.00
Conversion	Downtown	\$ 5,600	\$ 2,200	\$ 1,000	\$ 830	\$ 9,630	\$ 6,000.00		\$ 670.00	\$ 16,300.00
	OBA	\$ 500	\$ 2,200			\$ 2,700	\$ 6,000.00	\$ 5,100.00	\$ 1,500.00	\$ 15,300.00
	Suburb	\$ -	\$ 2,200			\$ 2,200	\$ 6,000.00			\$ 8,200.00
Townhouse (new)	Downtown	\$ 7,900	\$ 2,200	\$ 1,000		\$ 11,100	\$ 6,000.00		\$ 1,100.00	\$ 18,200.00
	OBA	\$ 800	\$ 2,200			\$ 3,000	\$ 6,000.00	\$ 7,100.00	\$ 1,100.00	\$ 17,200.00
	Suburb	\$ -	\$ 2,200			\$ 2,200	\$ 6,000.00			\$ 8,200.00
Apartment (new)	Downtown	\$ 5,600	\$ 2,200	\$ 1,000		\$ 8,800	\$ 6,000.00		\$ 1,240.00	\$ 16,040.00
	OBA	\$ 500	\$ 2,200			\$ 2,700	\$ 6,000.00	\$ 5,100.00	\$ 1,240.00	\$ 15,040.00
	Suburb	\$ -	\$ 2,200			\$ 2,200	\$ 6,000.00			\$ 8,200.00

\* Guelph's development charge by-law provides for different charges based on geographic location. Currently the City treats the developments in the Downtown, the Older Built-Up Area (OBA) and suburban areas differently.

\*\* Guelph created the "Tax Class for New Rental Buildings" to reduce the tax rate on new rental multi-residential buildings from 2.9% (existing multi-residential rate) to 1.06% (single detached rate) for a period of 8 years. Basement apartments are already also taxed at the lower rate.

\*\*\* "Other incentives" include exemption from park dedication fees and exemptions from parking requirements on conversions.

\*\*\*\* TIF is the acronym for "Tax Increment Financing". TIF is currently provides relief from higher taxes due to increased post-construction assessments for a period of 3 years. This currently applies only to converted buildings in the downtown.

\*\*\*\*\* Other potential incentives that can be added to a capital grant include:

- Exemption for front end charges to pay for previously upgraded infrastructure
- Planning approval and building permit fee exemptions

# Regulatory Review & Reform

## Problem

Some municipal regulations, while addressing certain land use and community design objectives, create disincentives to the creation of affordable housing.

## Background and Actions

The following are examples of municipal regulations that act as obstacles to the creation of affordable housing:

### Parking regulations

Zoning and development standards for parking tend to reflect average vehicle ownership and parking demand on a City-wide basis. Average vehicle ownership and use may decrease with household income. There may also be a relationship between the age, size and type of dwelling units and their affordability.

If parking standards for affordable housing can be reduced, the “overhead” associated with not having to provide for the parking can then be applied to reduce required rents. It is necessary however to ensure that adequate parking continues to be made available.

***Action 1 - Additional parking demand/supply research will be undertaken to determine if parking can be reduced for housing developments targeted at lower-income households.***

***Timeframe – Short term***

### Lodging house regulations

Only thirty-four (34) lodging houses in Guelph are registered with the City, which is much lower than the number of registrations in Waterloo (834), a City with comparable community characteristics.

Lodging houses are a form of affordable housing. Their most common form consists of individual private bedroom areas in association with shared common eating and washroom facilities. According to health and safety standards set by the Ontario Building Code, once these shared accommodation forms cross a threshold related to the number of residents living in the unit, additional provisions for life safety must be met. In terms of analyzing “overhead costs” for the unit, the more occupants that are permitted to share the unit, the lower each tenant’s share of the cost of operating the shared space (kitchen, living room and bathroom) and utilities occurs.

Lodging House regulations in Guelph are stricter than those of the Ontario Building Code with respect to occupancy. Guelph permits only three unrelated occupants per dwelling while the Ontario Building Code permits four.

***Action 2 - Review lodging house regulations, administration and enforcement and determine how Guelph's Lodging House By-law supports or does not support the establishment of lodging houses. Revise Guelph lodging house regulations, administration and enforcement as necessary.***

***Timeframe – Immediate***

**Accessory apartment regulations**

Since 1993, approximately 700 accessory units have been created and registered in Guelph, most of which have been basement apartments. There are two main reasons for this:

- first, development charges are waived for all accessory units, resulting in an effective subsidy of up to \$5,600 for the unit;
- Second, construction costs for renovating basement apartments are considerably lower than for creating completely new units.

The City should continue to build on its successes in providing accessory apartments.

The Development Charges Act permits up to two accessory units per single detached house, and one additional unit in semi-detached or townhouse uses to be exempt from development charges.

Guelph permits only one accessory unit per single-detached or semi-detached house. Additional accessory units could be considered based on a floor area ratio so that more than one accessory unit can be provided in larger houses, which have the land area and parking capacity to support it.

Guelph does not permit accessory units in townhouses. If accessory units were added to townhouses at the same rate as they are added to other types of dwellings, this would result in additional dwelling units. One of the major concerns in allowing accessory units in townhouses relates to the provision of parking, and thus the consideration of allowing additional accessory apartments should be predicated on adequate parking being available.

***Action 3 - Undertake a review of the Zoning By-law to determine what obstacles exist to the creation of accessory apartments in townhouses, semi-detached and single detached houses; and***

***Revise accessory unit regulations as necessary to increase the supply of affordable housing while maintaining health and safety standards and neighbourhood stability.***

***Timeframe – Short term***

**Regulations for the provision for single room occupancy (SRO) units**

Single room occupancy dwelling units, as defined by the Ontario Building Code, are units that contain sleeping accommodation for not more than 2 persons in a

living area of not less than 145 sq.ft. These units would be much more affordable than the smallest permitted dwelling units that the City's current Zoning By-law permits, (ie. Regulation 4.15.1.5 – Only units of a minimum size of 344 sq.ft. may be constructed).

While the provincial legislation regarding this type of unit supersedes the provisions of the City's Zoning By-law, the SRO unit regulations are not mentioned in Guelph's Zoning By-law. There would be benefits in explicitly outlining the Ontario Building Code provisions respecting SROs in the City's Zoning By-law, ie raise awareness and potential for development.

***Action 4 - Explicitly include single occupancy unit development provisions in Guelph's Zoning By-law. Determine the appropriate associated regulations to this form of affordable housing, eg. parking standard, minimum amenity areas.***

***Timeframe – Short term***

## **C. Information Co-ordination, Marketing, Lobbying, and Partnerships**

### **Problem**

Efforts to support affordable housing are not optimally co-ordinated.

### **Background**

The Housing Services Department of Wellington County manages social housing as the Consolidated Municipal Service Manager (CMSM) for the City of Guelph and the County of Wellington. The City contains over 80% of the total social housing stock in the area, and therefore City residents are the primary beneficiary of this service.

Both Wellington County and the City of Guelph are currently preparing policies and action plans to support the provision of new affordable housing. Wellington County has recently hired a number of new staff to plan and co-ordinate housing-related activities.

### **Actions**

***Action 1 - Work with Wellington County to define responsibilities***

***Timeframe – Immediate***

The City's and the County's roles in the provision of affordable housing are changing. The relationship between the City and the County with respect to social housing, with the County as the provider-administrator and City residents as the majority of tenants, also needs to be addressed. There is a need to

define the responsibilities of each entity in order to ensure co-ordination. The City's Chief Administrative Officer has been directed by Council to discuss the working relationship between the City and the County in this area.

***Action 2 - Designate a point person to co-ordinate development opportunities***

***Timeframe - Immediate***

There should be a point person to co-ordinate the piggybacking of various municipal, provincial, federal and other incentive and funding programs for affordable housing development. This role could be undertaken by either the County or City or jointly depending on how the working relationship in this area is defined. It would require an individual with expertise in housing development and marketing.

***Action 3 - Market the existing and proposed housing programs for all government levels.***

***Timeframe – Immediate***

The City needs to find out why existing incentive programs are underused in Guelph. Existing and proposed programs in support of affordable housing need to be promoted to property owners, builders and developers to increase the utilization rate of these programs. Some external funding programs, such as programs offered by Canada Mortgage Housing Corporation are chronically underutilized in Guelph.

***Action 4 - Lobby senior government levels to participate in funding.***

***Timeframe – Immediate and on-going***

The City is a member of the Canadian Federation of Municipalities and continues to support lobby efforts to increase senior government level support for affordable housing. To date, the federal government has announced the creation of a framework for partnership with other government levels. The province has indicated they are providing funding to offset the provincial sales tax up to \$2,000 per unit to assist in affordable housing production. Further commitments are required.

***Action 5 - Develop affordable housing demonstration project(s) working with partners, ie other government levels, non-profit, private sectors.***

***Timeframe – Short term***

A recent survey of multiple-residential development site property owners in Guelph was completed. This survey indicated there is interest in partnering with the government to construct affordable housing. The local municipalities have the potential to take on a leadership role by facilitating public-private partnerships for demonstration projects for affordable housing. This could involve the City taking on the following roles:

- Providing surplus land for affordable housing projects and issuing a “Request for Proposal” to solicit private sector interest and the conditions which may be necessary to facilitate affordable housing production;
- Facilitating property acquisition for community groups development affordable housing, ie, surplus school sites.

#### **4. Monitoring and Evaluation**

All municipal initiatives in support of affordable housing should including a monitoring strategy to evaluate achievement of objectives. This may include benchmarking and tenant satisfaction evaluations.

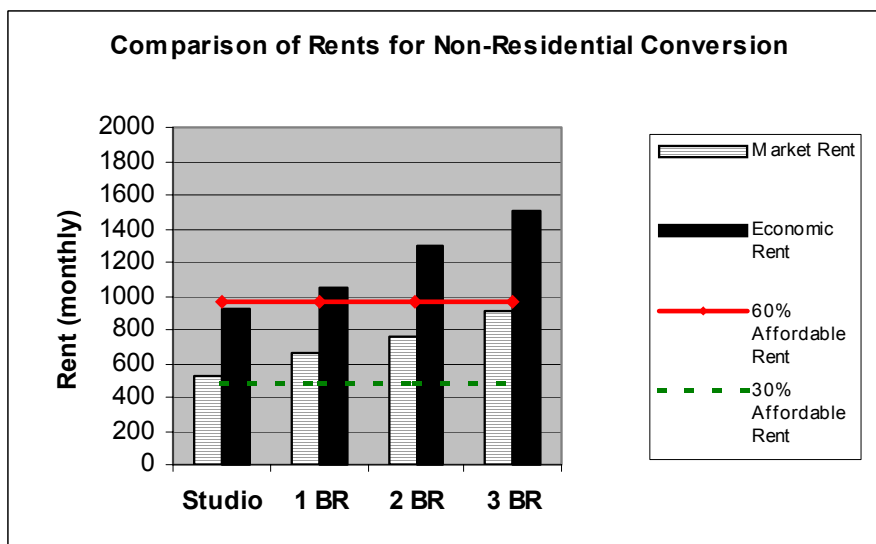
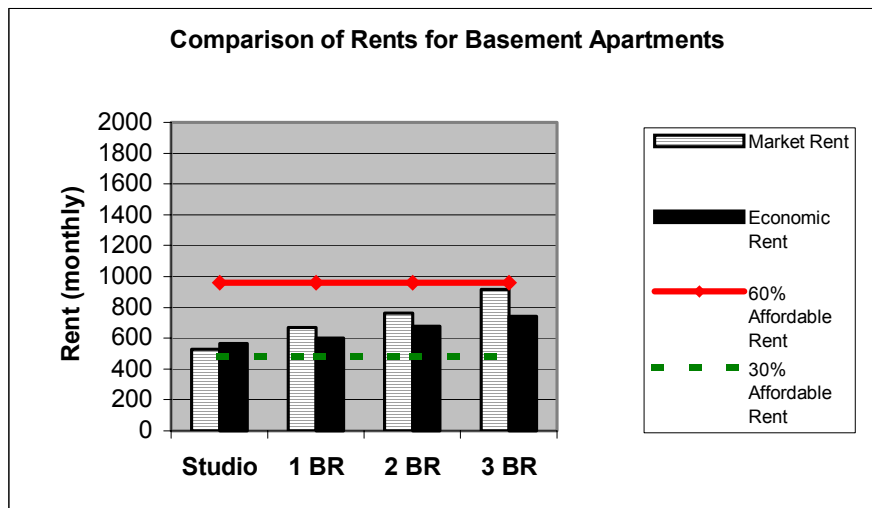
***Action 1 - Establish a benchmarking system to measure the success of initiatives concerning affordable housing.***

***Timeframe – Immediate and on-going.***

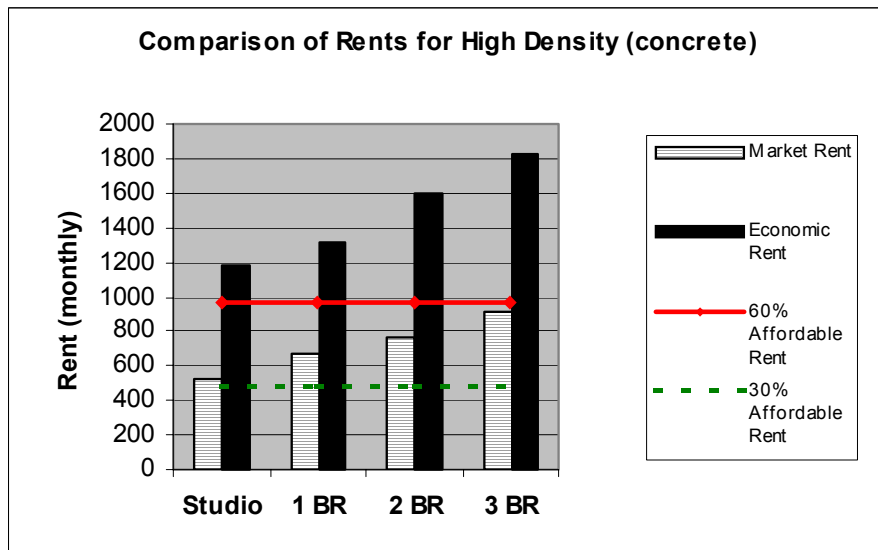
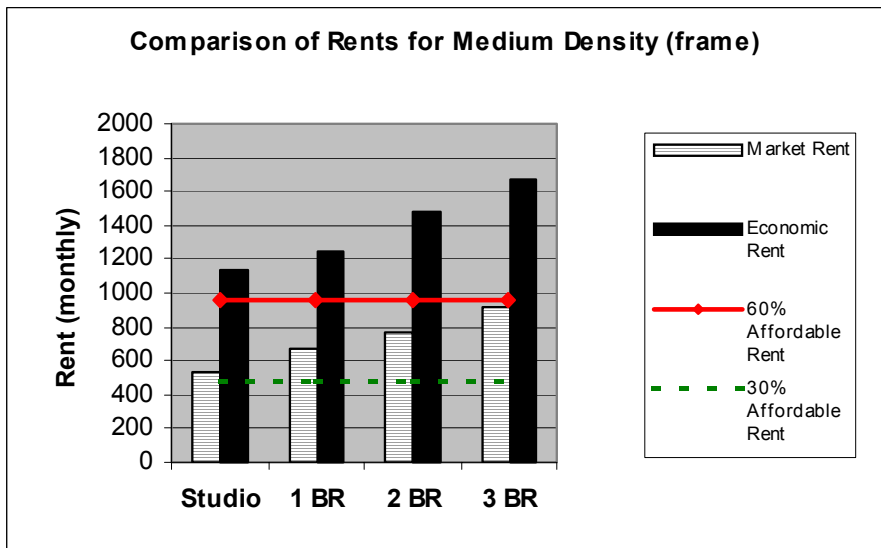
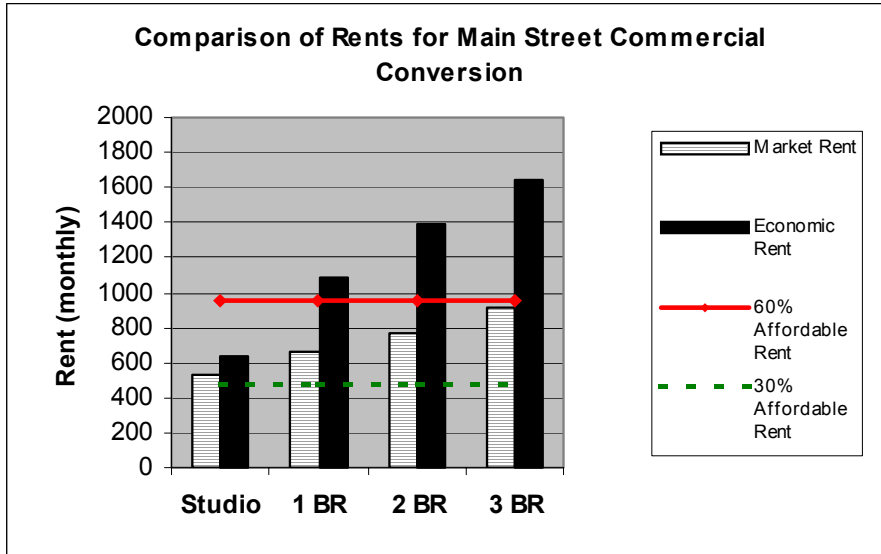
## Appendix A: Comparison of Affordable, Market and Economic Rents City of Guelph Tenant Households Earning \$19,000 - \$38,000 Annually Number of Bedrooms

	Studio	1 BR	2 BR	3 BR
<b>Affordable Rents</b>				
30% Affordable Rent	483	483	483	483
60% Affordable Rent	960	960	960	960
<b>Market Rent</b>	528	668	764	917
<b>Economic Rent</b>				
Basement Apartment	565	602	678	741
Non-residential Conversion	928	1053	1302	1509
Main Street Commercial Conversion	641	1092	1394	1645
Medium Density (frame)	1136	1250	1476	1665
High Density (concrete)	1185	1322	1594	1820

Source: Anderson Consulting, 2001; CMHC Market Rents, October 2001



Appendix A (Continued)

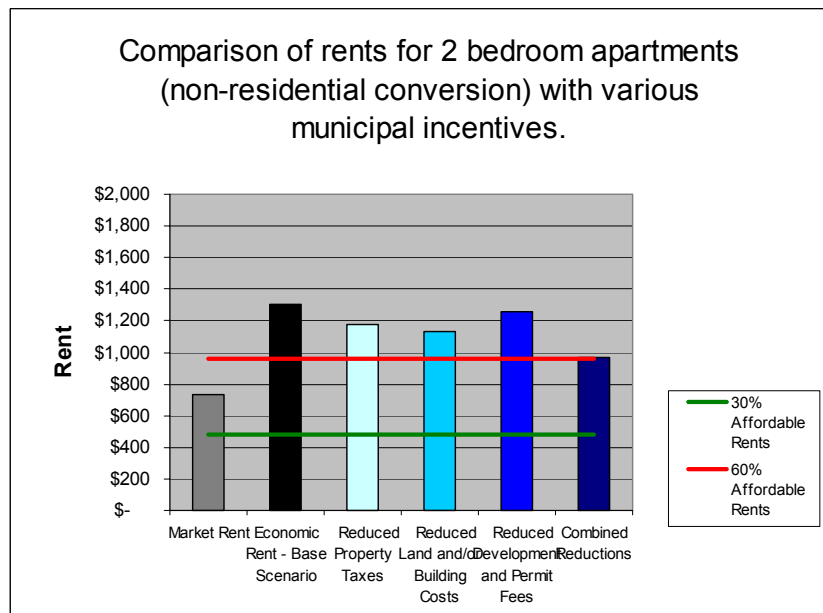
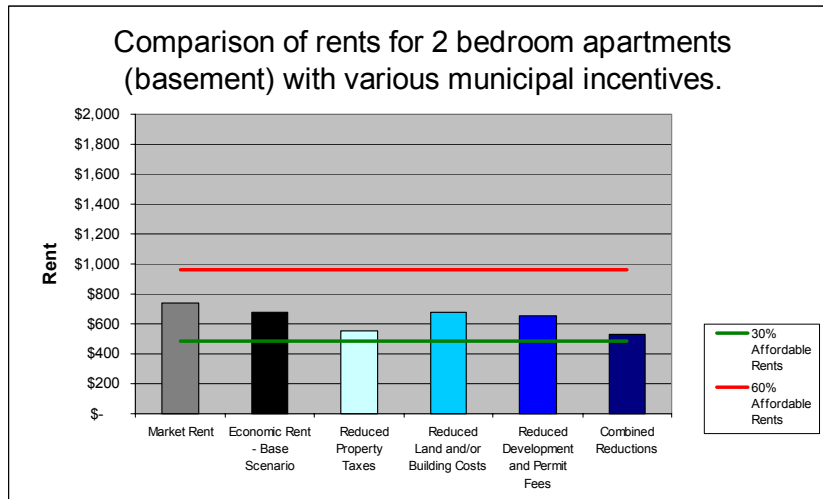


# Appendix A (Continued)

## Potential Municipal Incentive Scenarios – Anderson Consulting

	Basement	Non-Residential Conversion	Main Street Commercial Conversion	Medium Density (frame)	High Density (concrete)
<b>30% Affordable Rent</b>	\$ 483	\$ 483	\$ 483	\$ 483	\$ 483
<b>60% Affordable Rent</b>	\$ 960	\$ 960	\$ 960	\$ 960	\$ 960
<b>Market Rent</b>	\$ 736	\$ 736	\$ 736	\$ 736	\$ 736
<b>Economic Rent - Base Scenario</b>	\$ 678	\$1,302	\$ 1,394	\$ 1,476	\$ 1,594
Reduced Property Taxes	\$ 553	\$1,177	\$1,269	\$ 1,351	\$ 1,469
Reduced Land or Building Costs	\$ 678	\$ 1,135	\$ 1,061	\$ 1,327	\$ 1,445
Reduced Development +Permit Fees	\$ 656	\$1,258	\$1,372	\$ 1,389	\$ 1,506
<b>Combined Reductions</b>	\$ 531	\$ 966	\$ 914	\$ 1,115	\$ 1,232

Source: Anderson Consulting, 2001



Appendix A (Continued)

