

STAFF REPORT



TO City Council

SERVICE AREA Infrastructure, Development and Enterprise

DATE July 11, 2016

SUBJECT Affordable Housing Strategy: Recommended Strategic Actions

REPORT NUMBER 16-55

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To present the Recommended Strategic Actions Report that provides recommendations for a final strategy that will make an impactful difference on **the City's affordable housing needs**. The report also presents the community engagement results on the draft directions.

KEY FINDINGS

This report and the Recommended Strategic Actions Report (Attachment 1) present recommended strategic actions to:

- support achievement of the city-wide 30% affordable housing target (27% ownership and 3% rental);
- monitor achievement of the target; and
- address affordable housing issues on the market end of the housing continuum.

The affordable housing issues identified include: a lack of small units; primary rental supply and; security of tenure within the secondary rental market. In the City of Guelph the housing market has met the annual 27% affordable housing ownership target each year over the past seven years. However the annual 3% affordable housing rental target has not been except in 2012 when one rental housing project for seniors was developed. It is of note that the affordable rental units that were created in 2012 benefited from financial incentives and were targeted towards the senior population.

The City's Affordable Housing Strategy is positioned to address land use planning requirements for a full range and mix of housing including affordable housing for low to moderate income households. It serves to complement the **County's Ten-year Housing and Homelessness Plan** with its homelessness and assisted non-market housing focus by focusing on the market end of the housing continuum. The Strategy is not meant to duplicate the roles and/or responses from the County/non-profit housing providers rather it serves to

STAFF REPORT



complement the activities of other providers by informing, influencing and assisting the market **with meeting our community's** ownership and rental housing needs. The recommended actions are mindful of removing barriers, facilitating and measuring desired outcomes, and incenting where necessary.

The preferred approach for the strategy is to build on current tools/approaches, connect with relevant corporate projects and propose actions that are respectful of roles and responsibilities of the City and its potential partners prior to the introduction of new tools. The strategy that shows the best potential for **addressing the City's affordable housing target and issues, combines fifteen of** the draft directions into the following six areas:

1. Targets and Benchmarks
2. Planning Regulations and Processes
3. Financial Incentives
4. Development Charges
5. Partnerships; and
6. Implementation/Monitoring

The City is undertaking further research on the costs of development to help **determine the financial "tipping point" for creating affordable** market ownership and rental **housing that meets the City's benchmark prices. This will help inform** the amount and types of financial incentives that could have a meaningful impact on identified affordable housing issues. This will be reported in the final Affordable Housing Strategy and inform the concurrent work to develop a contemporary Affordable Housing Reserve policy and sustainable funding model.

City staff continues to monitor changes underway at the Provincial and Federal levels of government that impact affordable housing such as the Province of Ontario's update to the Long-Term Affordable Housing Strategy (LTAHS) that includes affordable market housing recommendations. Implementation of the **Province's update to the LTAHS is proposed to be achieved through provincial legislative changes introduced on May 18, 2016 in the *Promoting Affordable Housing Act*, 2016.**

The final Affordable Housing Strategy is scheduled to be presented to Council for approval in Q4 2016. Once approved staff will begin implementing the strategic actions and monitoring outcomes. Successful outcomes will result in an increase in the amount of smaller units, creation of affordable rental housing units, and increased security of tenure for rental households. The final strategy will consider timing and resource needs for the recommended actions informed by the additional work underway.

FINANCIAL IMPLICATIONS

The development of the Affordable Housing Strategy is funded through approved capital funding. Financial implications will be addressed in the final strategy with respect to potential costs related to implementation

STAFF REPORT



ACTION REQUIRED

To receive the Affordable Housing Strategy: Recommended Strategic Actions Report and endorse the recommended actions to proceed with the final phase of the project.

RECOMMENDATION

1. That Report 16-55 from Infrastructure, Development and Enterprise (IDE) regarding the Affordable Housing Strategy: Recommended Strategic Actions Report dated July 11, 2016 be received.
2. That Council endorses the use of the Recommended Strategic Actions Report set-out in IDE Report 16-55 for continued community engagement in the preparation of the final Affordable Housing Strategy.

BACKGROUND

The provision of a full range of housing, including affordable housing, to meet the changing needs of all types of households is a **fundamental component of Guelph's** sustainable community vision. **The City's Official Plan Update (OPA 48)** established a city-wide target of 30% of all new housing to be affordable with 27% of all new housing being affordable ownership housing and 3% of all new housing being affordable rental housing. In 2015, this equates to approximately 304 ownership units priced at \$327,000 or below and 34 rental units priced at \$1,003/month or below (2013 benchmarks were \$295,000 and \$944).

The Affordable Housing Strategy is intended to address municipal land use planning requirements under the Provincial Growth Plan and Provincial Policy Statement regarding planning for a range of housing types and densities by establishing and implementing minimum targets for the provision of affordable rental and ownership housing.

It serves to compliment **the County's Ten-year Housing and Homelessness Plan** with its homelessness and assisted non-market housing focus and the private market place. The Strategy is not meant to duplicate the roles and/or responses from the County/non-profit housing providers rather it serves to make some changes as per the executive summary to inform, influence and assist the market with meeting our **community's housing needs**. The work is at a pivotal point where the purpose and market scope of the strategy are defined, issues and needs are identified, and municipal tools and draft directions have been researched and explored with the community and recommended actions have been identified.

The **Housing Strategy Background Report and Proposed Project Charter** (Staff Report 14-15) scoped the strategy to focus on market rental and ownership

STAFF REPORT



housing. The Council approved scope recognizes the continued lead role of the County of Wellington as the Service Manager in the provision of social housing and homelessness services which the City supports through its funding to the County in **the social services budget. The County's work includes the development and implementation of the Ten-Year Housing and Homelessness Plan for Guelph and Wellington.**

The **State of Housing report** (Staff Report 15-37) presented updated benchmark **affordable ownership and rental prices and an analysis of whether the City's** affordable housing targets were being met. The analysis revealed that the City has met its 27% affordable ownership housing target each year from 2009-2013. However, the 3% affordable housing target has not been met except in 2012 when 12.5% of all new housing was affordable rental. No affordable rental housing units were created in the primary rental market in the other years.

The State of Housing report provided a demographic and statistical analysis of housing in the City of Guelph which identified the following three key issues facing our city:

Issue 1: There are not enough small units to rent or buy to meet the affordability needs of all smaller households.

Issue 2: A lack of available primary rental supply makes it difficult for people to find affordable rental housing.

Issue 3: The secondary rental market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

Small units are generally bachelor and one bedroom units that would be suitable for a one person household or couple (no children). There is a current disconnect between the number of bedrooms required by households and the supply available, amounting to a shortage of over 18,000 smaller units (bachelor and one bedroom). Some households may choose to occupy a larger unit; however other households do not have the financial resources to make that choice. Incidentally, one person households have the greatest level of core housing need (25% of all households and 43% of all renter households).

It is estimated that 45% of the City's rental housing market is comprised of secondary rental stock (ownership housing rented out) which may not offer security of tenure since the owner may choose to remove it from the rental market. Incidentally, in general accessory apartments were the most affordable units followed by primary rental housing (purpose built). The rental of condominium apartments and townhouses, were the most expensive.

The **Draft Directions Report** (Staff Report 15-101) described a number of affordable housing tools, including current City of Guelph practices and a review of the practices of other municipalities with a focus on comparator municipalities. The

STAFF REPORT



review identified 24 draft directions organized by the following categories of tools available:

1. Regulatory
2. Policies and Procedures
3. Financial
4. Partnerships
5. Advocacy

City staff included an initial assessment of the potential of each draft direction to address the three identified affordable housing issues. Council received the draft directions and approved their use as the basis of community engagement to further develop the recommendations for the Affordable Housing Strategy.

REPORT

This report presents the staff recommendations on the use of the draft directions in the recommended strategy along with the results of the community engagement work. **The community engagement work helped build the community's awareness** and understanding of affordable housing issues and potential responses. The results also helped staff gauge community views on how important they felt the directions were in addressing affordable housing issues in Guelph.

The initial staff assessment and community engagement results were supplemented by additional research that helped City staff to determine which draft directions to not move forward on, which directions to continue and which directions to incorporate into the Affordable Housing Strategy.

Initial Staff Assessment of Draft Directions

The Draft Directions Report included an initial assessment of the potential of each draft direction to address the **City's identified housing issues**. **The initial assessment** was based on the degree of city control, impact on the affordable housing issues and ease of implementation. The majority of the 24 draft directions were initially assessed as having medium potential. Social financing (draft direction 3.2) and identifying and reserving lands for affordable housing as part of the development approval process (draft direction 1.8) were both identified as having low potential. Draft direction 1.8 is reliant on changes to provincial legislation.

The following four draft directions were initially assessed as having high potential in addressing the identified affordable housing issues:

- 1.1 **Incent new rental housing construction by maintaining a "New Multi-residential" property tax rate equalized to the rate for Residential properties;**
- 2.1 Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed;

STAFF REPORT



- 3.1 Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing; and
- 5.1 Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

Community Engagement Results

Community engagement on the draft directions included a key stakeholder session, two public meetings and an online survey with a total of approximately 60 participants. Looking at the combined results, all of the draft directions were rated as important/very important by a majority of respondents. Social financing (draft direction 3.2) was the least understood with 45% of respondents rating it as neutral or not important/less important.

The following seven (7) draft directions received the most amount of support with at least 80% of respondents rating them as very important/important:

- 1.4 Develop an Implementation Plan to meet the Official Plan affordable housing targets;
- 1.5 Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular smaller units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations;
- 1.7 Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan;
- 2.1 Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed;
- 2.4 Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City;
- 4.1 Work with the County as Service Manager on the development of the **County's incentive toolkit and promote any affordable housing programs** provided by all levels of government; and
- 5.1 Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

Overall the directions recommended by City staff were all supported with the majority of the high ranking directions being carried forward into the recommended strategic actions.

Review of Draft Directions

The initial staff assessment and community engagement results were supplemented by additional research that helped City staff to determine which draft directions to incorporate into the Affordable Housing Strategy.

The preferred approach for the strategy is to build on current tools/approaches, connect with relevant corporate projects and propose actions that are respectful of roles and responsibilities of the City and its potential partners.

Fifteen draft directions are recommended for inclusion in the affordable housing strategy. Two of the draft directions reflect current City practices which should continue and seven of the draft directions are not recommended for inclusion in the Affordable Housing Strategy.

Directions Recommended for Inclusion in the Strategy

The Affordable Housing Strategy will provide the implementation framework for the **Official Plan's affordable housing objectives and policies. The strategy will advance** the Official Plan policies by providing concrete actions to be implemented by the City to support achievement of the city-wide 30% affordable housing target along with a mechanism to monitor development activity against the target. The strategy will also recommend approaches to address affordable housing issues on the market end of the housing continuum which include a lack of: small units, primary rental supply and security of tenure within the secondary rental market. The integrated recommended strategic actions presented below will facilitate and **support the achievement of the City's affordable housing target and respond to** identified needs to support a full range and mix of housing including affordable housing.

Staff recommends developing a strategy that shows the best potential for **addressing the City's affordable housing issues** involving fifteen of the draft directions that revolve around the following areas:

1. Targets and Benchmarks (1.3)
2. Planning Regulations and Processes (1.5, 1.6, 1.8, 2.2, 2.3, 5.1)
3. Financial Incentives (1.7, 3.1)
4. Development Charges (1.9)
5. Partnerships (4.1, 4.4); and
6. Implementation/Monitoring (1.4, 2.1, 2.6)

The proposed actions are respectful of roles and responsibilities, connect with relevant corporate projects and build on current practices. The recommended actions are mindful of removing barriers, facilitating and measuring desired outcomes, and incenting the development of new affordable housing units where significant positive outcomes will be achieved. The following provides a brief summary while Attachment 1 includes a fulsome discussion of the affordable housing strategy recommended actions. Attachment 2 provides a summary of each recommended strategic action.

1. Targets and Benchmarks

It is recommended that the Official Plan target be maintained with modifications to the timeframes for measuring the achievement or development of affordable rental

housing. It is important that an affordable rental target be maintained to recognize the importance of acknowledging and responding to the increased challenges rental households face. In addition it is recommended that the rental housing target be measured as a five year annual average to recognize the variability of rental housing construction. Purpose built secondary rental housing units, excluding accessory apartments, are recommended to be included where known.

2. Planning Regulations and Processes

It is recommended that a number of zoning regulations be reviewed as part of the **City's** comprehensive review of its Zoning By-law to assist with the creation of affordable housing. For example, consideration of regulations for accessory apartments in townhouse units; consideration of pre-zoning appropriate sites for medium and high density residential uses; and exploration of a flexible low density residential zoning category that would permit both single and semi-detached dwelling units. The unit size and cap limits of accessory apartments (i.e. 45% of total Building Floor Area and 80 m² of Floor Area) are recommended to be maintained to ensure smaller unit sizes are available. Development standards should also be reviewed with an affordable housing lens.

3. Financial Incentives

It is recommended that a wide variety of financial assistance be provided for the development of affordable housing that recognizes the site specific needs of development proposals and potential partners. A Community Improvement Plan for affordable housing would allow the City to extend financial assistance to a broader range of potential recipients.

Affordable small rental units in particular are not being developed and may require financial incentives. The City is undertaking further research on the costs of development to help determine the financial "tipping point" for creating affordable market ownership and rental **housing that meets the City's benchmark prices. This** work will help inform the amount of financial incentive needed to support affordable housing which will be reported in the final Affordable Housing Strategy and inform the concurrent work to develop a contemporary Affordable Housing Reserve policy and sustainable funding model.

4. Development Charges

It is recommended that changes to the Development Charges By-law in 2019 be considered to provide exemptions or reduced rates for affordable housing in light of a contemporary financial incentive policy. The changes would involve exploring Development Charge exemptions or reduced rates for affordable housing, or providing offsetting grants through other financial incentive programs. The next Development Charges By-law review will be the time to fully consider implications of proceeding with this action, although off-setting grants could be examined prior to 2019 as part of an incentives program.

5. Partnerships

STAFF REPORT



It is recommended that a partnership approach be taken with the County and housing providers to help coordinate and increase the impact of our responses to affordable housing issues. In addition, where appropriate the City could provide assistance to the County and housing providers with increasing the yield of affordable housing units on their properties. Taking a partnership approach supports coordinated responses that minimize unnecessary overlap and maximize leverage opportunities.

6. Implementation/Monitoring

It is recommended **that the City's 30% affordable housing target be implemented** city-wide. Affordable housing opportunities are to be identified city-wide through the development application process with a focus on development within the Urban Growth Centre, Intensification Corridors and Community Mixed Use Nodes and larger scale greenfield developments. The City will develop a Terms of Reference for an Affordable Housing Report (AHR) to assist the development industry in submitting an AHR stating how the proposed development would help meet the **City's affordable housing targets. The City's Official Plan Update (OPA 48), 2012** allows the City to request an AHR as part of a complete application.

Implementing the City's affordable housing target is largely dependent upon designating a suitable amount and density of land for residential use, including **mixed use developments. There is a high correlation between the City's growth** management policies and the ability to meet **the City's** affordable housing targets. Affordable housing tends to be located within medium and high density developments (i.e. townhouse and apartment units). Medium and high density development is supported throughout the City, especially within the Urban Growth Centre, Intensification Areas and Community Mixed Use Nodes. The added benefit of these areas is that they also support an affordable lifestyle by supporting transit services and a mix of uses that include important community amenities. In addition development within the greenfield area will be planned and designed to include affordable housing.

It is recommended that the City investigate the feasibility of annual monitoring including a breakdown of the number of bedrooms in new residential units, including accessory apartments as this information is not currently available. In addition data on the secondary rental market is recommended to be researched on a five year cycle, including a survey of registered accessory apartments to understand the number of accessory apartments rented and rental rates.

Implementing the proposed actions and monitoring results is essential to supporting achievement of desired outcomes and allows for the identification of the need for changes to actions if desired outcomes are not met.

The monitoring work will also assist the development industry in completing an Affordable Housing Report by providing current ownership and rental benchmark prices and advising them of current needs and measures.

Existing City Practices

Draft directions, reflecting current City practices, were included as part of the Draft Directions Report to provide a full description of tools available to the City. It is recommended that the City continue with the following two draft directions:

- 1.1 Incent new rental housing construction by maintaining a “New Multi-residential” property tax rate equalized to the rate for Residential properties; and
- 5.2 Develop a corporate advocacy strategy related to affordable housing.

Directions not Recommended to Proceed

Following the community engagement work and further review by City staff, the following seven draft directions are not recommended for inclusion in the draft affordable housing strategy:

- 1.2 Develop/acquire and operate affordable housing using a Municipal Service Corporation, i.e. Guelph Municipal Holding Inc;
- 1.10 Explore the inclusion of affordable housing/social housing as a general service during the next update of the Development Charges By-law to be completed March 2019.
- 2.4 Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City;
- 2.5 Explore the feasibility of developing a City land banking program to acquire and protect lands for affordable housing;
- 3.2 Explore social financing as a means of funding affordable housing units, especially smaller units (bachelor and one bedroom units) and primary rental housing;
- 4.2 Research innovative housing with partners to create a resource document that could be used with other tools to support the development of affordable housing e.g. pocket housing; and
- 4.3 Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units).

The above draft directions largely represent new approaches that require significant resources and funding to proceed or are dependent upon other actions proceeding. The exclusion of the draft direction in the Affordable Housing Strategy does not mean the City would not take advantage of opportunities that may arise. For example if suitable lands and/or new federal and provincial funding opportunities become available for affordable housing the City could look towards supporting their development in a manner that could serve as a demonstration project. Further information is available in the Recommended Strategic Actions Report. See Attachment 1, Section 3.5.

Provincial Long-Term Affordable Housing Strategy Linkages

STAFF REPORT



On March 14, 2016 the government of Ontario released the update to the Long-Term Affordable Housing Strategy (LTAHS). **The LTAHS updated vision is: “Every person has an affordable, suitable, and adequate home to provide the foundation to secure employment, raise a family, and build strong communities”.** One of the themes of the LTAHS is around an appropriate and sustainable supply of housing which encompasses more affordable market housing. Affordable market housing is supported by enhancing land use planning and municipal finance tools and by supporting small landlords through legislative changes.

Implementation of the **Province’s update to the LTAHS** is proposed to be achieved through provincial legislative changes introduced on May 18, 2016 in the *Promoting Affordable Housing Act*, 2016. If passed the *Promoting Affordable Housing Act*, 2016 would amend four provincial acts including the *Planning Act*. The proposed legislation would set out an enabling framework for inclusionary zoning that would allow municipalities to offer incentives such as reduced parking, waived or reduced fees and faster approval processes. In addition appeals of inclusionary zoning official plan policies and zoning by-laws to the Ontario Municipal Board would not be permitted, except by the Minister of Municipal Affairs and Housing. The intent of the changes is to address potential issues related to the economic profitability of development proposals. Details on the legislative change remain subject to provincial consultation with key stakeholders to help the province develop a framework.

Next Steps

The City’s final Affordable Housing Strategy will present the recommended strategic actions based on findings from the Background Report, State of Housing report, Draft Directions Report and Recommended Strategic Actions Report. The final strategy will consider timing and resource needs including staffing and financial costs. Some of the recommended actions are independent and can be implemented with existing resources while others will be accomplished as part of upcoming processes, e.g. comprehensive review of the Zoning By-law. There will also be recommended actions that will require additional financial and staff resources, e.g. development of a Community Improvement Plan for affordable housing. Council approval of the final affordable housing strategy will represent a commitment to move forward on the actions, which may involve subsequent budget requests.

City staff will consult with the key stakeholders group, including representatives from the County of Wellington, University of Guelph, Wellington Guelph Housing Committee and Guelph District Homebuilders Association, on the Strategic Actions Report prior to presenting the final Affordable Housing Strategy to Council.

The City is undertaking further research on the costs of development to help **determine the financial “tipping point” for creating affordable housing that meets the City’s benchmark prices.** This will help inform the amount of financial incentive needed to support affordable housing which will be reported in the final Affordable

STAFF REPORT



Housing Strategy and inform the concurrent work to develop a contemporary Affordable Housing Reserve policy and sustainable funding model.

City staff continues to monitor changes underway at the Provincial and Federal levels of government that impact affordable housing such as the Province of **Ontario's update to the Long-Term Affordable Housing Strategy (LTAHS)** that includes affordable market housing recommendations. Implementation of the **Province's update to the LTAHS is being achieved through provincial legislative changes** introduced on May 18, 2016 in the *Promoting Affordable Housing Act*, 2016.

The final Affordable Housing Strategy is scheduled for completion in Q4 2016.

CORPORATE STRATEGIC PLAN:

2.2 Innovation in Local Government – Deliver public services better.

3.1 City Building – Ensure a well-designed, safe, inclusive, appealing and sustainable City.

FINANCIAL IMPLICATIONS:

Council approved funding in the capital budget is available for completion of the Affordable Housing Strategy. The budget has been used for data acquisition and analysis, community engagement and expertise on the cost of developing housing under various scenarios involving structure types, conditions (i.e. vacant lot, redevelopment), tenure (i.e. rental, ownership), location (i.e. greenfield, built-up area) and unit sizing.

DEPARTMENTAL CONSULTATION:

The Recommended Strategic Actions Report was developed with the assistance of a cross departmental team with representatives from Planning, Urban Design and Building Services; and Intergovernmental Relations, Policy and Open Government. Legal, Realty and Risk Services; Finance; Business Development & Enterprise; Engineering & Capital Infrastructure Services were consulted on specific directions as required.

COMMUNICATIONS:

A Community Engagement Plan has been developed in coordination with Community Engagement and Communications staff. The public and key stakeholders will be consulted throughout this process in accordance with the Community Engagement Plan. The key stakeholders include representatives from the County of Wellington, University of Guelph, Wellington Guelph Housing Committee, Poverty Task Force, Chamber of Commerce, Canada Mortgage and Housing Corporation, Landlord/Property Manager, Habitat for Humanity, Older Adult Strategy (COALT) and Guelph District Homebuilders Association.

ATTACHMENTS

ATT-1 Affordable Housing Strategy: Recommended Strategic Actions Report

STAFF REPORT



ATT-2 Summary of Recommended Strategic Actions

Report Author

Joan Jylanne
Senior Policy Planner

Approved By

Todd Salter
General Manager
Planning, Urban Design and
Building Services
519-822-1260, ext. 2395
todd.salter@guelph.ca

Approved By

Melissa Aldunate
Manager of Policy Planning and Urban Design

Recommended By

Scott Stewart, C.E.T.
Deputy CAO
Infrastructure, Development and Enterprise
519-822-1260, ext. 3445
scott.stewart@guelph.ca

Attachment 1

**Affordable Housing Strategy:
Recommended Strategic
Actions**

Prepared by
City of Guelph
Planning, Urban Design and Building Services
(July 2016)

Affordable Housing Strategy: Recommended Strategic Directions

1	Introduction	4
2	Background.....	4
2.1	Background Report	6
2.2	State of Housing Report.....	6
2.3	Draft Directions Report	8
3	Review of Draft Directions.....	9
3.1	Initial Assessment of Potential.....	9
3.2	Community Engagement Results.....	10
3.3	Directions Recommended for Inclusion in the Strategy	12
3.3.1	Target and Benchmarks.....	13
3.3.2	Planning Regulations and Processes.....	16
3.3.3	Financial Incentives	24
3.3.4	Development Charges	26
3.3.5	Partnerships.....	26
3.3.6	Implementation and Monitoring.....	27
3.4	Existing City Practices to Continue	30
3.5	Directions not Recommended to Proceed	31
4	Conclusion	34
	References.....	35

Appendix 1 – Summary of Affordable Housing Tools, December 8, 2015

Appendix 2 – Affordable Housing Strategy Draft Directions

Appendix 3 – Draft Directions by Strategic Area

Appendix 4 – Summary of Recommended Strategic Actions

Appendix 5 – Tiny House Review

Appendix 6 –Municipal Community Improvement Plans Supporting Affordable Housing

1 Introduction

This report provides recommendations with respect to the 24 draft directions **released in December 2015 to address the City's affordable housing problem** statement and issues. The report begins with background information including summaries of the Background, State of Housing and Draft Direction reports which provide the basis for this report. Council directed staff to use the Draft Directions Report as the basis for community engagement to develop the recommended strategic actions. Both the initial assessment of the draft directions completed by staff and the results of the community consultation work are presented as part of this report. Each of the 24 draft directions was further assessed and have either been recommended or are not recommended to be further pursued at this time.

The City's final Affordable Housing Strategy will provide concrete recommendations regarding how to best support achievement of the city-wide 30% affordable housing target, along with mechanisms to monitor achievement of the target. The strategy will also recommend approaches to address affordable housing issues on the market end of the housing continuum. The final strategy will consider timing and resource needs including staffing and financial costs. Some of the recommended actions are independent and can be implemented with existing resources while others will be accomplished as part of upcoming processes, e.g. comprehensive review of the Zoning By-law. There will also be recommended actions that will require additional financial and staff resources, e.g. development of a Community Improvement Plan for affordable housing. Council approval of the final affordable housing strategy will represent a commitment to move forward on the actions, which may involve subsequent budget requests.

2 Background

The provision of a full range and mix of housing to meet the changing needs of all **types of households is a fundamental component of Guelph's sustainable** community vision. Provincial policy and legislation sets out a framework for municipalities to address housing needs through their role as land use planning authorities and also sets out the requirement for Service Managers (County of Wellington) to develop Housing and Homelessness Plans (HHP) in collaboration with stakeholders, including the City.

The City's Affordable Housing Strategy is positioned to address land use planning requirements for a full range and mix of housing including affordable housing for **low to moderate income households. It serves to complement the County's Ten-year Housing and Homelessness Plan** with its homelessness and assisted non-market housing focus by focusing on the market end of the housing continuum. The Strategy is not meant to duplicate the roles and/or responses from the County/non-profit housing providers rather it serves to complement the activities of other providers by informing, influencing and assisting the market with meeting our **community's ownership and rental housing needs. The recommended actions are** mindful of removing barriers, facilitating and measuring desired outcomes, and incenting where there is significant potential for incentives to meaningfully impact key identified issues.

Figure 1 presents a housing continuum split into non-market and market housing with homelessness at one end of the spectrum and home ownership at the other end.

Figure 1 - The Housing Continuum



source: MMAH, *Municipal tools for affordable housing*, summer 2011

The City's Official Plan Update (Official Plan Amendment 48) establishes a land use policy framework that plans for a full range and mix of housing types and densities, and commits the City to undertaking a Housing Strategy to support implementation of this policy framework. The policies include an annual target of 30% of all new residential development to be affordable (27% ownership and 3% rental) which equates to approximately 338 annual units (304 ownership and 34 rental units) based on current population forecasts to 2031. The creation of approximately 90 accessory apartment units annually is encouraged and supported but is not included as part of the annual affordable housing target.

City staff continues to monitor changes underway at the Provincial and Federal levels of government that impact affordable housing. On March 14, 2016 the Province of Ontario released the update to the Long-Term Affordable Housing Strategy (LTAHS) that includes affordable market housing recommendations. The Province is proposing to consult on a number of initiatives including:

- inclusionary zoning;
- mandated reduced parking requirements;
- mandated reduced planning application fees;
- Development Charge exemptions and Building Code changes for second units in new homes; and
- Ontario Municipal Board revisions.

On May 18, 2016 the Province introduced the *Promoting Affordable Housing Act*, 2016, that if passed, would amend four provincial acts including the *Planning Act*. The proposed *Planning Act* changes would allow municipalities to implement inclusionary zoning. Details on the legislative change remain subject to provincial consultation with key stakeholders to help the province develop a framework and final approval of the legislation.

The City is also undertaking further research on the costs of development to help determine the financial "tipping point" for creating affordable housing that meets

the City's benchmark prices. This will help inform the amount and types of financial incentives that could have a meaningful impact on identified market ownership and rental housing issues. This will be reported in the final Affordable Housing Strategy and inform the concurrent work to develop a contemporary Affordable Housing Reserve policy and sustainable funding model.

The Affordable Housing Strategy work has been an iterative process building on progressive project phases. A brief summary of each project phase is presented below.

2.1 Background Report

The Housing Strategy Background Report and Proposed Project Charter (Staff Report 14-15) was approved by Council in April 2014. The approved project charter scoped the City of Guelph Housing Strategy to focus on affordable market housing. This approach builds on work already completed through the Official Plan Update **recognizing the City's land use planning role and the City's potential to influence the** market housing components of a continuum of housing (i.e. market rental and ownership housing). The project scope focused on policy drivers, roles, responsibilities and tools available to the City.

The Background Report provides a general overview of the housing continuum; definition of affordable housing; summary of various government roles, responsibilities and relationships; background policy documents; past studies and reports; and City funding initiatives.

The project scope recognizes the continued lead role of the County of Wellington as the Service Manager in implementing the HHP, and a need to coordinate our efforts with the County, where appropriate, to ensure that complementary and value-added strategies are developed. The City of Guelph has a funding and land use planning role to support affordable housing. The City budgeted \$19.9M in 2016 to fund Wellington County as the Service Manager for Ontario Works and Social Housing for the provision of housing and homelessness services. This funding includes homelessness programs, emergency shelters and transitional housing. Of that amount, the County reimbursed the City \$1.7M (2015) as a year-end surplus. As a community partner, the City provided support to the development of the Ten-Year Housing and Homelessness Plan for Guelph and Wellington. The approved project scope recognizes that all stakeholders must continue to work together to ensure an integrated, systemic approach to addressing the entire housing continuum.

2.2 State of Housing Report

The State of Housing report (Staff Report 15-37) was presented to IDE Committee on October 6, 2015. The report presented updated benchmark affordable ownership **and rental prices and an analysis of whether the City's affordable housing targets** were being met. The report also provided a demographic and statistical analysis of housing in the City of Guelph to help identify any issues.

The State of Housing report quantified the income based and market based prices for both ownership and rental housing in accordance with the PPS definition of affordable housing. For the City of Guelph the affordable housing benchmark prices in 2013 were:

Ownership	\$294,000
Rental	\$944/month

The State of Housing report also **measured whether or not the City's new housing** stock met the targets over the five year period from 2009 to 2013. The report noted that the affordable ownership target of 27% was exceeded each year. Between 2009 and 2013, a total of 3,305 new units were sold with 48% of them priced below the affordable house price. The majority of units below the affordable benchmark price (94%) were apartment or townhouse units.

In comparison, the affordable rental target of 3% was only met in 2012 with the **development of 80 senior residential units at The Residences of St. Joseph's** which represented 12.5% of new residential units in 2012. The seniors units were developed with financial assistance which allowed them to be geared to low to moderate income households. Between 2009 and 2013, a total of 217 purpose-built (primary) rental units were constructed with only the 80 senior residential apartment units meeting the affordable rental benchmark price, representing 2% of new housing units developed over the five year period.

The State of Housing report also quantified the City's housing stock. In the City of Guelph, an analysis of MPAC data revealed that in 2013 there were close to 53,000 total housing units in the City with 4% of the supply being non-market units, 31% private market rental units and 65% homeownership units. Within the rental supply, approximately 55% are considered primary rental units (purpose-built units) and 45% are secondary rental units (ownership units (e.g. condominium units, single detached homes and accessory apartments) being rented).

The **State of Housing report identified the following problem statement for the City's** affordable housing issues:

The range of housing options available in Guelph is not fully meeting the affordability needs of low and moderate income households.

The following three issues emerged out of the data analysis and provided scope for the Draft Directions Report:

Issue 1: There are not enough small units to rent or buy to meet the affordability needs of all smaller households.

Issue 2: A lack of available primary rental supply makes it difficult for people to find affordable rental housing.

Issue 3: The secondary rental market provides choice of affordable dwelling types but the supply is not as secure as the primary rental market.

Small units are generally bachelor and one bedroom units that would be suitable for a one person household or couple (no children).

The issues reflect the following:

- an aging population;
- supply and affordability challenges for smaller households;
- a lack of new primary rental units being constructed;
- a 0.6% vacancy rate reported for the primary rental market in April 2015 (1.2% vacancy rate reported for the primary rental market in October 2015) (lowest in Ontario); and
- the reliance of many households on the secondary rental market which **accounts for approximately 45% of the City's rental housing stock.**

2.3 Draft Directions Report

The Draft Directions Report (Staff Report 15-101) was presented to IDE Committee on December 8, 2015 for receipt and for use as the basis for community engagement to further develop the draft directions into strategic actions. The report presented 24 draft directions, based on municipal affordable housing tools, to address the three affordable housing issues identified in the State of Housing report.

The City's current use of the tools was initially reviewed to identify existing successes and areas that could benefit from further investigation. In addition strategies and tools of other municipalities were reviewed with a focus on comparator municipalities. Previous affordable housing report recommendations for the City of Guelph were also reviewed to identify directions that remain relevant to **the City's current affordable housing issues.**

The Draft Directions Report presents 24 draft directions organized by the following five categories of tools available:

1. Regulatory
2. Policies and Procedures
3. Financial
4. Partnerships
5. Advocacy

Regulatory responses include ***Municipal Act, Planning Act*** and ***Development Charges Act*** responses. Policies and procedure responses include complete application requirements, height and density bonusing procedures, and the potential use of municipal lands. Financial responses include funding programs, financial incentives and funding reserves. Partnership responses include working with other stakeholders on producing resource documents, communications materials and potential demonstration projects. Advocacy work revolves around inclusionary zoning, which would allow a municipality to request development applications to include affordable housing units, and corporate strategies dealing with increasing senior government investments and strategies.

3 Review of Draft Directions

The Draft Directions Report presented a comprehensive list of 24 draft directions that could assist the City in addressing the identified affordable housing issues. Each draft direction was initially assessed regarding its potential to address the **City's affordable housing issues**. Following release of the Draft Directions Report, community engagement work was undertaken to gauge how important community members **felt each direction was in addressing the City's affordable housing issues**.

Additional research was undertaken by City staff to help determine which draft directions to recommend for inclusion in the affordable housing strategy. The initial assessment of the draft directions, community engagement results, and recommendations are presented below.

3.1 Initial Assessment of Potential

Each proposed draft direction was initially assessed by City staff in terms of criteria related to its potential to address the identified issues and assigned to one of the following three categories:

1. High;
2. Medium; and
3. Low.

The assessment criteria were based on the following:

- degree of city control;
- impact on the three affordable housing issues; and
- ease of implementation.

Appendix 1 presents the 24 draft directions sorted by type of tool and initial assessment of potential. The assessment served as a starting point for discussions with the public to identify directions with the greatest potential to address the identified housing issues.

The majority of draft directions were initially assessed by staff as having medium potential. The draft directions dealing with identifying and reserving lands for affordable housing as part of the development approval process (draft direction 1.8) and social financing (draft direction 3.2) were assessed as having low potential. The following four draft directions were initially assessed as having high potential in addressing the identified affordable housing issues:

- 1.1 Incent new rental **housing construction by maintaining a "New Multi-residential" property tax rate equalized to the rate for Residential properties**;
- 2.1 Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed;
- 3.1 Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing; and
- 5.1 Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

3.2 Community Engagement Results

Community engagement work was conducted on the draft directions to help raise public awareness of the tools available to the City of Guelph and gauge how important **each direction would be in addressing the City's affordable housing** issues. In January 2016 a session was held with key stakeholders to gain insight into each draft direction from a range of interest groups including the development industry, County of Wellington, housing providers and special interest groups. This session was followed by two public meetings held in February 2016. An online survey was posted following the public meetings to reach members of the public unable to attend. Appendix 2 provides detailed results from the stakeholder consultation sessions.

In total approximately 60 people shared their views on the draft directions including 13 key stakeholders, 37 public meeting participants and 10 online survey respondents. All of the draft directions received at least a majority of people rating it as very important/important. The following seven (7) draft directions received the most amount of support with at least 80% of respondents rating them as very important/important:

- 1.4 Develop an Implementation Plan to meet the Official Plan affordable housing targets;
- 1.5 Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular smaller units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations;
- 1.7 Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan;
- 2.1 Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed;
- 2.4 Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City;
- 4.1 **Work with the County as Service Manager on the development of the County's** incentive toolkit and promote any affordable housing programs provided by all levels of government; and
- 5.1 Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.

The above draft directions were initially assessed by City staff as having high or medium potential based on the degree of city control, impact on the issues and ease of implementation.

The draft directions that were identified as having the greatest impact on the first two issues (need for smaller units and more primary rental) revolved around financial incentives, land availability and partnerships with the County. Comments

showed that trying to impact the security of the secondary rental market was the hardest of the three issues.

Financial incentives were important but stakeholders felt they would have limited impact without the involvement of other levels of government. Land purchases, development fees and charges were cited as examples of how to use financial incentives in exchange for units being smaller and meeting affordability levels. There was general concern about where the money was going to come from for the incentives. Comments focused on the need to present direct financial incentives as a value proposition, with a social return, not just as a public cost. Inclusive housing for a mix of incomes was very important along with including units for seniors and persons with disabilities.

Land supply and costs were also seen as important factors including the use of lands owned by the County and housing providers. **The nature of the City's land** holdings was questioned with key stakeholders feeling there was more value with the City exercising the first right of refusal on school board lands. A number of opportunities were seen with revitalizing appropriate existing social housing sites including: redeveloping/intensifying appropriate land; leveraging existing housing stock; creating smaller units; and having the City expedite the development approvals process. **It was important that the County's work was not replicated** but that partnerships were supported.

Responses for the following three draft directions were mixed with at least 25% of respondents rating the direction as not important/less important:

- 1.2 develop/acquire and operate affordable housing using a Municipal Service Corporation, i.e. Guelph Municipal Holding Inc.;
- 1.6 increase the supply of accessory apartments by modify the zoning by-law regulations to permit accessory apartments in townhouses; and
- 2.6 monitor secondary rental housing to ensure policies and funding are appropriately directed.

The community acknowledged that direct City involvement in developing/acquiring affordable housing could increase control over the issues and help with the acquisition of land. However, a preferred approach was to have every builder contribute to affordable housing and to use existing partners/providers, including the County, rather than creating a whole new administrative structure and business for the City.

Draft direction 3.2, which proposed social financing, was the least understood with 27% of respondents neutral to the idea and an additional 18% of respondents rating it as not important/less important. Social financing raised more questions around who might be interested in it and whether this was better suited to transitional and/or supportive housing forms. Some felt there might be some interest from a larger corporation but it was not seen as something a smaller organization might be interested in. **City staff's initial** assessment of the draft direction also ranked it as having low potential based on the degree of city control, impact on the issues and ease of implementation.

Overall the directions recommended by City staff were all supported with the majority of the high ranking directions being carried forward into the recommended strategic actions.

3.3 Directions Recommended for Inclusion in the Strategy

The Affordable Housing Strategy will provide the implementation framework for the **Official Plan's affordable housing objectives** and policies. The strategy will advance the Official Plan policies by providing concrete actions to be implemented by the City to support achievement of the city-wide 30% affordable housing target along with a mechanism to monitor development activity against the target. The strategy will also recommend approaches to address affordable housing issues on the market end of the housing continuum which include a lack of: small units, primary rental supply and security of tenure within the secondary rental market. The integrated recommended strategic actions presented below will facilitate and **support the achievement of the City's affordable housing target and respond to** identified needs to support a full range and mix of housing including affordable housing.

In general, the approach is to continue with the tools and actions directly connected **to the City's roles and responsibilities** as a land use planning authority and build on them prior to the introduction of new tools, e.g. explore planning regulations prior to directly getting involved in providing affordable housing. However, it is also important that we stay current on evolving approaches and explore new tools so that we have the opportunity to incorporate them in our approach as appropriate.

The strategy **that shows the best potential for addressing the City's affordable housing target and issues**, combines fifteen of the draft directions into the following six areas:

1. Targets and Benchmarks
2. Planning Regulations and Processes
3. Financial Incentives
4. Development Charges
5. Partnerships; and
6. Implementation/Monitoring.

The following section presents for each of the six areas:

- recommended action(s);
- rationale; and
- background information.

The rationale and background information includes further insight gained based on additional research undertaken by the City.

Appendix 3 presents the fifteen draft directions by the recommended strategic area. Appendix 4 presents a summary of the recommended strategic actions.

3.3.1 Target and Benchmarks

Recommended Actions

1. That the affordable housing target be maintained at 30%; 27% ownership and 3% rental.
2. That the City monitor the creation of new affordable market housing on an annual basis and review the affordable rental housing target during the next Official Plan review based on factors such as vacancy rate, success of the actions recommended in this Strategy and performance of the market sector in delivering affordable housing.
3. That the rental housing target be measured as a five year annual average and that purpose built secondary rental housing units, excluding accessory apartments, be included where known.
4. That City staff explore the potential to identify and monitor purpose built secondary rental housing units annually for inclusion in measuring the affordable rental target.

Rationale

The City's Official Plan Update (OPA 48), 2012 sets a city-wide target of 30% of all new residential development being affordable and commits the City to reviewing the target as part of the Five Year Official Plan review. The target is broken down into an annual target of 27% ownership housing and 3% rental housing, which equates to approximately 304 ownership and 34 rental units based on current population forecasts to 2031, representing the average annual number of units from the 2014 Development Charges Background Study.

The following provides the rationale of each of the recommended actions regarding targets and benchmarks.

1. That the affordable housing target be maintained at 30%; 27% ownership and 3% rental.

Maintaining separate ownership and rental housing targets recognizes the importance of the development of new affordable rental housing and the need to find ways of assisting the private market in delivering affordable rental housing. If the performance of the housing market was assessed against a singular 30% target, between 2009-2013, no issues would be raised since the target would likely be met, almost entirely by ownership housing. In addition, ownership housing, including condominiums, has become more accessible to households over the years which can be seen by the ownership/rental household split moving from a 60/40 split in the 1990s to a 70/30 split according to 2011 Census data. The consistent **ability of the City's new ownership housing supply to meet the affordable ownership target** also displays the affordability of certain types of ownership housing, e.g. apartment and townhouse units.

An affordable rental housing target is needed to provide guidance to the level of assistance required and other tools to grow our rental housing stock.

2. That the City monitor and review the affordable rental housing target during the next Official Plan review based on factors such as vacancy rate, success of other actions such as financial incentives, and performance of the market sector in delivering affordable housing.

Considering modifying the rental target at the next Official Plan review recognizes the affordability challenges renter households face, especially given that 26% of renter households are in core housing need in comparison to 5% of ownership households.

An affordable housing rental target that is aspirational and can guide other City affordable housing responses is essential. In particular the affordability challenge of renter households needs to be recognized. **Historically, the housing market's efforts have been on ownership housing when the greater challenges reside with the state of the City's rental stock. An initial new target could be based on applying the 70/30 ownership/rental household split to the overall 30% target which would yield an affordable rental housing target of 9% primary rental (21% affordable ownership).**

Monitoring the vacancy rate and creation of new rental stock through the success of other recommended strategic directions such as financial incentives will help determine the need to modify the affordable rental target at the next Official Plan review.

3. That the rental housing target be measured as a five year annual average and that purpose built secondary rental housing units, excluding accessory apartments, be included where known.

Measuring the affordable rental housing target as a five year average would recognize the challenge of rental housing not being constructed every year. A rental housing project is generally delivered as part of a larger development resulting in irregular levels of high and low annual unit yields.

A single development could be providing more than a year's supply of affordable rental housing (i.e. 34 rental units). Using a longer timeframe yields a more accurate measure. In comparison an annual measure of ownership housing is reasonable given the steady supply of annual units created. If an annual five year average was taken, between 2009–2013, 2% of all new primary rental housing units would be deemed affordable which still is short of the 3% affordable housing rental target (80 affordable rental units/3,955 new housing units). This result shows that a minority of new primary rental housing is actually affordable (37%, 80 affordable rental units/217 rental units). In fact the only affordable rental housing produced benefited from financial assistance programs.

4. That City staff explore the potential to identify and monitor purpose built secondary rental housing units annually for inclusion in measuring the affordable rental target.

Purpose built secondary rental housing units, also referred to as condominium investment units, are an emerging supply that has similar security of tenure as primary rental housing stock. However, monitoring is needed initially to determine if sufficient data is available on this form of housing. The secondary rental market has become a major form of rental stock in the City.

For example, in 2014 Solstice I was issued a building permit for 160 units offering 295 bedrooms in an assortment of three and four bedroom units as individual investment units. The bedrooms have their own bathrooms and share common spaces both within the individual units and in the building. Individual units were purchased as condominium units by a number of owners with the intent of renting the units to students. Occupancy of the building occurred in 2015. In 2015 Solstice II was issued a building permit for 77 units offering 146 bedrooms.

If the purpose built secondary rental housing stock is included as part of the target and the rental price of the Solstice units is done on a one bedroom basis, between 2011-2015, including the Solstice I units, 5.6% (240 rental units/4,298 housing units) of the new housing created would be considered affordable rental. The five year annual average of affordable rental units would be even greater for the period between 2012 – 2016 since the Solstice II units would be included. The purpose built secondary rental housing units have a higher level of security of tenure than other forms of secondary rental housing units given the nature of their design and ownership.

The impact of purpose built secondary rental housing should be monitored annually to gauge whether or not it should be included in measuring the affordable rental target.

Background

The State of Housing report presented the City's affordable housing targets and benchmarks along with an analysis of the performance of the City's housing stock against the targets and benchmarks. Benchmark prices for 2013 were calculated at \$295,000 for ownership housing and \$944/month for rental housing. Updated benchmarks for 2015 are \$327,000 for ownership housing and \$1,003/month for rental housing.

The assessment, included in the State of Housing report, showed that over the five year period of 2009–2013 the ownership target was met in each of these years. However, the annual rental target was only met in 2012 with the development of 80 affordable senior apartment units. **The City's 3% affordable housing rental target is calculated on the percentage of the City's affordable primary rental stock that was newly constructed and rented at or below the affordable benchmark price in a given year, i.e. \$844 in 2008.** The 3% target is based on what was available within the existing housing stock at the time (at a value less than the established

benchmark price) and did not address the need for affordable housing. The 3% rental housing target was measured based on the primary (purpose built) rental housing stock built on an annual basis. Updated 2014 and 2015 data shows similar results with the ownership target being met in both years and no affordable rental units constructed.

The nature of rental housing has changed with secondary rental housing stock **becoming more available. In fact 45% of the City's rental stock is considered** secondary rental with purpose built secondary rental stock, also referred to as condominium investment units, emerging.

3.3.2 Planning Regulations and Processes

Recommended Actions

1. That minimum and/or maximum dwelling size limits not be incorporated into **the City's Zoning By-law** and that no change be made to the unit size and cap limits of accessory apartments, i.e. 45% of total Building Floor Area and 80 m² of Floor Area and that variance requests to increase unit size and cap limits are assessed to ensure smaller affordable units remain available in the City.
2. That **the City's comprehensive review of its Zoning By-law** consider:
 - reduced parking requirements for appropriate multiple residential properties and mixed-use developments that include affordable residential units;
 - regulations for accessory apartments in townhouses;
 - a combined low density residential zoning category that would permit both single and semi-detached dwelling units; and
 - pre-zone appropriate sites for medium and high density residential **uses that align with the City's Official Plan's** (OPA 48) residential designations.
3. That **the City of Guelph continue to monitor the Province's work on** inclusionary zoning. If inclusionary zoning does become available to municipalities the City of Guelph will further examine the potential to use this tool to address identified affordable market housing issues within the City of Guelph, e.g. if this tool is needed and if so under what conditions the City of Guelph would choose to pursue this tool, e.g. size and type of development and percentage of affordable housing requested, in the context of the performance and outcomes of the other recommended affordable housing strategic actions.
4. That when the City updates its development standards, changes that could impact the provision of affordable housing be considered, recognizing the impact of servicing and land requirements on housing costs. For example, consideration should be given to increased TDM measures, shared servicing for coach houses, etc.

5. That the update of development standards be coordinated with the update of **the City's Zoning By-law** to ensure documents are aligned where appropriate.
6. That the City establish criteria for requiring the submission of an Affordable Housing Report for private market residential and mixed-use developments (including residential units), and that the City develop a generic Terms of Reference to support the preparation of such reports.
7. That the development of height and density bonusing guidelines under Section 37 of the *Planning Act* explore how affordable housing may be delivered as a community benefit.

Rationale

A key City role in influencing the residential market lies with its land use planning responsibilities. House sizes, number of bedrooms, the number of housing units that can be supported on a piece of land, planning and development requirements and processes all add to the cost of development and the ultimate affordability of housing units. For example, restricting accessory apartments to two bedrooms with unit size limits helps to supply affordable units for smaller households.

Parking, accessory apartment regulations, flexible low density and pre-zoned medium and high density residential zones can help to increase the number of housing units on a site which in turn keeps housing costs lower. Regulation and process changes can also simplify the development process making it more predictable, faster and affordable.

The following rationale provides for each of the recommended actions regarding planning regulations and processes.

- 1. That minimum and/or maximum dwelling size limits not be incorporated into the City's Zoning By-law and that no change be made to the unit size and cap limits of accessory apartments, i.e. 45% of total Building Floor Area and 80 m² of Floor Area and that variance requests to increase unit size and cap limits are assessed to ensure smaller affordable units remain available in the City.**

The City of Guelph does not have a minimum or a maximum unit size limitation within its Zoning By-law regulations with the exception of accessory apartments. The City enforces the minimum size requirements for dwellings under the Ontario Building Code (OBC). Under the OBC the smallest residential unit that is permitted is a bachelor apartment at 145 ft² plus space for a bathroom. The smallest one bedroom unit that could be built would be a 288 ft² open concept space, plus space for a bathroom and closet in the bedroom. There is no maximum unit size other than the result of zoning regulations regarding building type, height and lot setbacks. This provides sufficient flexibility for a range of housing sizes and types throughout the City.

The City does have size regulations for accessory apartments. Accessory apartments are limited to two bedrooms with a unit size and cap limit of 45% of total Building Floor Area or 80 m² of Floor Area whichever is lesser to ensure they are secondary to the principal residence and of a sufficient size to support a two bedroom unit (i.e. not a three bedroom unit). According to the Registered Accessory Apartment Survey conducted by the City during November – December 2014, 78% of accessory apartment units were rented with average one and two bedroom unit rents meeting affordable benchmark rent levels. In fact, on average registered accessory apartments offered the most affordable rents in the City.

In the City of Guelph, the most likely types of small homes that could be created appear to be: accessory apartments; coach houses; apartment units; and stacked townhouse units. Land economics favour multiple building unit types over small single detached houses. In the case of an accessory apartment, land costs would already be supported by the principal dwelling unit or, in the case of apartments and stacked townhouses, shared by other multiple dwelling units. Mobile homes **would not be considered and are explicitly prohibited in the City's Zoning By-law**. Mobile homes are considered vehicles and cannot be municipally serviced in an acceptable manner since they lack foundations and a permanent place for the hook-up of services. In addition the Ontario Building Code does not permit trailers to be used as a permanent dwelling unit. Appendix 5 provides a brief review of the tiny house phenomena including challenges of using this form of housing as a solution to affordable housing needs.

As noted earlier City staff should assess any variance requests to increase unit size and cap limits (i.e. 45% of total Building Floor Area and 80 m² – 861 ft²) to ensure smaller affordable units remain available in the City. The cap limit of 80 m² continues to be appropriate providing sufficient room for a two bedroom unit while maintaining affordability. Zoning regulations regarding the siting of separate small dwellings, e.g. coach houses, on a property can be an undue burden and are discussed in the following section.

2. That the City's comprehensive review of its Zoning By-law consider:

- **reduced parking requirements for appropriate multiple residential properties and mixed-use developments that include affordable residential units;**
- **regulations for accessory apartments in townhouses;**
- **a combined low density residential zoning category that would permit both single and semi-detached dwelling units; and**
- **pre-zone appropriate sites for medium and high density residential uses that align with the City's Official Plan's (OPA 48) residential designations.**

Housing costs are impacted in part by the size of a dwelling unit along with zoning regulations and associated land area requirements. Zoning By-law regulations that may assist with the affordability of housing include:

- Parking

- Accessory apartments
- Flexible Low Density and Pre-zoned Higher Density Residential Zones

Parking

A number of municipalities have investigated and/or adopted alternative parking standards within their zoning by-law to assist with the provision of affordable housing. For example, parking has been reduced for smaller units (e.g. bachelor and one bedroom units), types of housing (e.g. affordable housing, seniors housing, supportive housing), blended mixed use developments (e.g. commercial/residential buildings recognizing different uses access parking at different times), and for units providing Transportation Demand Management (TDM) measures that are in proximity to existing and planned transit within higher density areas. Smaller affordable units could be treated as a community benefit and allowed a reduction in parking standards. **The Province's update of the Long-Term Affordable Housing Strategy (LTAHS)** released on March 14, 2016 included mandated reduced parking requirements as one of the affordable housing supply initiatives they will be consulting on. The mandated reduced parking requirement has been included in the *Promoting Affordable Housing Act*, 2016 introduced on May 18, 2016. Currently, residential parking requirements are based on residential structure type and number of units.

The City will be undertaking a comprehensive review of its Zoning By-law once the **City's Official Plan Update (OPA 48) is in effect**, which would be the appropriate time to study and consider changes to parking regulations that could assist with lowering development costs for affordable housing type developments in an appropriate manner that does not unduly burden service needs or impacting adjacent properties.

Accessory Apartments

The City's Zoning By-law includes regulations governing the creation of accessory apartments within single detached, semi-detached and link dwellings. Provincial legislation also requires municipalities to establish regulations for accessory apartments within townhouse units and ancillary structures (e.g. coach house). **The Province's update of the Long-Term Affordable Housing Strategy (LTAHS)** released on March 14, 2016 included Development Charge exemptions and Building Code changes for second units in new homes as one of the affordable housing supply initiatives they will be consulting on. These changes have been included in the *Promoting Affordable Housing Act*, 2016 introduced on May 18, 2016.

The City of Guelph has permitted accessory apartments since the Apartments in Houses legislation from the early 1990s and is considered a best practice municipality. A number of municipalities are including accessory apartment regulations as a key component of their housing strategy. The City of Guelph already has well performing policies in place that could be expanded to include regulations for townhouses. It is anticipated that relatively few existing townhouse units will be able to support an accessory apartment, with end units being the most likely to meet Ontario Building Code requirements such as egress, natural lighting and design requirements. Regulations could be established to allow new townhouse

developments to have the opportunity to be designed to accommodate accessory apartments.

Currently the establishment of a site specific zoning by-law amendment is required to permit a coach house. This can be an undue burden on property owners looking at establishing an accessory apartment in an ancillary structure. In addition, zoning regulations requiring independently serviced municipal water and sanitary services for coach houses can be cost prohibitive. The sharing of services with the principal dwelling is permissible under the Ontario Building Code and could be explored to determine if there is a suitable way to help reduce standard requirements and costs. A separate servicing lateral is requested for coach houses in part to protect servicing if a property was severed. An alternative approach may be to allow both the principal residence and coach house to use the same lateral and require a separate lateral if and when the coach house was severed from the principal residence. This approach would be in line with the servicing of second dwelling units that are within the principal dwelling.

It is recommended that regulations for accessory apartments in townhouse units and coach houses (ancillary structure) be considered as part of the **City's** comprehensive review of its Zoning By-law. The **review of the City's Zoning By-law** should also consider servicing capacity and the need for independent municipal water and sanitary services for coach houses (Zoning By-law regulation 4.5.3). The regulations established for coach houses should consider the affordability of units and property servicing requirements, etc.

Flexible Low Density and Pre-zoned Higher Density Residential Zones

Currently the City's Zoning By-law has separate residential zoning categories for single detached dwellings (R.1) and semi-detached/duplex dwellings (R.2). An accessory apartment is permitted as a second dwelling within both zoning categories.

However, a coach house is only permitted through site specific zoning, necessitating a zone change if these types of second units were desired. A zone change would add costs to the development process due to application fees, submission requirements and time resulting in higher housing costs. Creating a blended low density zoning category (R.1 and R.2) would permit two dwelling units as-of-right, subject to regulations. Individual zones and regulations could still distinguish between as-of-right secondary dwelling units (accessory apartments and coach houses), duplexes and semi-detached dwellings.

It is also recommended that the City consider pre-zoning once OPA 48 is in effect appropriate sites for medium and high density residential uses to align with the **City's Official Plan's updated residential designations**. This approach would help **implement the City's Official Plan**, provide certainty on development expectations and reduce development costs since a zoning application would not be required where proposals meet all regulations of the standard medium or high density residential zone.

The City will be undertaking a comprehensive review of its Zoning By-law once OPA 48 is in effect which would be the appropriate time to consider revisions to the residential categories including pre-zoning of appropriate properties. Other zoning revisions may surface during the comprehensive zoning by-law review that could assist with affordable housing developments.

3. That the City of Guelph continue to monitor the Province’s work on inclusionary zoning. If inclusionary zoning does become available to municipalities the City of Guelph will further examine the potential to use this tool to address identified affordable market housing issues within the City of Guelph, e.g. if this tool is needed and if so under what conditions the City of Guelph would choose to pursue this tool, e.g. size and type of development and percentage of affordable housing requested, in the context of the performance and outcomes of the other recommended affordable housing strategic actions.

Inclusionary zoning is a new legislative tool that if enacted could allow municipalities to require development applications to include affordable housing units in appropriate locations. For example a municipality could choose to require new housing proposals of a certain size to include a certain percentage of affordable units in order to be approved. Currently municipalities do not have this authority leaving them to negotiate for affordable housing through other means such as a community benefit in exchange for additional height and density requested by a development application under Section 37 of the *Planning Act*. On March 14, 2016 the Province announced its update to the Long-Term Affordable Housing Strategy, which introduced a suite of legislative and policy measures, including a proposed legislative change to allow municipalities to use inclusionary zoning. In a *Novae Res Urbis* newsletter, Ted McMeekin, Minister of Municipal Affairs and Housing is quoted as saying “The private sector can play, and must play, a much larger role in providing affordable housing”¹. Details on the legislative change remain subject to provincial consultation with key stakeholders including the development industry, affordable housing advocates and the public to help the province develop a framework for inclusionary zoning. As noted earlier, on May 18, 2016 the Province introduced the *Promoting Affordable Housing Act*, 2016, that if passed, would amend the *Planning Act* by allowing municipalities to implement inclusionary zoning. Under the proposed changes, appeals of inclusionary policies, included in municipal official plans and zoning by-laws, to the Ontario Municipal Board would not be permitted, except by the Minister of Municipal Affairs and Housing.

The City of Guelph will **continue to monitor the Province’s work on inclusionary zoning**. If inclusionary zoning does become available to municipalities it is recommended that the City of Guelph further examine the potential to use this tool to address identified affordable market housing issues. For example, if this tool is needed and if so under what conditions the City would choose to pursue this tool, e.g. size and type of development and percentage of affordable housing requested,

¹ Leah Wong, “Province Moves on Inclusionary Zoning Affordable Housing Tool”, *Novae res Urbis Greater Toronto Area Edition* (Toronto: nrublishing, March 16, 2016), 2.

in the context of the performance and outcomes of the other recommended affordable housing strategic actions. Changes to the City's Official Plan may also be warranted depending on Council's decision on inclusionary zoning. Official Plan policy 7.2.2.2 states "As part of the *development* approval process, City Council may require the identification of lands for *affordable housing*".

The use of inclusionary zoning could reduce the pressure placed on other tools and/or work with other tools, such as financial incentives, to meet the City's affordable housing targets.

- 4. That when the City updates its development standards, changes that could impact affordable housing be considered, recognizing the impact of servicing and land requirements on housing costs. For example, consideration should be given to increased TDM measures, shared servicing for coach houses, etc.; and**
- 5. That the update of development standards be coordinated with the update of the City's Zoning By-law to ensure documents are aligned where appropriate.**

The City of Guelph is currently creating a development engineering manual (DEM) to provide a singular source of current engineering design standards. By transparently providing developers and consultants with updated information related to engineering design requirements, the development review process should become more consistent and require fewer submissions before approval. It is expected that this type of improvement will help reduce the overall processing time of development applications, which should ultimately impact the cost of development.

Once the initial DEM is complete, the City will continuously seek to improve the manual by introducing updates to standards, best management practices, and guidelines as they evolve in the industry. As part of continuously improving the DEM in the future, City consideration should be given to housing costs and the impacts of Transportation Demand Management (TDM) measures (e.g. bike lanes) and parking regulations. The net impact of the proposed changes on affordable housing and other corporate initiatives through both the zoning by-law and development standards review should be reviewed comprehensively where possible.

- 6. That the City establish criteria for requiring the submission of an Affordable Housing Report for private market residential and mixed-use developments (including residential units), and that the City develop a generic Terms of Reference to support the preparation of such reports; and**
- 7. That the development of height and density bonusing guidelines under Section 37 of the *Planning Act* explore how affordable housing may be delivered as a community benefit.**

Changes to existing City processes are also recommended to help guide the development industry in helping to deliver affordable housing units and to assist

with monitoring key indicators for affordable housing. **The City's Official Plan Update (OPA 48), 2012** would allow the City to request an Affordable Housing Report as part of a complete application. In addition, the Official Plan Update includes enabling policies that permit developers to negotiate additional height and/or density in exchange for a community benefit, which could include affordable housing. The development and subsequent provision of guidelines for the development industry would provide important transparency to when reports would be required and what they need to contain. For instance development applications for the non-market end of the housing continuum (e.g. social housing) would not be required to submit an Affordable Housing Report, however a larger private market development application might need to submit a report stating how it would help **meet the City's affordable housing targets**. The City will develop Terms of Reference for an Affordable Housing Report including the following:

- Description of the proposal;
- Planning approvals required, e.g. Official Plan Amendment, Zoning By-law Amendment, Plan of Subdivision, Consent, Site Plan, etc.;
- Any relevant phasing issues, site and contextual considerations;
- Current annual rental and ownership benchmark prices (to be provided by the City);
- Anticipated number of units and structure type(s), including number of bedrooms;
- Anticipated percentage of units below and above the benchmark prices;
- Anticipated tenure, including ownership (freehold), ownership (condominium), rental, and purpose built secondary rental units;
- Planning rationale noting how the proposal is good planning and how it is **addressing the City's Official Plan's** affordable housing goals, objectives and policies; and
- Results of all pre-application discussions held with City staff.

Guidance on the implementation of the City's height and density bonusing policies would also be helpful by exploring how affordable housing may be delivered as a **community benefit through the City's** height and density bonusing permissions.

Background

The City of Guelph is responsible for establishing and enforcing land use planning **regulations through vehicles such as the City's Official Plan**, Zoning By-law and development engineering standards. The regulations established along with the process of reviewing development applications have an impact on the size and type of housing developed which in turn affects the affordability of units.

Some of the changes made in City's Official Plan Update (OPA 48), 2012 which could have a positive impact the affordability of housing units include:

- modified residential designations supporting a higher density and mix of residential housing types to meet forecasted households needs to 2031;
- enabling policies for height and density bonusing, with affordable housing listed as a potential community benefit; and
- enabling policies to request an Affordable Housing Report as part of a complete development application.

The City's Zoning By-law will need to be comprehensively updated to align with the City's updated residential designations (once they come into effect). In addition, provincial legislation requires municipalities to establish Official Plan policies and zoning regulations allowing secondary units in detached, semi-detached and townhouses as well as in ancillary structures (e.g. coach houses).

Inclusionary zoning, providing municipalities with the ability to require development applications to include affordable housing units in appropriate developments, is still **under review and is being discussed as part of the Province's update to the Long-Term Affordable Housing Strategy** released on March 14, 2016.

As noted earlier, on May 18, 2016 the Province introduced the *Promoting Affordable Housing Act*, 2016, that if passed, would amend four provincial acts including the *Planning Act*. The proposed *Planning Act* changes would allow municipalities to implement inclusionary zoning. Details on the legislative change remain subject to provincial consultation with key stakeholders to help the province develop a framework.

3.3.3 Financial Incentives

Recommended Actions

1. That the City develop a Community Improvement Plan (CIP) for affordable housing to allow financial incentives to be provided to the private sector across the City.
2. That the City provide a variety of financial assistance for the development of affordable housing.

Rationale

The economics of residential development in the private market suggests the need for financial incentives to encourage development to be offered at more affordable prices. Specifically, smaller residential units (bachelor and one bedrooms) tend to not be as profitable as larger units with more bedrooms and common amenity areas. The simple fact is that every dwelling unit requires a kitchen and bathroom, which are expensive parts of a house, given servicing needs (e.g. plumbing and electrical infrastructure). Meanwhile the addition of extra bedrooms or common amenity areas represents relatively inexpensive square footage additions that have high perceived value added in the market place. The absence of financial incentives will likely mean a continuation of building larger dwellings and/or higher end finishes based on market demand.

The State of Housing report noted that 94% of the affordable ownership units were apartments and townhouses and the only affordable primary rental units were financially subsidized one and two bedroom apartments.

An affordable housing CIP would allow the City to direct capital investments, or provide financial incentives (grants), for the construction of affordable housing to private market developers who are instrumental in producing private rental and

ownership market housing, the focus of the City's Affordable Housing Strategy.

Financial incentives can take the form of tax supported grants to offset municipal fees, studies, construction costs, etc. Tax increment-based grants (TIBGs) are a type of grant used widely in CIPs. Essentially a grant is provided to developers to offset the costs of an eligible project. The value of the grant is based on the increase in municipal taxes generated by the project for a set period of time. In addition a grant equal to the amount of development charges, could be provided **through a CIP without the need to modify the City's Development Charges By-law.**

The City needs to cast a wide net to incent the creation of small primary rental units. Each potential development application and developer will likely involve unique circumstances. Some will have land already available since they might be intensifying a property, others may be within the Downtown or involve heritage structures allowing them access to financial incentives through those program areas. It is important that financial incentives be flexible and recognize the focus of the Affordable Housing Strategy, i.e. private market rental and ownership housing. Incentives could also help with the potential implementation of other tools, such as inclusionary zoning, that might be made available to municipalities. Given that inclusionary zoning would be a municipal choice, the City could assist developers with meeting affordable housing requirements through financial assistance, at least at the early stages of implementing the new tool.

The City is undertaking further research on the costs of development to help **determine the financial "tipping point" for creating affordable housing that meets the City's benchmark prices.** This work will help inform the amount and type of financial incentive needed to support affordable housing which will assist with the development of a policy for the Affordable Housing Reserve as well as its implementation. The final strategy will propose a framework of financial tools along with recommendations on the amount of financial assistance needed to help meet **the City's affordable housing targets.**

Background

Per section 106 of the *Municipal Act*, the City cannot provide assistance (i.e. bonus) **to "any manufacturing business or other industrial or commercial enterprise"** for example, by providing a grant, selling or leasing a property for below market value, or by exempting a municipal fee or charge. Community Improvement Plans established per Section 28 of the *Planning Act* provide an exemption to the restriction on municipal bonusing of commercial enterprises.

Currently financial incentives are limited to certain types of development based on *Municipal Act* regulations. Funding could be provided to individuals and not-for-profit providers since they would not be considered businesses under the *Municipal Act*. For example **the City's Affordable Housing Reserve has provided assistance to a number of not-for-profit groups including Home Ownership Alternatives and Habitat for Humanity.** A number of municipalities are providing assistance to individual homeowners to add accessory apartments to their properties, with an agreement that the accessory unit would be provided at an affordable rent for a guaranteed time period.

A number of other municipalities use CIPs to incent affordable housing. The table in Appendix 6 provides highlights of CIPs in Barrie, Oshawa, Peterborough, and the City of Waterloo.

3.3.4 Development Charges

Recommended Action

1. That the City consider exemptions or reduced development charge rates for affordable housing as part of the Development Charges By-law review in 2019 in light of a contemporary financial incentive policy.

Rationale

Development charges are collected from new development to recover the capital costs associated with the infrastructure required to accommodate that growth. Under the *Development Charges Act* municipalities may vary rates by type of development and provide exemptions or reduced rates to a specific geographic area or type of development. An exemption or reduced development charge rate for affordable housing would assist affordability by reducing the cost of constructing housing. This is one way the City can financially assist the private housing market outside of a Community Improvement Plan. The additional work being undertaken on the cost of development will help inform the amount and type of financial incentives needed to support affordable housing.

Background

As noted in the Draft Directions Report, the City chose not to incorporate affordable housing/social housing exemptions into its 2014 Development Charges By-law. At the time the City did not have a contemporary policy to guide its potential involvement in financially incenting or otherwise supporting the construction of affordable housing. The Affordable Housing Strategy work has not only identified key affordable housing issues but also potential tools, including the Development Charge By-law, to address the issues. The City is also working on a contemporary policy for the City's Affordable Housing Reserve.

In addition, as noted earlier the Province is consulting on Development Charge exemptions for second units in new homes as part of its update of the Long-Term Affordable Housing Strategy (LTAHS) released on March 14, 2016. Development Charge changes prohibiting municipalities from imposing development charges for second units within new residential buildings have been included in the *Promoting Affordable Housing Act*, 2016 introduced on May 18, 2016. In the City of Guelph accessory apartments do not pay development charges if the accessory unit is created as a renovation to the principal dwelling. However development charges do apply if the second dwelling unit is proposed as part of the initial build.

3.3.5 Partnerships

Recommended Actions

1. That the City leverage any partnership opportunities with the County and housing providers to help coordinate and increase the impact of our

responses to affordable housing issues while recognizing legislative roles and service area boundaries.

2. That, if the County chooses to develop an incentive toolkit that publicizes current affordable housing programs and incentives, the City participate in its development and make appropriate linkages between the **County's and City's** communication materials.
3. That, where appropriate, the City assists with increasing the number of affordable housing units on existing County and housing provider developments.

Rationale

Building on existing partnerships and making appropriate linkages with relevant directions of key stakeholders brings more resources to the table to address common areas of interest. However the partnership must bring value to both parties and be respectful of roles and responsibilities. Assisting our partners rather than duplicating responses is better. A common communications strategy that publicizes current affordable housing programs will help avoid community confusion on current programs and incentives and create better take-up.

Supporting the revitalization of existing social housing properties could increase the number of affordable housing units available to the community since land costs would already be absorbed by the existing development. There is the potential that the additional units could help with project operating costs, especially when operating agreements expire. The City could provide this support by leveraging other strategy elements, e.g. advising on affordable housing targets and benchmarks, planning regulation and process assistance, financial incentives, etc.

Background

In the City of Guelph, the County of Wellington is the designated Service Manager for homelessness and social housing programs. As noted earlier, the City provides funding to Wellington County as the Service Manager for Ontario Works and Social Housing for the provision of housing and homelessness services. There are common areas of interest where roles and responsibilities can be shared or at least leveraged. **The City's Affordable Housing Strategy bridges these common interest** areas by including a partnership strategy that echoes recommendations from the Ten-Year Housing and Homelessness Plan developed for the Guelph-Wellington Area.

3.3.6 Implementation and Monitoring

Recommended Actions

1. That the City's 30% affordable housing target be implemented city-wide.
2. Affordable housing opportunities will be provided city-wide through the development application process. Within the built-up area the focus is on the Urban Growth Centre, Intensification Corridors and Community Mixed Use

Nodes. Development within the greenfield area will be planned and designed to include affordable housing.

3. That the City annually monitor key affordable housing indicators including a breakdown of the number of bedrooms per unit in stacked townhouse and apartment developments.
4. That annual reporting of accessory apartment information be expanded to include a breakdown of the number of units created by number of bedrooms.
5. That the City continue to explore the ability to identify purpose built secondary rental housing, excluding accessory apartments, through the development review/approval process.
6. That data on secondary rental housing be researched on a five year cycle including a survey of registered accessory apartments to inform the creation of rental units.
7. That the City continue to advocate CMHC for the collection of secondary rental market data for the Guelph area.

Rationale

Implementing **the City's affordable housing target** is largely dependent upon designating a suitable amount and density of land for residential use, including **mixed use developments**. **There is a high correlation between the City's growth management policies and the ability to meet both growth management and affordable housing targets.** Affordable housing tends to be located within medium and high density developments (i.e. townhouse and apartment units). Medium and high density development is supported throughout the City, especially within the Urban Growth Centre, Intensification Areas and Community Mixed Use Nodes. The added benefit of these areas is that they also support an affordable lifestyle by supporting transit services and a mix of uses that include important community amenities. In addition development within the greenfield area will be planned and designed to include affordable housing.

The other key actions that will assist in meeting the City's affordable housing target, discussed earlier in this report, include policy regulation and process changes (especially those that help to reduce the cost of residential development), financial incentives and partnerships.

Monitoring results will help set priorities among the various affordable housing needs and provide valuable information that can be used to inform any Affordable Housing Report requested, as part of a complete application, to ensure consistent information is used. Plans need to be implemented and monitored to ensure that anticipated outcomes are met.

Linking annual affordable housing information to existing monitoring reports will help to present a complete picture of residential development activity, including affordable housing, in addition to residential building permit activity or growth management monitoring. **The City's Official Plan Update (OPA 48)**, 2012 policies commit the City to developing and maintaining an affordable housing monitoring system. In light of the affordable housing issues identified in the State of Housing report, the following information should also be annually monitored:

- Number of registered accessory apartments by number of bedrooms (0-1 bedroom and 2 bedroom);
- Affordable housing information to include structure type, and number of bedrooms (0-1, 2, 3, 4+) for apartment and stacked townhouse developments; and
- Where possible new secondary rental housing supply, especially purpose built supply, should be identified including structure type, number of units and number of bedrooms.

Reporting on the number of bedrooms makes it possible to track what the housing industry has delivered **and how it addresses the City's housing supply needs**. In particular information on the number of bachelor and one bedroom units helps to monitor a suitable supply of units for one person households who represented the majority of household types and renters at 26% and 43% respectively. One person households also have the fastest growth rate among all household types, the lowest incomes and the highest level of core housing need. The need for bachelor and one bedroom units (based on National Occupancy Standards) is over four times the current supply, with an estimated shortfall of 18,000 bachelor and one bedroom units. Bachelor and one bedroom units are also the most affordable housing units with the shortage of supply resulting in households occupying a larger unit which can create affordability issues.

Information on the secondary rental market is also important since it is estimated **to be a significant portion of the City's rental market at 45% and a source of** affordable units, especially within the accessory apartment stock. Identifying purpose built secondary rental housing, where possible, as part of the development review/approval process will help gauge whether or not it should be included in measuring the affordable rental target which in turn would assist the City in meeting rental housing targets. Purpose built secondary rental housing units, also referred to as condominium investment units, are an emerging supply that has similar security of tenure as primary rental housing stock.

Given the importance and challenges of information on the secondary rental stock, research should be conducted on a five year cycle, rather than annually. Annual reporting on building activity should continue to include the number of accessory apartment registrations. However, information on the number of registered accessory apartments rented and rental rates should only be collected on a five year cycle through a survey of registered accessory apartments. The City should continue to advocate CMHC for the collection of secondary rental market data for the Guelph area.

Background

The City's Official Plan Update (OPA 48) designates sufficient lands to meet growth plan needs to 2031 and supports a range and mix of housing types. The Urban Growth Centre, Intensification Corridors and Community Mixed Use Nodes all support medium and high density residential uses that in turn support the potential for affordable housing development.

The City of Guelph has a number of annual monitoring reports that are done. The annual Building Services report provides information on building permit activity, number of residential units created by structure type, major building projects and number of completed accessory apartment registrations. The annual growth monitoring report provides information on land supply, development activity and achievement of growth plan targets, including residential growth within the built-up area and greenfield area in accordance with the City's population forecasts to 2031. Changes in the City's housing structure mix, in comparison to a forecasted housing structure mix, is also provided along with urban growth centre population and job densities.

Information on the secondary rental market is harder to monitor, with the exception of the number of accessory apartment registrations. There are no current secondary data sources available for our community, e.g. CMHC does not produce a secondary rental market survey for our market area.

The City's Official Plan Update (OPA 48), 2012 policies commit the City to developing and maintaining an affordable housing monitoring system. The monitoring is to include details on the affordable housing developments planned and constructed over the year and to set the new affordable housing benchmark prices for ownership and rental housing for the upcoming year. Policy (7.2.6.11) includes a list of the following information to be annually monitored:

- i) the number and types of affordable housing produced through new residential development and intensification efforts;
- ii) the number and types of affordable housing lost through demolition and condominium conversion;
- iii) ownership and rental house prices;
- iv) rental vacancy rates; and
- v) achievement of the affordable housing targets of this Plan.

3.4 Existing City Practices to Continue

A number of draft directions, reflecting current City practices, were included as part of the Draft Directions Report to provide a full description of tools available to the City. It is recommended that the City continue with the following two draft directions:

- 1.1 maintain "New Multi-residential" property tax rate; and
- 5.2 corporate advocacy on affordable housing.

Recommended Actions

That the City maintain the “New Multi-residential” property tax rate (draft direction 1.1) and continue its advocacy work for additional tools and funding for affordable housing (draft direction 5.2).

Rationale

The “New Multi-residential” property tax rate, for properties with seven or more units under single ownership, is equalized to the rate for Residential properties. This equalization essentially means that new multi-residential properties have the same property tax rate as residential properties.

The City is undertaking further research on the costs of development to help determine the financial tipping point for creating affordable housing that meets the **City’s benchmark prices. This work will help inform how the “New Multi-residential”** property tax rate influences the development of new affordable rental housing.

Draft direction 5.2 recognizes the City’s ongoing advocacy efforts for senior level of government initiatives that could assist with the provision of affordable housing. The City often responds to public consultative opportunities provided by the federal and/or provincial governments regarding policy and program changes. Municipal incentives and tools specifically directed towards affordable housing are limited. Increasing income levels and/or funding levels for affordable housing, providing financial tax incentives and legislative changes around policy tools (e.g. inclusive **zoning, OMB reform) can all help leverage the City’s initiatives. This work** should continue and the City will pursue appropriate advocacy opportunities through the **Province’s updated Long-Term Affordable Housing Strategy.**

Implementation of the Province’s updated LTAHS is proposed to be achieved through provincial legislative changes introduced on May 18, 2016 in the Promoting Affordable Housing Act, 2016. The proposed legislation would set out an enabling framework for inclusionary zoning that would allow municipalities to offer incentives such as reduced parking, waived or reduced fees and faster approval processes. In addition appeals of inclusionary zoning official plan policies and zoning by-laws to the Ontario Municipal Board would not be permitted, except by the Minister of Municipal Affairs and Housing. The intent of the changes is to address potential issues related to the economic profitability of development proposals. Details on the legislative change remain subject to provincial consultation with key stakeholders to help the province develop a framework.

3.5 Directions not Recommended to Proceed

Following the community engagement work and further review by City staff, seven draft directions are not recommended, at this time, for inclusion in the draft affordable housing strategy. The seven draft directions are:

- 1.2, 1.10 establish and fund a housing development corporation;
- 2.4, 2.5 use of municipal lands and land banking;
- 3.2 social financing;
- 4.2 innovative housing research document; and
- 4.3 demonstration project.

Rationale

Establish and Fund a Housing Development Corporation

Draft direction 1.2 described the potential establishment of a housing development corporation where the City would take a direct role in the development and/or operation of affordable housing. If the City chose to get directly involved in the provision of affordable housing, funding could potentially be collected by including affordable housing/social housing as a development charge (draft direction 1.10). The potential of a development corporation such as Guelph Municipal Holding Inc. (GMHI) holding the company assets was contemplated as part of the draft direction. A separate entity allows for business risks, associated with taking on real time market obligations, to be isolated from the City.

This approach would allow the City to develop and deliver affordable housing that would focus on meeting identified community needs on the market end of the housing continuum not currently addressed by the private market (e.g. affordable bachelor and one bedroom rental units). However it would involve establishing a whole new structure and business for the City instead of building on existing systems.

A business case which assesses the establishment of a development corporation for the purpose of re-positioning underperforming municipal real estate assets was presented to Council in staff report # FIN-ED-14-09. Council received this report **and staff carried out Council's direction to proceed with the incorporation of a municipal development corporation as recommended in this staff report.** Further work is required to fully operationalize, fund and resource this development corporation, therefore at this time it is not possible for the development corporation to assess or reposition property for the purpose of developing and/or operating affordable housing/social housing programs. This potential function could be considered as part of the work to fully operationalize the development corporation.

Use of Municipal Lands and Land Banking

Draft directions 2.4 and 2.5 involve the potential to use municipal lands for affordable housing where appropriate and exploring a City land banking program to secure and protect lands for affordable housing.

Significant challenges to developing affordable housing include land costs and locating and securing appropriate properties. The acquisition of appropriate properties for affordable housing will become increasingly difficult as the City builds out to its borders leaving opportunities only within the built-up area. A land bank is one means of securing these lands until other resources can be assembled to develop affordable housing (e.g. funding, developer, operations, etc.).

For the most part the City's real estate holdings already support an existing or proposed use within the City, e.g. administration buildings, water and waste resource facilities, parks, recreational facilities, parking lots, road infrastructure, etc. The stranded land holdings tend to be small remnant parcels and some larger brownfield sites, e.g. IMICO on Beverly Street. The City does not have large-scale

available land holdings nor does it generally acquire properties in tax arrears. The treatment of tax arrears properties is governed by the *Municipal Act* with the City never retaining ownership through the process. For these reasons it is not **recommended that the City establish an explicit “housing-first” policy for the disposition of lands.** The City can still assess affordable housing as an option on a case-by-case basis when disposing of lands (e.g. IMICO).

Acquiring suitable lands for affordable housing development could be achieved through the establishment of a City land bank. However the establishment of a City land bank requires an extensive amount of work and funding to implement. Given **the nature of the City’s existing land holdings, new properties would need to be purchased** which would require funding. A land bank would be a whole new business for the City instead of building on existing systems. A governance model and policies would need to be established to hold the lands and ultimately dispose of them.

Social Financing

Draft direction 3.2 is about exploring social financing as a means of funding affordable housing units. It is not recommended that the City directly develop affordable housing so there is not a specific reason to acquire funding through social financing. In addition, as noted earlier, social financing was not well understood by respondents and the City has no current experience with this approach to funding. In comparison, the provision of direct financial incentives (draft direction 3.1) was assessed as having high potential by City staff and showed greater community support than social financing. In addition, the City has experience with direct financial assistance with funding already in place through the **City’s Affordable Housing Reserve.** The actual resources needed to implement social financing are unknown and the need to take this approach is not readily apparent when other tools, including direct financing, show existing potential.

Innovative Housing Research Document

Draft direction 4.2 proposes conducting research on innovative housing forms and development with partners to create a research document. This work could be used with other tools and support the development of innovative affordable housing forms. Some community engagement comments received noted that this work has already been done by agencies including the Canada Mortgage and Housing Corporation (CMHC). Community comments also did not feel this was a top rated direction compared to others. CMHC has produced a number of publications, including case studies on flexible housing, housing with shared facilities, and ways to increase density through lot size and design. Since these resources can be accessed elsewhere it is not recommended that the City invest resources in this area.

Demonstration Project

Draft direction 4.3 is about initiating or supporting a demonstration project with partners to showcase affordable housing. This direction would pair well if the City chose to develop housing through a City housing development corporation and/or use lands owned and/or banked by the City. It would also benefit from current

research on innovative affordable housing forms. A partnership opportunity might surface if either the County or housing providers decide to revitalize appropriate existing non-market housing properties to include affordable market housing units. Moving forward on the direction alone would require significant financial and staff resources, similar to those required to implement the other draft directions discussed earlier that are not recommended to proceed at this time.

4 Conclusion

This Recommended Strategic Actions Report presents the results of the community engagement work along with the staff assessment of the 24 draft directions presented in the Draft Directions Report released in December, 2015. The community engagement work undertaken during January – February 2016 helped staff gauge community views on how important it is for the City to adopt each draft direction to address affordable housing issues identified for the City of Guelph. Overall the directions recommended by City staff were all supported with the majority of the high ranking directions being carried over into the recommended strategic actions.

The draft directions recommended for inclusion have been organized around the following six areas:

1. Targets and Benchmarks;
2. Planning Regulations and Processes;
3. Financial Incentives;
4. Development Costs;
5. Partnerships; and
6. Implementation/Monitoring.

The next phase of the project will consolidate findings from the Background Report, State of Housing report, Draft Directions Report and the Recommended Strategic Actions report into the Final Affordable Housing Strategy report. City staff will consult with the key stakeholders group and the Guelph District Homebuilders Association on the Strategic Actions Report prior to presenting the final Affordable Housing Strategy to Council. Further work on financial cost drivers and the monitoring of inclusionary zoning are still underway which will assist in finalizing the **actions. Determining the financial “tipping point” for creating affordable housing that meets the City’s benchmark prices will help inform the amount** and types of financial incentives that could have a meaningful impact on identified market ownership and rental housing issues. This will also inform the concurrent work to develop a contemporary Affordable Housing Reserve policy and sustainable funding model.

The Affordable Housing Strategy will include the recommended actions from the Recommended Strategic Actions Report including implementation timeframes. Success will mean an increase in the amount of smaller units, creation of affordable rental housing units, and increased security of tenure for rental households. The **City will be providing an appropriate bridge between the County’s Ten-year Housing and Homelessness Plan and the private market place** by informing, facilitating, incenting, monitoring and reporting on the effectiveness of the strategy and

adjusting course as needed to ensure an impactful difference on the issues is made. The final strategy will consider timing and resource needs for the recommended actions informed by the additional work underway. Some actions will stand independently and can be accomplished with existing resources while others will become part of upcoming processes, e.g. comprehensive review of the Zoning By-law and/or may require additional resources.

The Final Affordable Housing Strategy will be presented to Council in Q4 2016.

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**Appendix 1
Summary of Affordable Housing Tools, December 8, 2015**

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment	
		1	2	3					
1) Regulatory									
Municipal Act									
1.1	Incent new rental housing construction by maintaining a "New Multi-residential" property tax rate equalized to the rate for Residential properties. Property taxes are based on tax ratios applied against the assessed value of a property. Municipalities can set different tax ratios for different classes of property. Property taxes are based on ratios relative to the residential rate. Tax rates for different property classes can be either higher or lower than the residential rate. Under the Municipal Act, municipalities may create a property tax class for new multi-residential properties (7 or more units under single ownership). Typically rates for a "Multi-residential" property class are higher than the "Residential" property class, creating an operating cost disincentive. The "New Multi-residential" property tax class allows for a separate tax rate to be set for new rental multi-residential development. Properties would be classified within this "New Multi-residential" property class for a set period of time before being reclassified as a "Multi-residential" property. In the City of Guelph By-law (2002) – 16852 provides for the "New Multi-residential" property tax class which applies for 35 years from the date of construction, as per Provincial regulation. In 2015 the "Residential" and "New Multi-residential" property tax class rate for the City of Guelph is set at approximately 1.05% compared to 2.14% for the "Multi-residential" property tax class rate. Setting the tax rate for the "New Multi-residential" property tax class at the same rate as the "Residential" property tax class eliminates the disincentive for a set period of time. Over time the City could move towards a more equalized tax rate between Residential and Multi-residential property tax classes removing the long term need/benefit of a "New-residential" property tax class.	Enacted	X	X		Barrie, York Region	High	Other Municipal Practice Review	Outcome: With this approach the City would continue to incent new multi-residential rental development (7 or more apartment units). Maintaining a new multi-residential property tax rate could increase the number of rental properties and smaller units, which historically have accounted for over 20% of new primary rental housing stock. This could address the need for smaller units since apartment buildings tend to deliver smaller unit sizes than other housing forms such as a single detached dwelling. Rationale for Assessment: This approach shows high potential since the City has direct control for setting property tax class rates and has already set a "New Multi-residential" property tax rate. Property tax rates have a direct impact on the cost of housing and the approach is easy to implement. In addition there is little risk if the property tax approach does not produce additional rental units. Depending on the level of up-take on this, it could burden other property tax classes. Other municipalities also use this approach. Other: Since its inception in 1998, 302 primary rental units have been created in total with the largest percentage of known unit sizes being one bedroom units. 3 - bachelor units (1%) 66 - one bedroom (22%) 35 - two bedroom (12%) 4 - three bedroom (1%) 194 unknown bedrooms (64%) – includes student housing at Chancellor's Way It is unknown whether or not the above rental stock would have been created without the "New Multi-residential" property tax class.
1.2	Develop/acquire and operate affordable housing using a Municipal Service Corporation, i.e. Guelph Municipal Holding Inc. Under the Municipal Act, the City could take a direct role in the development and/or operation of housing or use a Municipal Service Corporation. The City could create a separate housing corporation using Guelph Municipal Holding Inc. (GMHI) to hold	Enabled	X	X	X	Hamilton (Community Land Trust), London	Medium	2015 Council Workshop on Affordable Housing, Other Municipal Practice Review	Outcome: This approach would allow the City to develop and deliver affordable housing that could focus on meeting identified community needs (e.g. bachelor and one bedroom rental units). If this direction is pursued, a cost and benefit analysis of funding a portfolio in addition to, or instead of, financially incenting an experienced/established party to

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<p>the company assets. GMHI was created as a for-profit corporation to create value for the community by providing oversight of City assets. At the present time, GMHI provides oversight to Guelph Hydro and Envida Community Energy.</p> <p>The housing assets could be directed specifically to the rental market and offer a specific unit size and type (e.g. bachelor and one bedroom rental units). This approach would bring the needed resources to develop/acquire and or operate affordable housing, along with City oversight of the assets through GMHI.</p> <p>Linkages: Could develop lands that might become available through directions 1.8, 2.4 and/or 2.5. Could demonstrate the research concepts developed in direction 4.2 and/or with the development of a demonstration project through partnerships, as per direction 4.3.</p>							<p>develop and potentially operate affordable housing would be completed.</p> <p>This approach could impact any one or combination of issues depending on the established direction and role for the Municipal Service Corporation.</p> <p>Rationale for Assessment: The approach shows medium potential. The approach would allow the City to directly target household types in need, i.e. smaller rental households. It would be a transparent means of how the City could directly address affordable housing needs. Other municipalities are taking this approach, however they tend to be Service Managers. Further review is needed to understand the resources needed and other options available. The approach would require significant financial resources, especially if financial support is not available from senior levels of government.</p> <p>Other: Assessment of this approach would benefit from discussions with municipalities who have taken this approach to develop a recommendation/business case. Would need to consider the City's role and potential overlap with the County as the Service Manager.</p>	
Planning Act								
1.3	Increase the City's affordable rental housing target by modifying the tenure split of the 30% affordable housing target included in the City's Official Plan.	Enabled		X		Medium	State of Housing Report	<p>Outcome: This approach would provide revised or modified targets to direct future housing development to reflect current issues, i.e. the need for more primary rental housing.</p> <p>The approach would impact the rental housing issue by increasing the portion of affordable housing targeted for rental.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a legislative requirement and direct control for setting affordable housing targets. Inclusion of an appropriate target in the OP is key to providing direction to other responses.</p> <p>Other: The approach is included to reflect the challenge in meeting rental housing target in comparison to ownership target.</p>
	The City's Official Plan Update (OPA 48) includes an annual target of 30% of new residential development for affordable housing which is divided into an annual target of 27% affordable ownership units and 3% affordable rental housing units.							
	The tenure split of the affordable housing target would be modified to better reflect the need for rental housing and provide additional support for other City directions to focus on meeting rental housing needs. Changing the target alone will not increase the supply of affordable rental housing. However it will recognize the need to strive for a greater amount of affordable housing units to be directed towards the rental market which in turn could change how other directions are prioritized and/or implemented.							
	The rental housing target could also provide direction for the supply of secondary rental market units, which are currently							

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1.4	<p>excluded.</p> <p>Develop an Implementation Plan to meet the Official Plan affordable housing targets.</p> <p>An implementation plan is necessary to provide a framework to assist with the review and approval of development applications in a manner that provides direction and encouragement to the development industry to help meet the affordable housing targets. Could include regulatory, policy and procedure, financial and other directions.</p> <p>Linkages: A number of other directions could be included in the implementation plan, e.g. Direction 2.4, increasing utilization of municipal lands and/or direction 4.3 undertaking a demonstration project for affordable rental housing units.</p>			X			Medium		<p>Outcome: This approach would provide clear guidelines for implementing the affordable housing targets, bring clarity to the process for development application review and assist in achievement of targets.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a responsibility to develop an implementation plan to meet affordable housing targets and the implementation plan will include elements that directly impact the issues. However some elements of the implementation plan will require further review, other partners and potentially enabling legislation.</p>
1.5	<p>Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular small units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations.</p> <p>Reviewing the City's regulations and by-laws, with an affordable housing lens, may identify barriers to the creation of smaller units and primary rental housing units. Overcoming these barriers could lead to the creation of a greater range of housing types.</p> <p>In addition the review of alternative development standards, as per OP policy 7.2.2.4 could reduce the amount of land required for affordable housing, leading to reduced development and operational costs. e.g. less parking, reduced road widths, etc.</p> <p>Linkages: Direction 1.6, which deals with regulating accessory apartments in townhouses, has been separately identified as a barrier to the creation of affordable housing. Direction 4.2, which deals with innovative housing formats, might identify some regulations and by-laws that are barriers.</p>	Enabled	X	X	X	Barrie, Kingston	Medium	OP Policy 7.2.2.4, 2015 Council Workshop, HHP, 2009 AHDP, 2002 Affordable, Housing Action Plan (AHAP), Other Municipal Practice Review	<p>Outcome: Revised regulations that reduce/remove barriers/disincentives for the development of affordable housing. Reduced development standards could also lead to reduced land costs that would impact housing development costs.</p> <p>Could help with any one or combination of issues depending on the nature of the restrictions identified for change.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a high level of control with this direction. It is anticipated that a few barriers still exist that could be reduced or eliminated, e.g. zoning and engineering requirements for coach houses. There is also policy support in the City's Official Plan to establish alternative development standards.</p> <p>Other municipalities are taking this direction. This approach has been included as a recommendation in two previous affordable housing plans, the 2015 Council Workshop and HHP. The work would best be approach through the upcoming Comprehensive Zoning By-law Review. It is difficult to determine at this point the impact of the direction on the issues and the ease of implementation.</p> <p>Other: The impact of reduced/alternative development standards on the delivery of municipal services would have to be assessed.</p>
1.6	<p>Increase the supply of accessory apartments by modifying the zoning by-law regulations to permit accessory apartments in townhouses.</p>	Enabled	X		X	Barrie, Halton Region, Kingston, York	Medium	Other Municipal Practice Review	<p>Outcome: This approach would allow accessory apartments to be supported in townhouses if regulations (still to be</p>

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	<p>The Planning Act requires municipalities to establish Official Plan policies and zoning provisions allowing accessory apartments in detached, semi-detached and townhouse dwellings.</p> <p>The City's Official Plan Update (OPA 48) supports the creation of accessory apartments in low density residential designations and directs the City's Zoning By-law to provide specific regulations for accessory apartments. The current Zoning By-law recognizes accessory apartments in single detached, semi-detached and linked dwellings but not in townhouses.</p> <p>Appropriate zoning regulations (e.g. parking and building requirements) for accessory apartments in townhouses would need to be developed.</p>					Region		<p>developed) were met. This would require a public process under the Planning Act but there are no appeal rights.</p> <p>Permitting accessory apartments in townhouses could increase the secondary rental housing supply, including the supply of smaller units since current regulations limit accessory apartments to two bedrooms.</p> <p>Rationale for Assessment: This approach shows medium potential. The City is required to modify the zoning regulations to permit accessory apartments in townhouses to conform to Provincial legislation. Anticipate that regulations will have a limited impact on rental supply since only a few existing townhouses will likely support an accessory apartment (e.g. end units with three exterior walls) and potentially new builds that are specifically designed to meet the regulations developed.</p> <p>Other: The City has an established accessory apartment program and has been a best practice in this area. This is a modification to existing practices that have been successful.</p>	
1.7	<p>Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan.</p> <p>Municipalities may create Community Improvement Plans (CIP) in accordance with Ontario's Planning Act to facilitate improvements within targeted areas. These plans allow municipalities to create financial or other types of tools, or direct capital investments – such as tax increment-based grants – towards achieving community goals. For example, a tax increment based grant involves increasing property taxes in increments instead of immediately after the increase in property value. Providing tax relief serves as an incentive for enhancing the value of a property. The Downtown CIP has successfully used tax increment-based grants to support the construction of new residential development. However the Downtown CIP's mandate does not include the provision of affordable housing. Some municipalities implement tax increment financing approaches without the need for upfront financing. Any other financial incentives proposed through the CIP would likely require upfront funding.</p> <p>Would either add an affordable housing lens to the Downtown CIP and/or financial incentives (e.g. tax increment financing) or</p>	Enabled	X	X	X	Barrie, Halton Region, Oshawa, York Region	Medium	Other Municipal Practice Review	<p>Outcome: A Community Improvement Plan would allow for the creation of new units by providing a mechanism for investing in new affordable housing units.</p> <p>The CIP and corresponding financial programs could be directed to any one or combination of issues.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has the authority to create a CIP and has successfully used this approach to facilitate improvements in other areas, i.e. brownfields and downtown development. In addition, the use of financial incentives through the CIP would have a direct impact on identified affordable housing issues. However, the implementation of a CIP requires further research in comparison to other potential draft directions, including an assessment of financial resources.</p>

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	create a CIP specifically about affordable housing, similar to the specific approach taken on Brownfield redevelopment. The Affordable Housing Strategy work would serve as part of the background work required for a CIP.								
1.8	<p>Explore having a requirement to identify and reserve lands for affordable housing as part of the development approval process.</p> <p>A significant component of the cost of housing is attributed to land costs. The cost and availability of lands within the City also influence the location of affordable housing. Currently the City cannot require development applications to identify lands for affordable housing. However, if the Province of Ontario instituted inclusionary zoning the City would have the legislative authority to require development applications to identify and reserve lands for affordable housing. This direction has been included in the City's Official Plan Update (OPA 48). However Provincial legislation still needs to be enacted.</p> <p>Currently the City can and has designated lands for medium and high density development to meet forecasted growth through the Official Plan Update (OPA 48). This supports, but does not guarantee, the development of affordable housing.</p> <p>Linkages: Direction 5.1, which deals with advocating for inclusionary zoning, is essential to enabling this direction. In addition if lands are acquired through the development application process it could help implement direction 2.5, which deals with land banking.</p>	Enabled	X	X			Low	OP Policy 7.2.2.2	<p>Outcome: Would create a supply of land for the future development of affordable housing if the proposed development did not include affordable housing. This would be examined as a potential outcome of Section 37 amendments for height and density bonusing or of an Affordable Housing Report requested as part of a complete application.</p> <p>Might address small unit sizes and primary rental housing issues.</p> <p>Rationale for Assessment: This approach currently shows low potential. The approach has policy support in the City's Official Plan. However current legislation does not permit this and enabling legislation is required.</p>
Development Charges Act									
1.9	<p>Explore Development Charge exemptions or reduced rates for affordable housing during the next update of the Development Charges By-law to be completed March 2019.</p> <p>Development charges are charged to new development to recover the capital costs associated with the infrastructure required to accommodate that growth. Development charge rates may vary by type of development and exemptions or reduced rates, may be applied to a specific area or type of development. This approach could be used to encourage a particular type of development to occur, in a particular area.</p> <p>Setting appropriate development charge rates, including exemptions or reduced rates, are challenging since they could either be an incentive or disincentive for different forms of development.</p>	Enabled	X	X	X	Barrie, Hamilton, Peel Region, Waterloo Region, York Region	Medium	2002 AHAP, Other Municipal Practice Review	<p>Outcome: Exempting or reducing affordable housing projects from development charges could encourage the construction of new units without using funds from the Affordable Housing Reserve, which has been used to cover Development Charge costs for some affordable housing developments. This could leave Affordable Housing Reserve funds available for other affordable housing development costs and incentives. However the cost of the Development Charge exemptions would have to be budgeted from other tax supportive sources.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has the authority to set development charges. However, the City's current development charges by-law was updated in 2014 and does not need to be updated until March 2019. During the development of the 2014 Development Charges By-law, staff recommended that affordable housing projects</p>

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								<p>continue to be encouraged through other corporate programs and policy development.</p> <p>A number of municipalities are using this approach and the 2002 AHAP included it as an action which predates the latest review.</p> <p>Other: If certain types of new development have reduced rates, other types of development will need to compensate for the loss in revenue to cover the projected capital cost of development.</p> <p>Despite requests for exemptions, during the last review of the Development Charges By-law in 2014, the City decided to not reduce development charges for affordable housing and continue to support affordable housing projects through other corporate programs such as grants and early/late payment agreements. At the time the City did not have a contemporary policy to guide its potential involvement in financially incenting or otherwise supporting the construction of affordable housing.</p> <p>The City's Development Charge By-law needs to be updated by March 2019.</p>	
1.10	<p>Explore the inclusion of affordable housing/social housing as a general service during the next update of the Development Charges By-law to be completed March 2019.</p> <p>Affordable housing and social housing are eligible services under the Development Charges Act, 1997, if the municipality has an existing level of service. The money collected can then be directed to the capital cost of creating new affordable housing/social housing.</p>	Enabled	X	X	Barrie, Halton Region, Kingston, Ottawa, Peel Region, York Region	Medium	2015 Council Workshop, Other Municipal Practice Review	<p>Outcome: This approach would collect development charges for the development of housing, leading to the construction of new units.</p> <p>Rationale for Assessment: This approach shows medium potential. Affordable housing/social housing are eligible services under the Development Charges Act, 1997. However the City cannot currently use this approach since we do not have an existing level of service, i.e. we do not develop affordable/social housing, and the City has no planned 'intent' to invest in affordable housing projects. The City's current development charges by-law was updated in 2014 and does not need to be updated until March 2019. During the development of the 2014 Development Charges By-law, staff recommended that affordable housing projects continue to be encouraged through other corporate programs and policy development.</p> <p>A number of municipalities, which are typically Service Managers, are using this approach. The City of Barrie, is not a Service Manager, but has developed and funded social housing with the assistance of development charges.</p> <p>Other:</p>	

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								<p>During the development of the 2014 Development Charges By-law, public submissions were received requesting that affordable housing/social housing be services supported by development charges. Staff recommended not including charges for these services due to:</p> <ul style="list-style-type: none"> • The role of the County as the Service Manager and their ability/interest in absorbing additional units and expanding the program; • Lack of proven "intent" for social housing projects given no plan in place to develop social housing or homes for the elderly which could leave the City open to DC By-law appeal; and • Existence of a significant waiting list for social housing implying that new units would provide benefit to the existing population and not new development. <p>Program scoping and policy development is required if these services are to be considered as part of the next DC By-law.</p>	
2) Policies and Procedures									
2.1	<p>Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed.</p> <p>The City would collect and analyze data on how housing targets are being met and on housing indicators (e.g. rental vacancy rates) to inform the targets, and adjust the implementation plan accordingly, including financial incentives. Information could also feed into Affordable Housing Report (AHR) requests as part of a complete application by informing what applications need to include an AHR and by providing current data to be included in the AHR. This could lead to improved results from other directions, e.g. financial incentives and AHRs addressing current needs.</p> <p>Linkages: Direction 3.1 and 3.2, which deal with financial incentives, could be informed by monitoring efforts. Direction 2.2, which deals with guidelines regarding the submission of a complete development application, could benefit by including indicators and monitoring results.</p>	Enabled	X	X	X	Barrie, Halton Region, Kingston, London, York Region	High	OP Policy 7.2.6.9, 7.2.6.10, 7.2.6.11, 2015 Council Workshop, HHP, Other Municipal Practice Review	<p>Outcome: Would provide up to date information on how targets and needs are being met and allow annual activity to be measured and gauged against desired outcomes. This information could also serve as an input to height and density bonusing requests and assist with drafting and reviewing the content of Affordable Housing Reports requested as part of a complete development application.</p> <p>Monitoring would inform all three issues.</p> <p>Rationale for Assessment: This approach shows high potential. The approach has policy support in the City's Official Plan, with the 2015 Council Workshop and HHP also recommending the approach. A number of municipalities are monitoring housing targets and indicators.</p> <p>Other: The Affordable Housing Strategy work provides a baseline for future monitoring.</p>
2.2	<p>Develop guidelines for the submission of an Affordable Housing Report as part of a complete development application.</p> <p>The City's Official Plan Update (OPA 48) allows the City to request that an Affordable Housing Report be completed as part of a complete development application. The report would need to demonstrate, to the satisfaction of the City, how the proposed development and/or change in land use is consistent</p>	Enabled	X	X			Medium	OP Policy 7.2.2.8	<p>Outcome: Would provide guidance to the City and development industry when an Affordable Housing Report (AHR) would be requested and the information to be included adding clarity and potentially reducing costs for applications. Would also ensure AHR were completed with an acceptable standard where required.</p>

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<p>with the Provincial Policy Statement, conforms to the Official Plan and any Provincial Plans in effect, and provides an integrated approach to land use planning.</p> <p>The development of guidelines would provide clarity to the development approval process by helping to determine when to request an Affordable Housing Report and what information to include.</p> <p>The current Official Plan contains enabling policies but procedures and guidelines need to be developed.</p>							<p>The development of guidelines could help address small unit sizes and primary rental housing issues.</p> <p>Rationale for Assessment: This approach shows medium potential. The approach has policy support in the City's Official Plan. The presence of guidelines would not directly ensure the creation of additional affordable housing. However the completion of an AHR, using guidelines would offer a means of assessing need and lead to implementing how to address the need on a development application basis.</p> <p>Other: The completion of an AHR report with guidelines would ensure consistency in the application of requirements and reporting.</p>	
<p>2.3 Develop height and density bonusing guidelines that would prioritize affordable housing as a community benefit, where appropriate, in exchange for additional height and/or density.</p> <p>The City's Official Plan Update (OPA 48) allows the City to permit additional height and/or density in exchange for a community benefit, which could include affordable housing. As part of the City's Downtown Secondary Plan policies, in areas with maximum height limits of 8, 10 or 12 storeys, the City may in a by-law permit a maximum of two additional storeys above the identified maximum and/or additional density.</p> <p>In considering community benefits, the City may, under the OPA 48 policies, give priority to identified community needs, any identified issues in the area and the objectives of this Plan. Affordable housing has been identified as a community need and the development of height and density bonusing guidelines should include when and how to prioritize affordable housing as the community benefit.</p> <p>The development of guidelines would help streamline the development approval process by helping to determine when to prioritize affordable housing over other community benefits and assist in determining appropriate community benefit (e.g. amount and type of affordable housing) for height and density bonus requests.</p> <p>OPA 48 contains enabling policies however procedures and guidelines need to be developed.</p>	Enabled	X	X		Barrie, Kingston, York Region	Medium	OP Policy 10.7, 11.1.8.4, Other Municipal Practice Review	<p>Outcome: Would provide guidance to the City and the development industry when considering a request for additional height and density adding clarity to the process. Might also reduce development and application processing costs. Would also ensure equity and level of transparency when dealing with requests. The amount and nature of the benefit and bonusing would be site specific.</p> <p>Community benefit could be directed to either smaller housing units and/or rental housing stock.</p> <p>Rationale for Assessment: This approach shows medium potential. The City has a high level of control on this direction. Enabling OP policies are already in place and affordable housing is recognized as a community benefit. However there are other community benefits recognized in the OP policy and appropriate in areas. A number of municipalities either have or plan to develop guidelines and there is the potential to directly request affordable housing as a community benefit.</p> <p>Impact limited to areas where a developer wants to increase height and density beyond zoning regulations.</p>
<p>2.4 Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City.</p>	Enabled	X	X		Barrie, Cambridge, Durham Region, Halton Region,	Medium	OP Policy 7.2.2.5 2009 AHDP Other Municipal Practice Review	<p>Would allow the suitability of surplus lands to be assessed for affordable housing and potentially result in lands being set aside for affordable housing development, potentially reducing the costs of housing.</p>

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<p>Properties that are in tax arrears for four years can be tendered or put to auction by the City to dispose of with a minimum bid set to cover all municipal costs. The City never retains ownership of the property through the process. However, if there is no bidder the City may vest in the property. The City cannot give an advantage to any potential land purchaser, however the City could make affordable housing providers aware of properties being tendered or auctioned.</p> <p>Prior to being declared surplus or being sold, municipal properties are circulated to determine if there is any internal need for the property pursuant to the City's Surplus Lands Policy. The City Surplus Lands Policy could be modified to ensure that an affordable housing lens is included in some circumstances as part of this circulation process. Surplus lands may not be suitable for affordable housing for reasons such as size, configuration and/or location. However the City could make affordable housing providers aware of properties being sold that might be suitable for affordable housing.</p> <p>The City owns land for its own facilities, e.g. parks and recreational facilities. There might be potential for a portion of City lands to be used for affordable housing purposes provided they are not necessary to meet other needs and would be suitable for housing.</p> <p>Linkages: Potential connection with Direction 1.2 creation of an affordable housing corporation using a Municipal Service Corporation.</p>					Hamilton, Kingston, London, Ottawa, Peel Region, York Region		Kingston (land inventory to include public and privately held lands)	<p>Medium ranking – City OPA 48 policy supports this approach and a number of municipalities are using or plan to use this approach. Unknown at this point how much suitable surplus land might be available for affordable housing development.</p> <p>Anticipate that lands would not be directed to secondary rental stock but rather issues 1 and 2 (smaller units and/or primary rental housing).</p>
<p>2.5 Explore the feasibility of developing a City land banking program to acquire and protect lands for affordable housing.</p> <p>The City could develop a program to acquire suitable sites for affordable housing. This could include City owned sites, properties acquired through Affordable Housing Reserve funds, lands/funding acquired through the development approval process (e.g. community benefit as part of height and density bonusing, inclusive zoning if enabled), etc.</p> <p>Linkages: Potential connection with direction 1.2 creation of an affordable housing corporation using a Municipal Service Corporation, direction 2.5 financial incentives (using financial incentives to purchase land) and direction 5.1 inclusionary zoning.</p>		X	X			Medium	OP Policy 7.2.6.5	<p>Outcome: A land banking program would lead to suitable sites being held by the City and made available for the development of affordable housing. Land costs are a significant portion of the cost of housing and having lands available could potentially reduce the costs of housing.</p> <p>A land bank could not be directed to secondary rental housing stock but could assist with issues 1 and 2.</p> <p>Rationale for Assessment: This approach shows medium potential. The approach has policy support in the City's Official Plan. Land availability and cost is a significant factor in the provision of affordable housing. However, this approach requires further research and it is anticipated that relatively few appropriate municipal parcels are currently available. Inclusionary zoning, which could yield additional lands has yet to be enabled by the Province.</p>
<p>2.6 Monitor secondary rental housing to ensure policies and</p>	Enabled			X		Medium	OP Policy 7.2.6.11	Outcome:

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<p>funding are appropriately directed.</p> <p>Continue to collect information on size (number of units) and nature of secondary rental housing stock (e.g. vacancy rate, rental rate) at least once every five years. Information will allow us to modify policies as necessary and direct funding (as applicable).</p> <p>Linkages: Potential connection with direction 1.3 if secondary rental housing is included as part of rental housing target.</p>							<p>Would provide the City with current information about the size and nature of the secondary rental market and its role as a significant supply of affordable housing. The approach has policy support in the City's Official Plan.</p> <p>Under this direction, monitoring would be specific to issue 3.</p> <p>Rationale for Assessment: This approach shows high potential. The Affordable Housing Strategy work provides baseline data that updates previous data collected on secondary rental housing. Current data is foundational to identifying issues, targeting directions and measuring outcomes.</p>		
3) Financial									
3.1	<p>Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing.</p> <p>Provide financial incentives for affordable housing through grants and low or no interest loans. The financial incentives could offset the development costs of housing, e.g. cover building permits costs, development charges, etc. in exchange for the development of affordable housing. Currently financial incentives are funded through the Affordable Housing Reserve and dealt with on a case by case basis.</p> <p>Historically the City of Guelph had an Add a Unit Program that provided a grant/loan for creating a housing unit(s) on upper floors of downtown properties. There was little, if any interest, in the program likely due to the limited amount of funding available.</p> <p>Linkages: Would complement financial incentives provided through direction 1.7 which deals with establishing a Community Improvement Plan (CIP) for affordable housing and/or modifying the Downtown CIP.</p>	Enacted	X	X	X	Barrie, Hamilton, Kingston, London, Ottawa, Waterloo Region	High	2015 Council Workshop 2009 AHDP HHP Other Municipal Practice Review	<p>Outcome: Funding would be used to create affordable housing through reduced development costs. The City could target specific housing types that the market is not providing such as smaller units and primary rental housing.</p> <p>The Add a Unit Program would support the creation of additional units on upper floors of downtown properties. Could also look into using it in areas with the potential to have residential units on upper floors (e.g. mixed use buildings in nodes and corridors, shopping centres, etc.). This could be incorporated into a CIP approach.</p> <p>Financial incentives could be directed to any one or combination of the issues. The creation of smaller units and primary rental housing would be a first priority.</p> <p>Rationale for Assessment: This approach shows high potential. The City has historically provided financial incentives for affordable housing and to help address other key community needs. There is also an Affordable Housing Reserve in place with funding. A key reason for the lack of affordable housing is that it is not financially profitable so incentives are needed and funding would produce affordable housing designed to meet specific needs, e.g. smaller units for smaller households.</p> <p>Other: The Add a Unit Program historically had little interest but this could have been due to administrative requirements and the limited financial incentive.</p> <p>Need to assess the action in the context of the HHP</p>

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
			1	2	3				
								and role of the Service Manager.	
3.2	<p>Explore social financing as a means of funding affordable housing units, especially smaller units (bachelor and one bedroom units) and primary rental housing.</p> <p>Social financing involves investing financially with a social dividend/return established. The investment approach is meant to solve social or environmental challenges while generating financial returns creating a key relationship where a positive social impact is sought as well as modest financial returns. Grants and loans are based on outcomes which account for risk, return and social impact. Can include community investing, social impact bonds and social enterprise lending. The approach is meant to complement other existing funding and support approaches and can be used by for-profit as well as not-for-profit sectors. Socially responsible businesses, co-operatives and enterprising arms of a charity lend themselves to these type of investments.</p>		X	X	X		Low	2015 Council Workshop HHP	<p>Outcome: A funding program would be created and tied to social outcome such as provision of affordable housing. The success of the outcome could impact the level of funding provided.</p> <p>Financing could be directed to any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has low potential since the City has no current experience in this area and it requires further research. The impact on the affordable housing issues is also unknown, especially since even if the approach is taken, funding would be tied to social outcomes. In addition, there were no other municipalities identified using this approach to deal with affordable housing issues.</p>
4) Partnerships									
4.1	<p>Work with the County as Service Manager on the development of the County's incentive toolkit and promote any affordable housing programs provided by all levels of government.</p> <p>The toolkit involves the creation of a listing of incentives for affordable housing that publicizes current affordable housing programs (e.g. website listing of current programs).</p>		X	X	X	Kingston Waterloo Region	Medium	OP Policy 7.2.2.7 2009 AHDP HHP Other Municipal Practice Review	<p>Outcome: Would create a coordinated listing of incentives available in the City of Guelph with the County and make stakeholders aware of current programs available in one location. Offers a means of showcasing available programs and incentives for affordable housing.</p> <p>Could lead to program uptake and the creation of affordable housing if programs are available. Incentives could touch on any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has medium potential. It would be a partnership opportunity for the City with the County as Service Manager. The approach has policy support in the City's Official Plan and is a recommendation of the 2009 AHDP and HHP. The direction would be relatively easy to implement if the County proceeds with the HPP recommendation.</p>
4.2	<p>Research innovative housing with partners to create a resource document that could be used with other tools to support the development of affordable housing e.g. pocket housing.</p> <p>Research different housing formats especially smaller units such as single room occupancy buildings (SRO), tiny houses, pocket housing and/or pocket neighbourhoods to create a resource document which could be used by housing providers/developers.</p>		X	X	X	Hamilton Barrie (Task Force), Durham Region, Kingston, York Region	Medium	Other Municipal Practice Review Hamilton Community Land Trust used pocket housing as a case study York Region held a Make Rental Happen Challenge	<p>Outcome: Would identify innovative housing types, site plan and/or building design ideas for affordable housing and determine which of these would be appropriate to meet community needs, e.g. smaller units.</p> <p>The focus of this would be on smaller units (issue 1).</p> <p>Rationale for Assessment: This approach has medium potential. Site and building design is a key means of supporting the</p>

Tool/Direction		City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
			1	2	3				
	<p>A SRO typically houses one or two people in individual rooms within a multiple-tenant building. SRO tenants typically share bathrooms and/or kitchens, however some may include kitchenettes, bathrooms, or half-baths. They are often comparable to hotel rooms. Tiny houses are generally around 400 ft² or less. Pocket housing is an alternative to single room occupancy units (SRO). Pocket houses look like a regular detached house, however there may be four to eight individual units typically with each unit containing a kitchenette, washroom and living space with its own entrance and front door. Units are around 210 ft². In comparison, under the City of Guelph Zoning By-law, a lodging unit within a lodging house does not have exclusive use of both a kitchen and a bathroom. Pocket neighbourhoods are small individual units sharing open space and parking.</p> <p>This could involve the City hosting a gathering of stakeholders and/or a public challenge, including the development industry and the County as a co-host to develop/assess affordable housing ideas (e.g. tiny houses, pocket housing and pocket neighbourhoods). The focus would be on concepts that could work in Guelph, ideally with future development sites/lands identified as a case study.</p> <p>Linkages: Could help inform direction 1.5, review of regulations and by-laws for unnecessary barriers. Could also provide support to directions 1.2, 4.3 and 4.4 which deal with the provision of affordable housing.</p>							development of smaller units which could be in both the primary and secondary rental market. Developing designs that are also affordable is essential. This can help lead to future partnerships, buy in to directions/actions, new ideas surfacing, input to other approaches, e.g. demonstration project.	
4.3	<p>Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units).</p> <p>The City would support the development of an affordable housing project that could be replicated elsewhere, e.g. pocket housing, tiny houses, etc. This could involve other stakeholders as partners.</p> <p>Linkages: Could demonstrate the research concepts developed in direction 4.2 and/or use lands identified through directions 2.4, 2.5, and/or 4.4.</p>		X	X	X	Cambridge, Waterloo Region	Medium	2002 AHAP Other Municipal Practice Review	<p>Outcome: This would result in the creation of an affordable housing project that could demonstrate an innovative development and/or site/building design approach.</p> <p>The project could demonstrate a means of addressing any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has medium potential. It would be a partnership opportunity for the City with other stakeholders. The direction results in the development of an affordable housing project that meets the needs of at least one household. Could serve as a link between a number of directions, e.g. use of surplus land, intensification of social housing site and development of innovative ideas and concepts with partners. At least one municipality has developed a demonstration project and the 2002 AHAP included this approach as a recommendation.</p>
4.4	<p>Work with the County and housing providers to identify the potential to revitalize as appropriate existing social housing properties and assist with implementation</p>		X	X	X	Durham Region, Halton Region,	Medium	Other Municipal Practice Review	<p>Outcome: This would result in the creation of additional housing units on existing lands, potentially reducing the costs</p>

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
		1	2	3				
<p>where appropriate.</p> <p>The County and housing providers own and operate social housing units on lands that may have the capacity to support additional units. Supporting additional units on these lands could be a means of increasing the supply of affordable housing stock without having to find and financially pay for other land. Additional units could include accessory apartments within the existing dwelling, a coach house on the existing site and/or redevelopment of the site to a higher density.</p> <p>Each property and housing provider/owner would need to be assessed separately to determine suitability and interest.</p> <p>Linkages: If appropriate lands were identified could make connections with direction 4.3, initiate or support a demonstration project.</p>					Hamilton, Kingston, York Region			<p>of housing.</p> <p>Additional housing stock through intensification could address any one or combination of the issues.</p> <p>Rationale for Assessment: This approach has medium potential. It would be a partnership opportunity for the City with the County as Service Manager and potentially other housing providers. It is unknown at this point how many additional units could be supported. The current social housing stock includes a range of housing types including single detached, townhouses and apartment units. Other municipalities are recommending this approach.</p>
5) Advocacy								
<p>5.1 Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.</p> <p>Municipalities cannot currently require development applications to include affordable housing units. The exception would be negotiating the provision of affordable housing as a community benefit in exchange for additional height and density requested by a development application.</p> <p>The City could request the Province to enact legislation empowering municipalities to require that a given share of new development be affordable to low to moderate income households. This would be a means of acquiring lands or having affordable units constructed for affordable housing as development applications are approved.</p>		X	X		Hamilton (Social Planning and Research Council), Kingston, London, Ottawa	High	2015 Council Workshop 2009 AHDP Other Municipal Practice Review	<p>Outcome: This would be a means of showing support/need for additional tools that ultimately would permit the City to require affordable housing as part of a development application directly adding to the supply of affordable housing.</p> <p>The approach could support the development of smaller units and rental housing units.</p> <p>Rationale for Assessment: This approach has medium potential. The City currently responds to proposed legislative changes and supports advocacy efforts by other groups, e.g. Association of Municipalities of Ontario, Regional Planning Commissioners of Ontario, etc. Inclusionary zoning is a key tool to advocate for since this would be a means of requiring affordable housing as development applications are approved. The approach is supported by the results of the 2015 Council Workshop on affordable housing and recommendations from the 2009 AHDP. Other municipalities are advocating for inclusionary zoning.</p>
<p>5.2 Develop a corporate advocacy strategy related to affordable housing.</p> <p>A corporate advocacy strategy for affordable housing could include the following components:</p> <ul style="list-style-type: none"> increasing senior government investment, securing ongoing flexible funding for construction and operation of affordable housing and providing incentives such as income tax and other tax breaks (e.g. GST); increasing income levels and/or establish a Housing Benefit; and/or 		X	X	X	Barrie, Durham Region, Halton Region, Hamilton, Kingston, London, York Region	Medium	OP Policy 7.2.6.8 2015 Council Workshop 2005 Wellington and Guelph Housing Strategy Other Municipal Practice Review	<p>Outcome: This would be a means of showing support/need for: increased investment; provision of incentives beyond those available to a local municipality; higher (minimum) income levels; and/or housing allowances so households can afford suitable housing.</p> <p>Would be a means of showing support/need for a National Housing Strategy and securing funding that is flexible for the construction and operation of affordable housing. The strategy would highlight the</p>

Tool/Direction	City of Guelph Status	Responds to Issue ¹			Other Municipalities	Assessment of Potential ²	Source	Anticipated Outcome and Rationale for Assessment
		1	2	3				
<ul style="list-style-type: none"> establishing a National Housing Strategy. <p>Municipal incentives and tools are limited. Additional funding for affordable housing and financial tax incentives from senior levels of government could help leverage municipal incentives to increase the supply of affordable housing.</p> <p>Increasing income levels (e.g. minimum wage) and/or establishing a universal housing benefit for people on social assistance and the working poor would increase the ability of households to pay for housing.</p> <p>A National Housing Strategy would identify the nation's interest in housing and actions to support those interests that should include support for affordable housing.</p>							<p>significance of the issue and present a planned approach. Funding is essential to create a range of affordable housing to meet community needs across the entire housing continuum.</p> <p>The advocacy work would align with efforts of the Poverty Elimination Task Force and the Guelph Wellington Housing Committee, strengthening the community's response for additional support from senior levels of government to deal with meeting affordable housing needs.</p> <p>The approach could support any one or combination of the issues. Increasing income levels and/or a housing benefit could support the affordability of housing for lower income households. However it might not increase the supply of smaller and/or primary rental housing or the security of the secondary rental market.</p> <p>Rationale for Assessment: This approach has medium potential. The City currently supports advocacy efforts by other groups, e.g. Association of Municipalities of Ontario, Regional Planning Commissioners of Ontario, Federation of Canadian Municipalities, etc. Advocating for assistance from senior levels of government is within the City's role and experience. City OP policy support and recommendation from 2015 Council Workshop on affordable housing and 2005 housing strategy. Other municipalities are advocating for increased investment and incentives from senior levels of government and for a National Housing Strategy.</p>	

¹Issues

Issue 1: Not enough smaller units to rent or buy (bachelor and one bedroom)

Issue 2: Lack of primary rental housing supply

Issue 3: Secondary rental market provides choice but not as secure as primary rental market

² Assessment of Potential Categories

Assessed each direction on the degree of city control, impact on the issues and ease of implementation

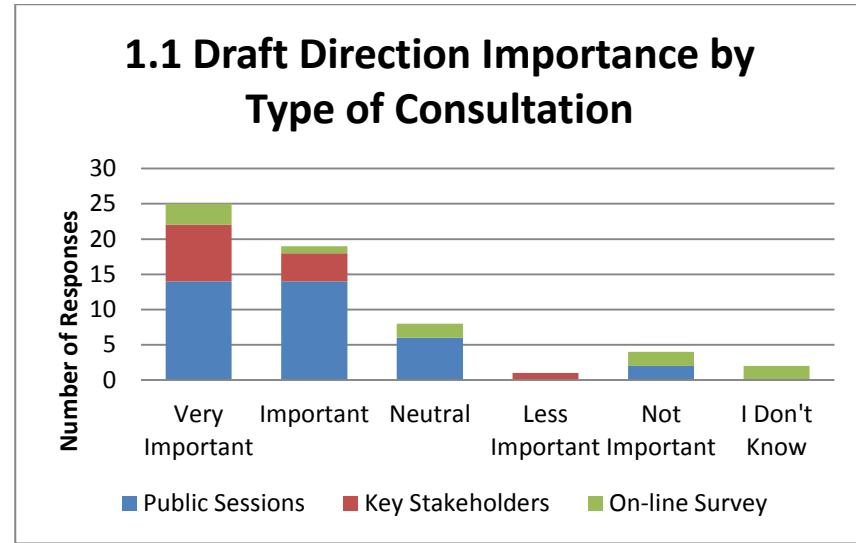
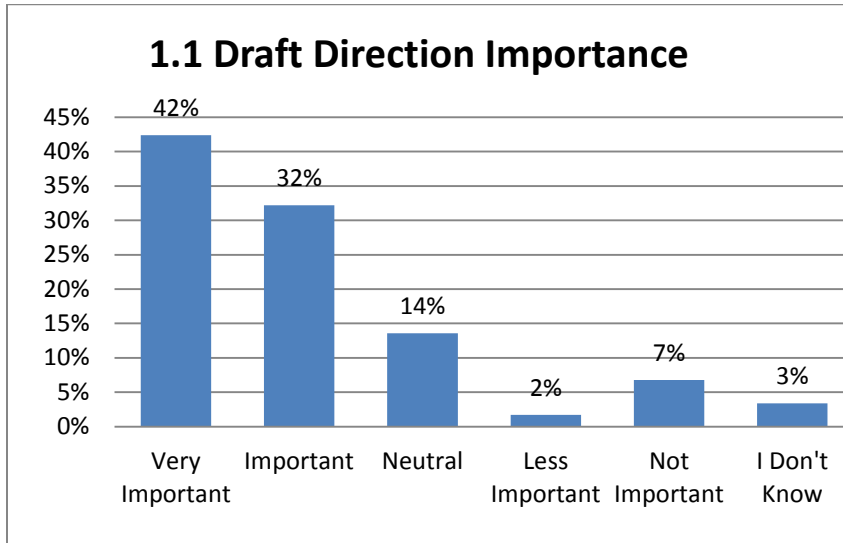
H – High potential items are directions where the City has control (focus on private market housing and land use planning), will show a significant impact in terms of outcomes on the issues and is relatively easy to implement (already in budget, workplan, etc.)

M – Medium potential items are directions where the City has control, impact on issues is anticipated and implementation is reasonable. The directions show promise since they have a level of support (e.g. included in City documents – Official Plan, previous housing study, Council Workshop on affordable housing)

L – Low potential items are directions where the City does not have direct control, impact on the issues is minimal or requires further review and implementation is complex or requires further review since there is not much information available on success of outcomes. In addition directions may require enabling legislation and/or multiple partners

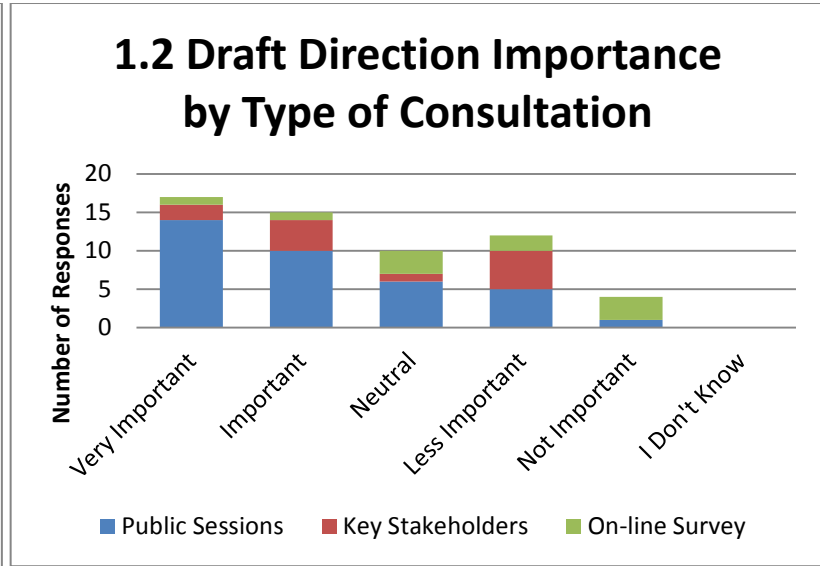
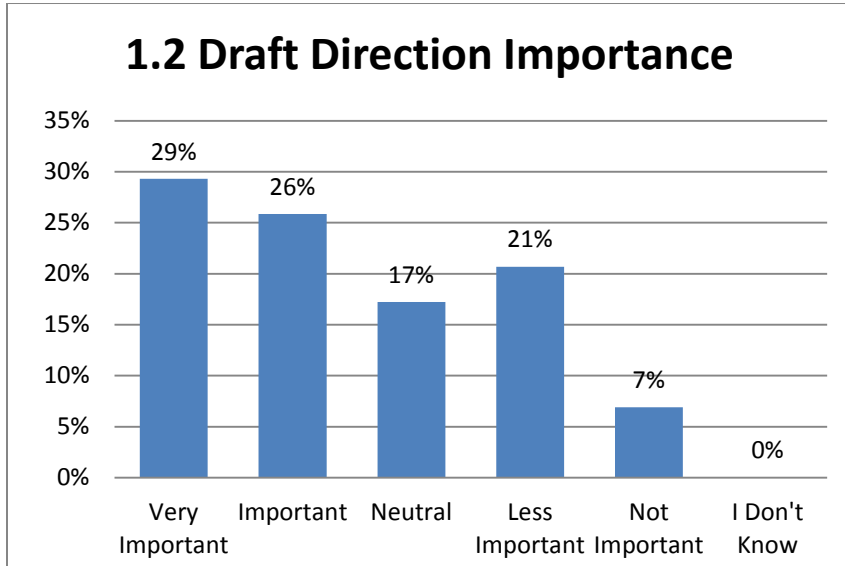
Appendix 2
Affordable Housing Strategy Draft Directions
Community Engagement Results
January – February, 2016

1.1.1 Incent new rental housing construction by maintaining a “New Multi-residential” property tax rate equalized to the rate for Residential properties. How important is this? (Multiple Choice)



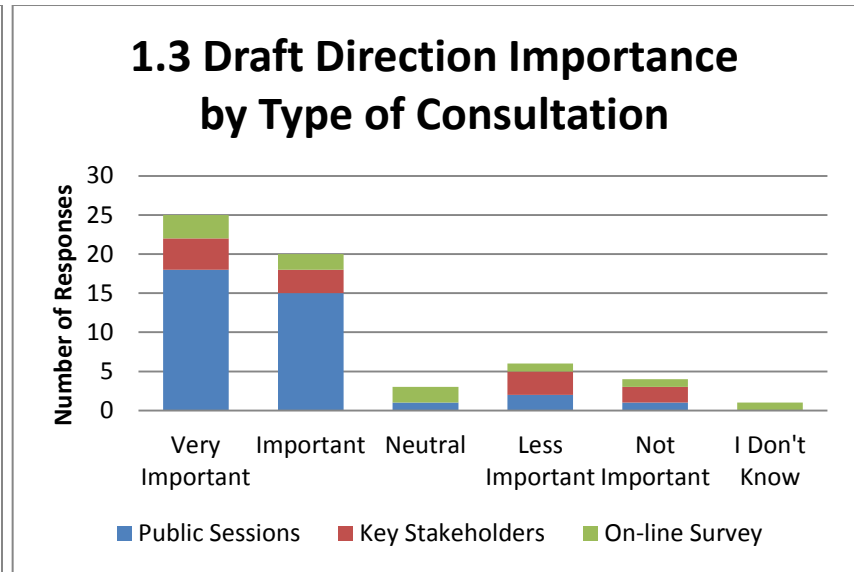
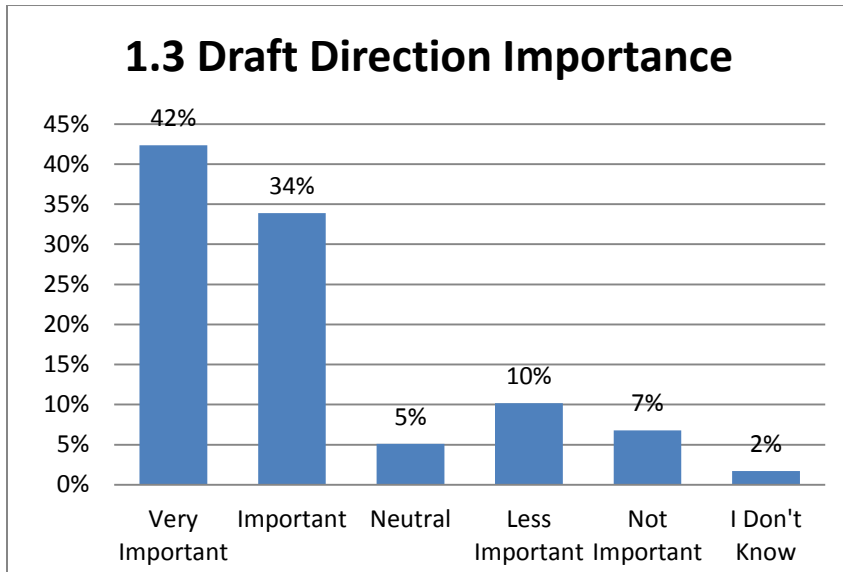
	Responses				
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	14	8	3	25	42.37%
Important	14	4	1	19	32.20%
Neutral	6	0	2	8	13.56%
Less Important	0	1	0	1	1.69%
Not Important	2	0	2	4	6.78%
I Don't Know			2	2	3.39%
Totals	36	13	10	59	100%

2. 1.2 Develop/acquire and operate affordable housing using a Municipal Service Corporation, i.e. Guelph Municipal Holding Inc. How important is this? (Multiple Choice)



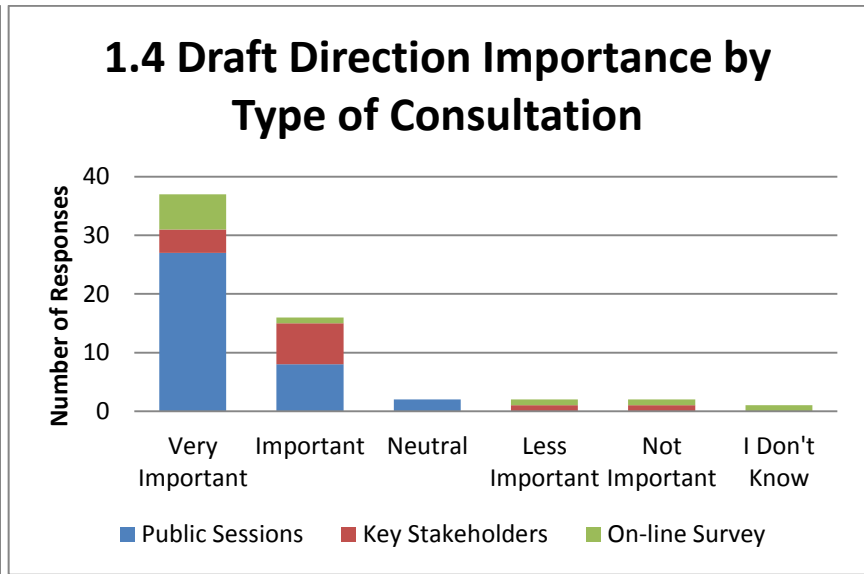
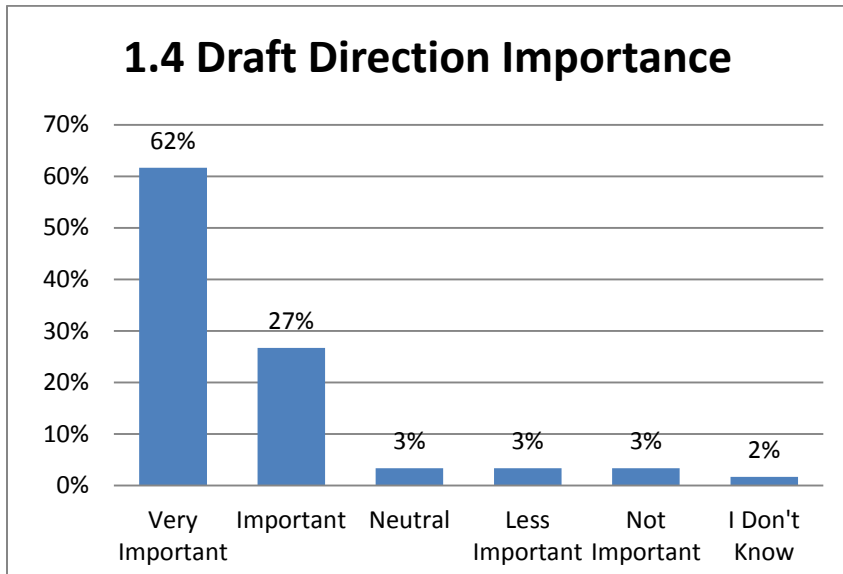
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	14	2	1	17	29.31%
Important	10	4	1	15	25.86%
Neutral	6	1	3	10	17.24%
Less Important	5	5	2	12	20.69%
Not Important	1	0	3	4	6.90%
I Don't Know				0	0.00%
Totals	36	12	10	58	100%

3. 1.3 Increase the City’s affordable rental housing target by modifying the tenure split of the 30% affordable housing target included in the City’s Official Plan. How important is this? (Multiple Choice)



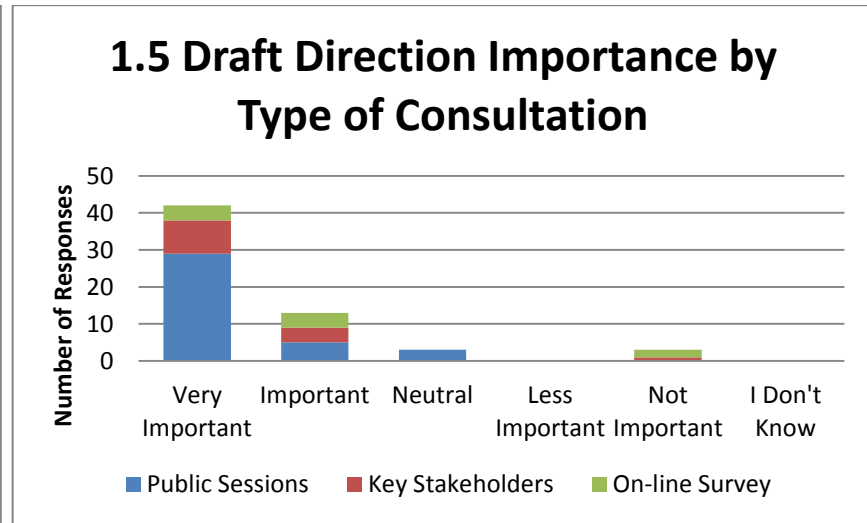
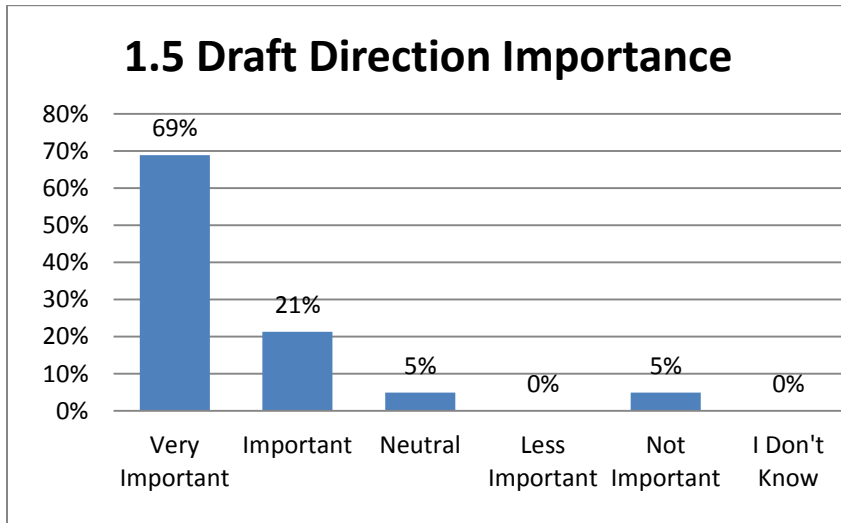
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	18	4	3	25	42.37%
Important	15	3	2	20	33.90%
Neutral	1	0	2	3	5.08%
Less Important	2	3	1	6	10.17%
Not Important	1	2	1	4	6.78%
I Don't Know			1	1	1.69%
Totals	37	12	10	59	100%

4. 1.4 Develop an Implementation Plan to meet the Official Plan affordable housing targets. How important is this? (Multiple Choice)



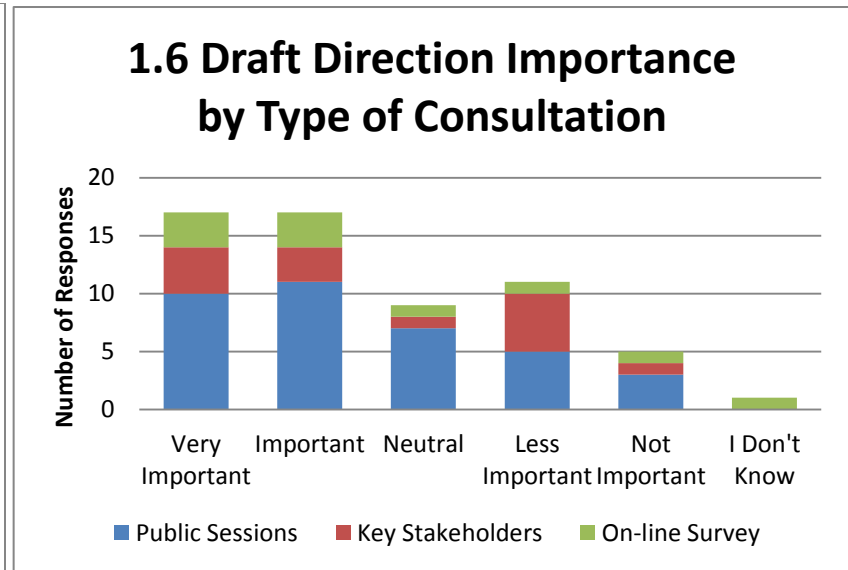
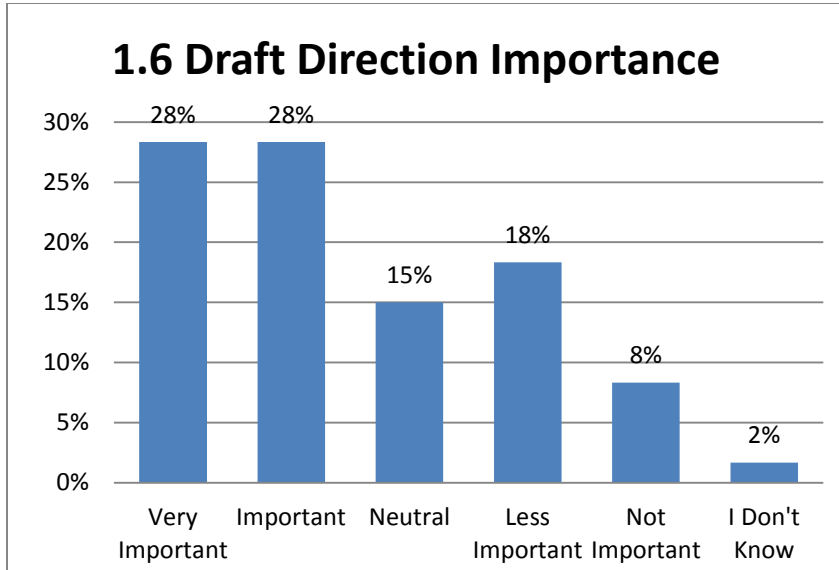
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	27	4	6	37	61.67%
Important	8	7	1	16	26.67%
Neutral	2	0	0	2	3.33%
Less Important	0	1	1	2	3.33%
Not Important	0	1	1	2	3.33%
I Don't Know	0	0	1	1	1.67%
Totals	37	13	10	60	100%

5. 1.5 Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular smaller units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations. How important is this? (Multiple Choice)



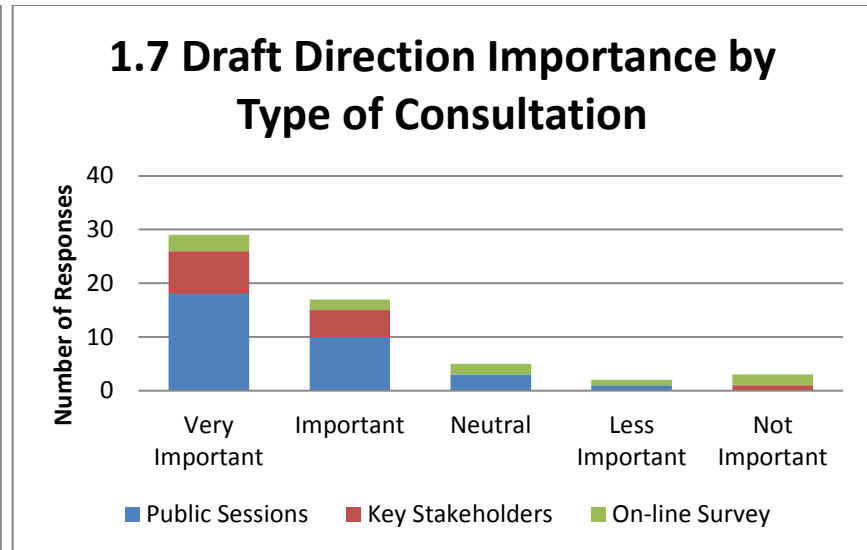
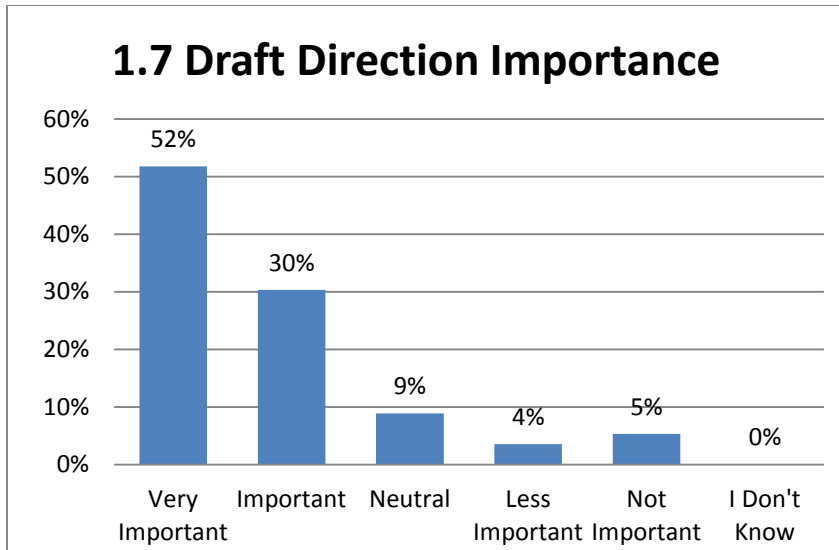
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	29	9	4	42	68.85%
Important	5	4	4	13	21.31%
Neutral	3	0		3	4.92%
Less Important	0	0		0	0.00%
Not Important	0	1	2	3	4.92%
I Don't Know				0	0.00%
Totals	37	14	10	61	100%

6. 1.6 Increase the supply of accessory apartments by modifying the zoning by-law regulations to permit accessory apartments in townhouses.
How important is this? (Multiple Choice)



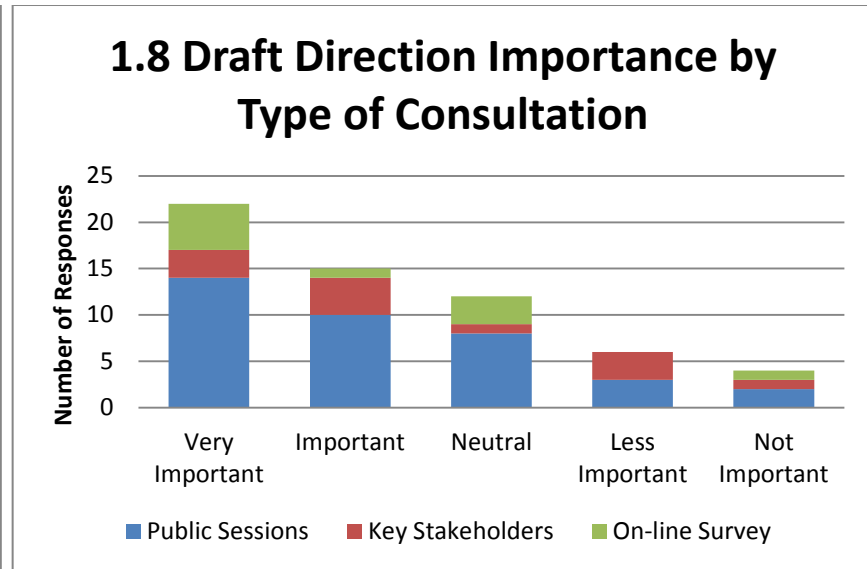
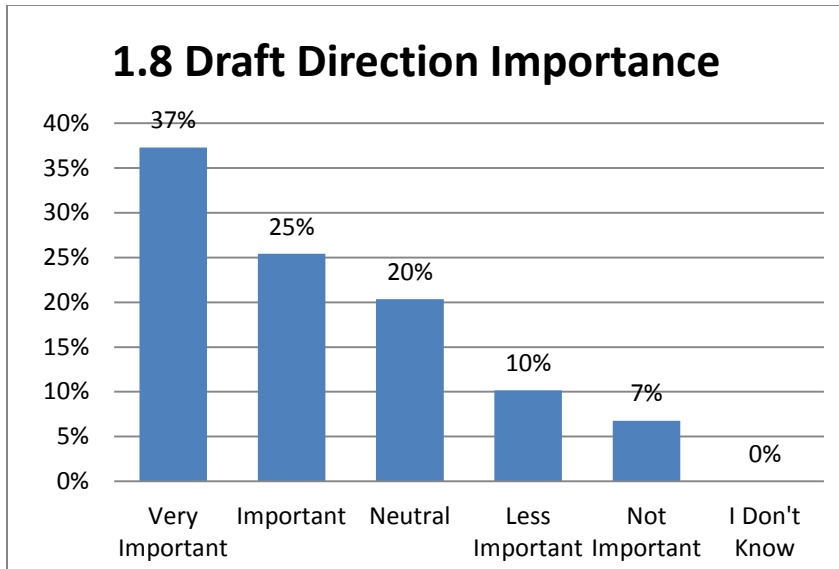
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	10	4	3	17	28.33%
Important	11	3	3	17	28.33%
Neutral	7	1	1	9	15.00%
Less Important	5	5	1	11	18.33%
Not Important	3	1	1	5	8.33%
I Don't Know			1	1	1.67%
Totals	36	14	10	60	100%

7. 1.7 Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan. How important is this? (Multiple Choice)



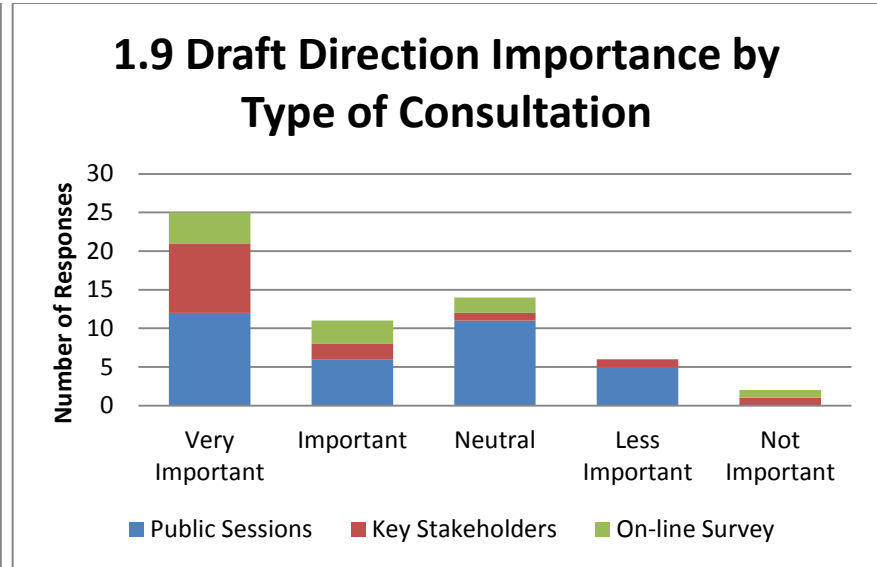
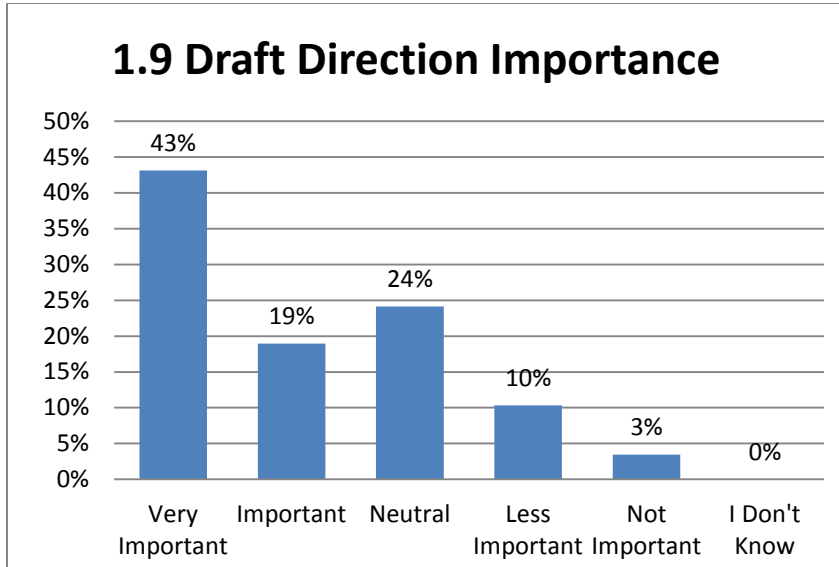
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	18	8	3	29	51.79%
Important	10	5	2	17	30.36%
Neutral	3	0	2	5	8.93%
Less Important	1	0	1	2	3.57%
Not Important	0	1	2	3	5.36%
I Don't Know				0	0.00%
Totals	32	14	10	56	100%

8. 1.8 Explore having a requirement to identify and reserve lands for affordable housing as part of the development approval process. How important is this? (Multiple Choice)



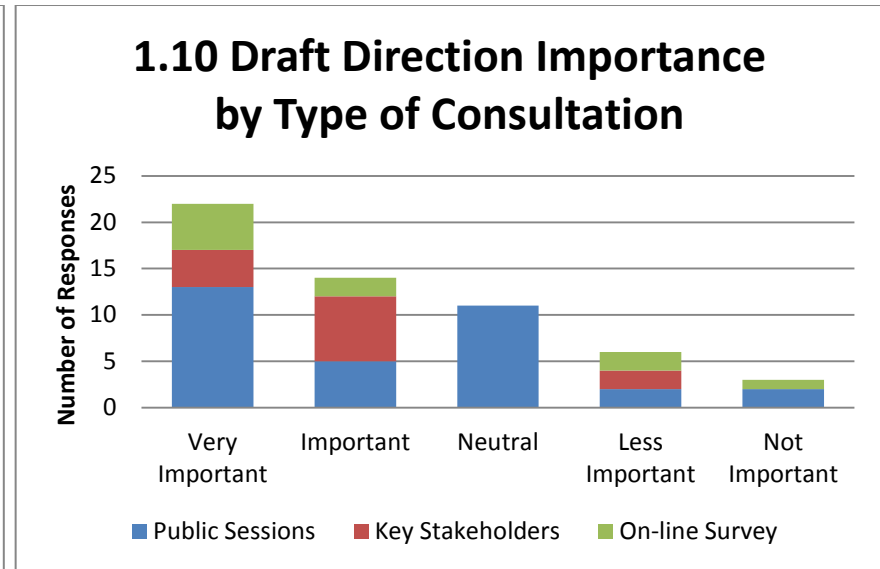
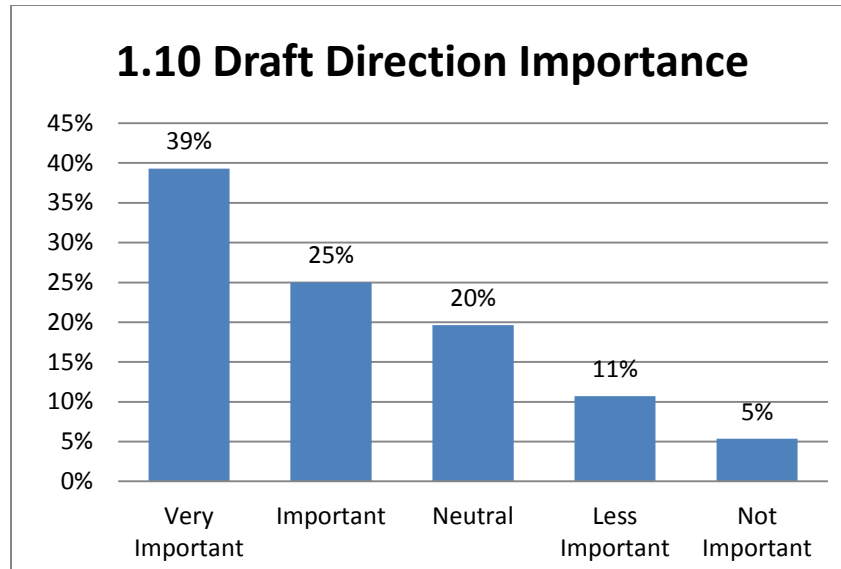
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	14	3	5	22	37.29%
Important	10	4	1	15	25.42%
Neutral	8	1	3	12	20.34%
Less Important	3	3	0	6	10.17%
Not Important	2	1	1	4	6.78%
I Don't Know	0	0	0	0	0.00%
Totals	37	12	10	59	100%

9. 1.9 Explore Development Charge exemptions or reduced rates for affordable housing during the next update of the Development Charges By-law to be completed March 2019. How important is this? (Multiple Choice)



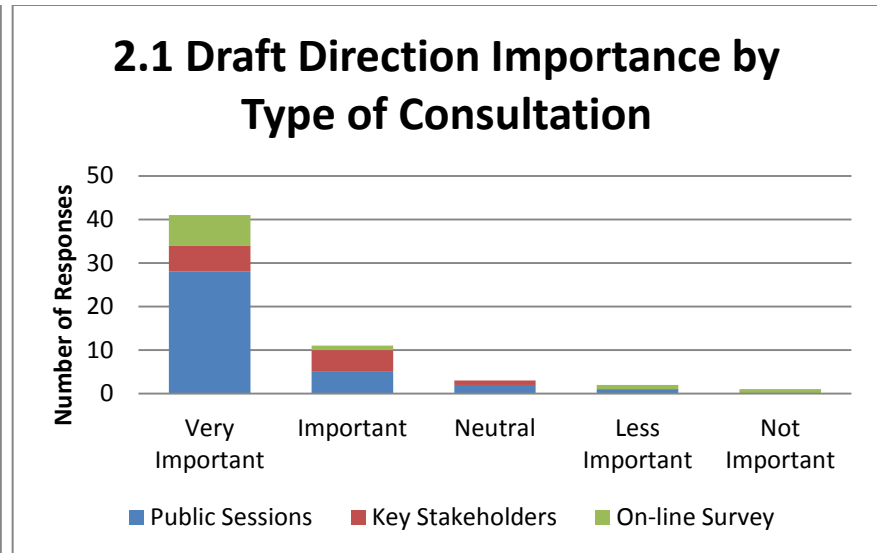
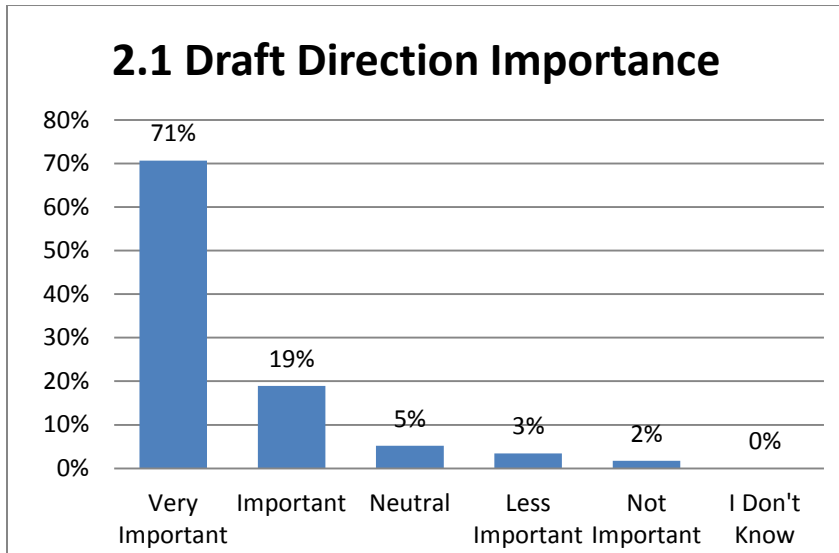
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	12	9	4	25	43.10%
Important	6	2	3	11	18.97%
Neutral	11	1	2	14	24.14%
Less Important	5	1	0	6	10.34%
Not Important	0	1	1	2	3.45%
I Don't Know	0	0	0	0	0.00%
Totals	34	14	10	58	100%

10. 1.10 Explore the inclusion of affordable housing/social housing as a general service during the next update of the Development Charges By-law to be completed March 2019. How important is this? (Multiple Choice)



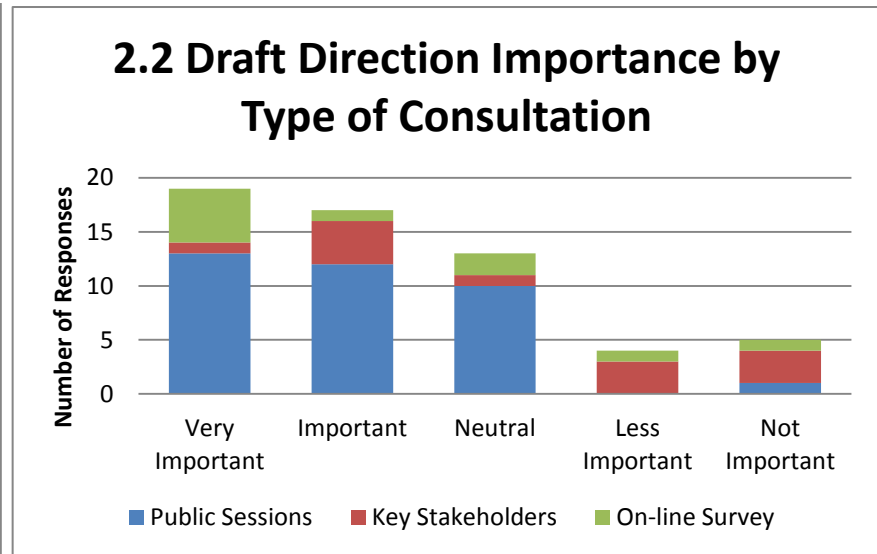
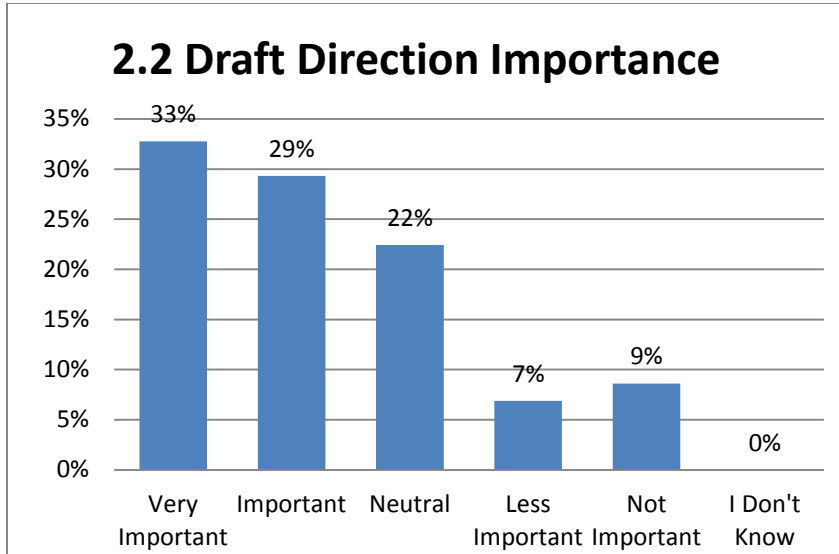
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	13	4	5	22	39.29%
Important	5	7	2	14	25.00%
Neutral	11	0	0	11	19.64%
Less Important	2	2	2	6	10.71%
Not Important	2	0	1	3	5.36%
I Don't Know				0	0.00%
Totals	33	13	10	56	100%

11. 2.1 Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed. How important is this? (Multiple Choice)



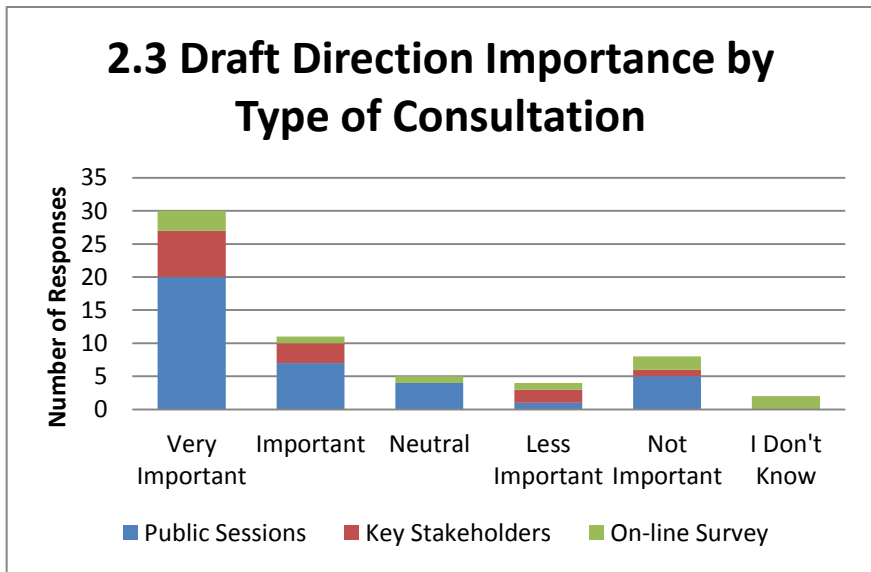
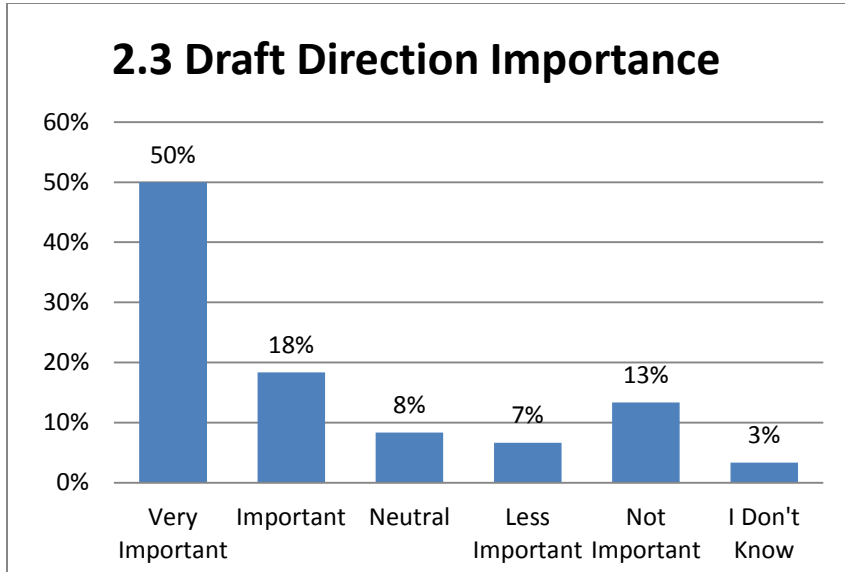
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	28	6	7	41	70.69%
Important	5	5	1	11	18.97%
Neutral	2	1	0	3	5.17%
Less Important	1	0	1	2	3.45%
Not Important	0	0	1	1	1.72%
I Don't Know				0	0.00%
Totals	36	12	10	58	100%

12. 2.2 Develop guidelines for the submission of an Affordable Housing Report as part of a complete development application. How important is this? (Multiple Choice)



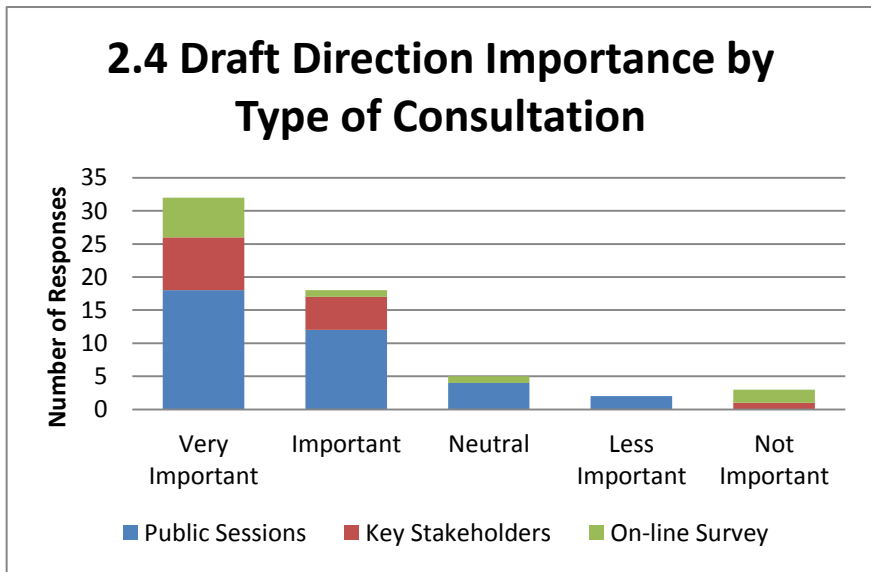
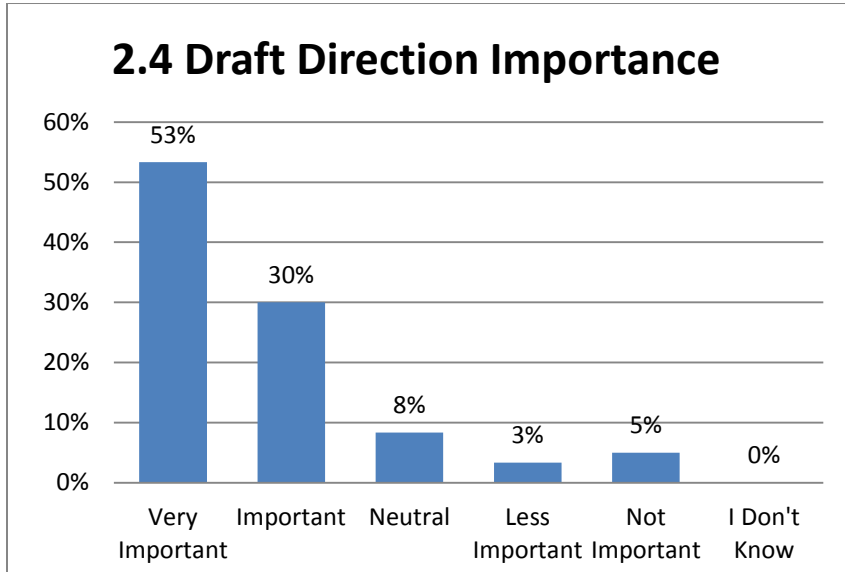
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	13	1	5	19	32.76%
Important	12	4	1	17	29.31%
Neutral	10	1	2	13	22.41%
Less Important	0	3	1	4	6.90%
Not Important	1	3	1	5	8.62%
I Don't Know				0	0.00%
Totals	36	12	10	58	100%

13. 2.3 Develop height and density bonusing guidelines that would prioritize affordable housing as a community benefit, where appropriate, in exchange for additional height and/or density. How important is this? (Multiple Choice)



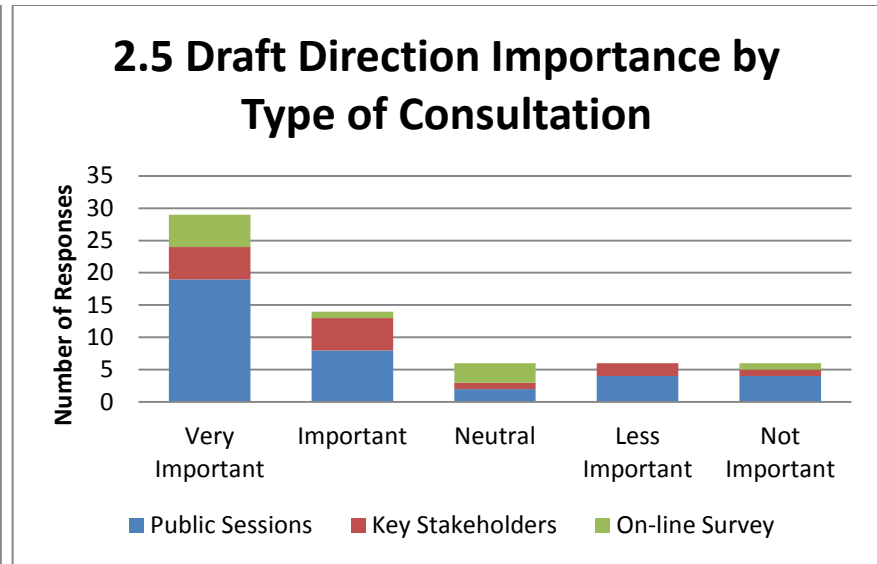
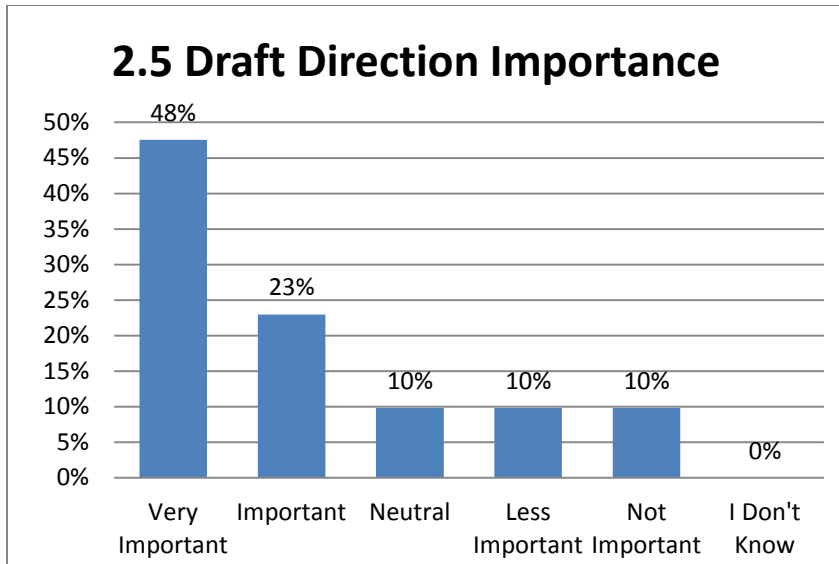
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	20	7	3	30	50.00%
Important	7	3	1	11	18.33%
Neutral	4	0	1	5	8.33%
Less Important	1	2	1	4	6.67%
Not Important	5	1	2	8	13.33%
I Don't Know			2	2	3.33%
Totals	37	13	10	60	100%

14. 2.4 Establish a policy to increase the utilization of municipal lands for affordable housing where appropriate and make housing providers aware of lands being disposed of by the City. How important is this? (Multiple Choice)



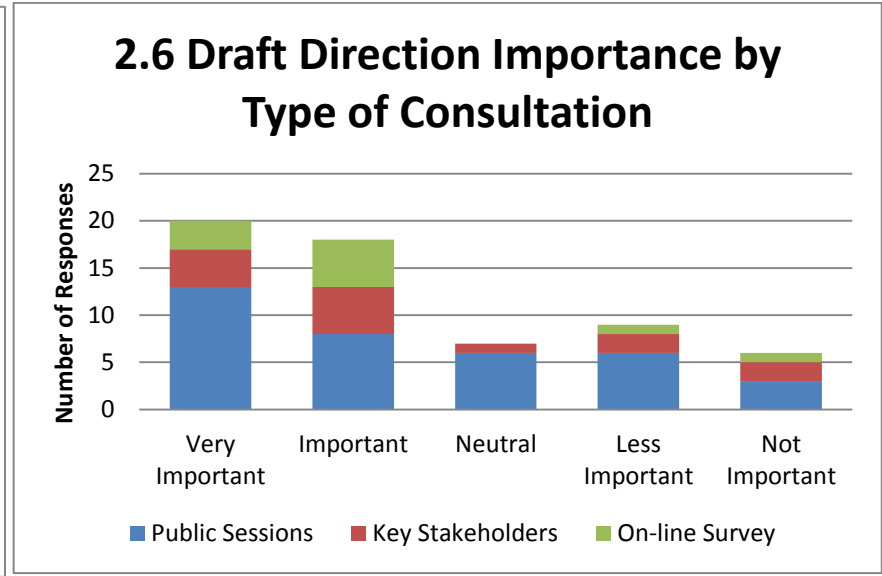
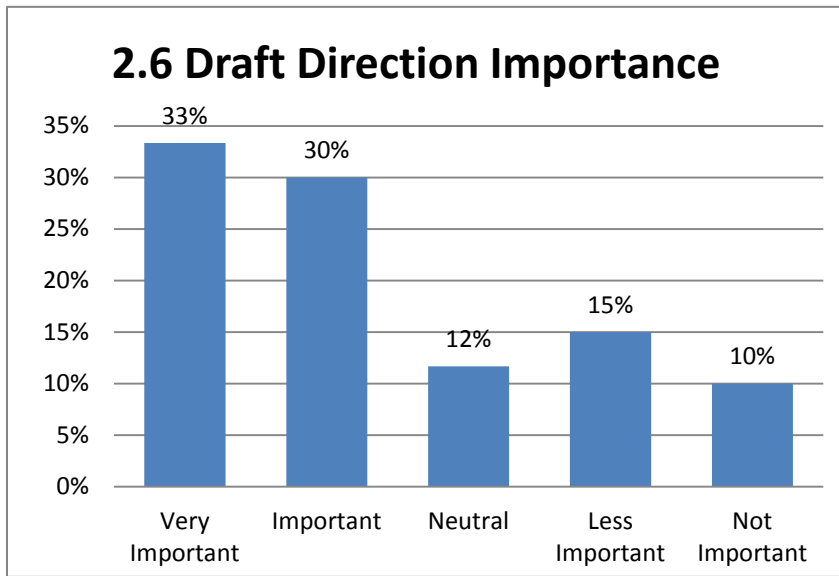
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	18	8	6	32	53.33%
Important	12	5	1	18	30.00%
Neutral	4	0	1	5	8.33%
Less Important	2	0		2	3.33%
Not Important	0	1	2	3	5.00%
I Don't Know				0	0.00%
Totals	36	14	10	60	100%

15. 2.5 Explore the feasibility of developing a City land banking program to acquire and protect lands for affordable housing. How important is this? (Multiple Choice)



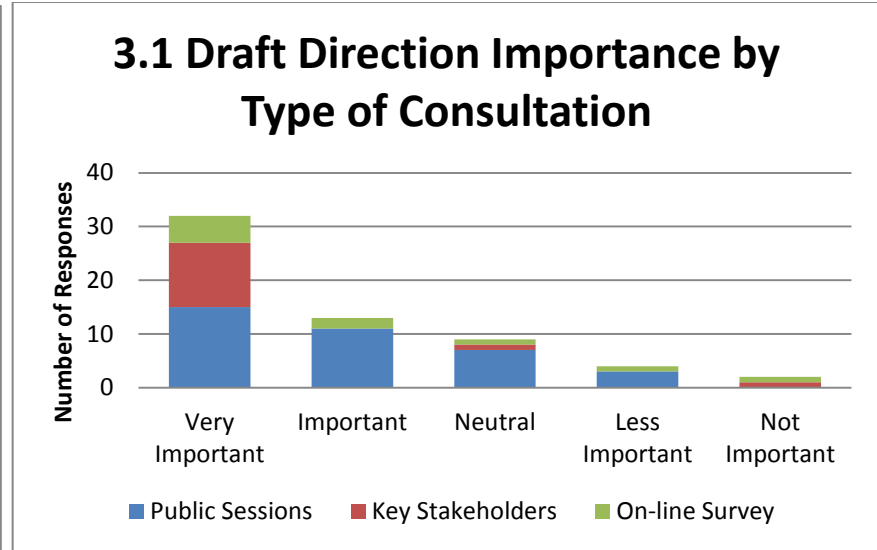
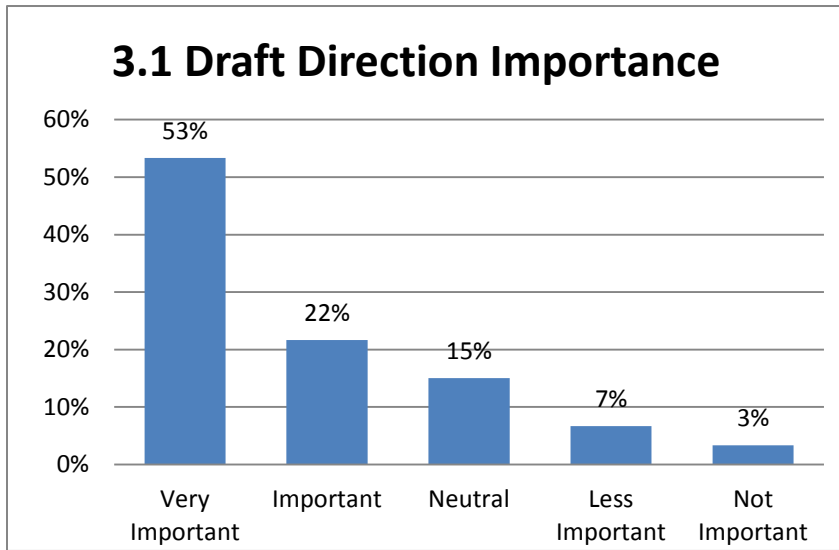
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	19	5	5	29	47.54%
Important	8	5	1	14	22.95%
Neutral	2	1	3	6	9.84%
Less Important	4	2	0	6	9.84%
Not Important	4	1	1	6	9.84%
I Don't Know	0	0	0	0	0.00%
Totals	37	14	10	61	100%

16. 2.6 Monitor secondary rental housing to ensure policies and funding are appropriately directed. How important is this? (Multiple Choice)



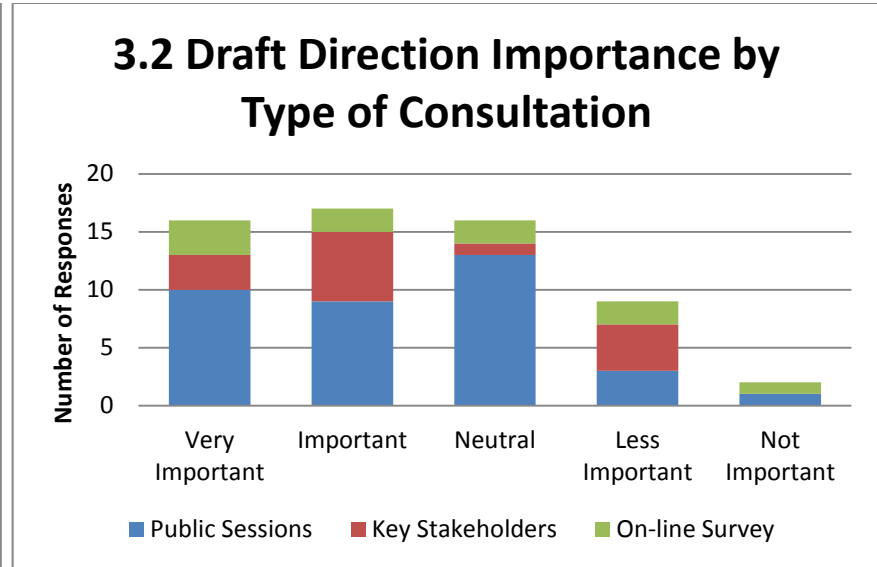
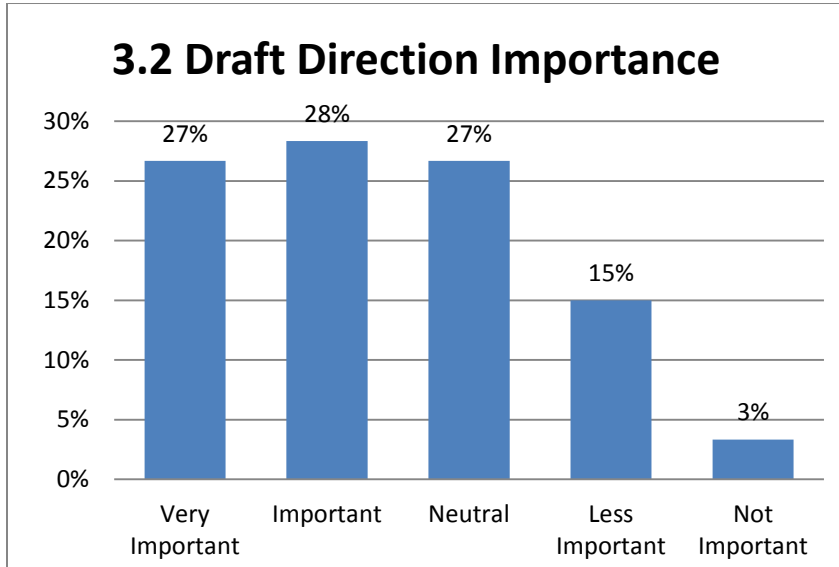
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	13	4	3	20	33.33%
Important	8	5	5	18	30.00%
Neutral	6	1		7	11.67%
Less Important	6	2	1	9	15.00%
Not Important	3	2	1	6	10.00%
I Don't Know				0	0.00%
Totals	36	14	10	60	100%

17. 3.1 Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing. How important is this? (Multiple Choice)



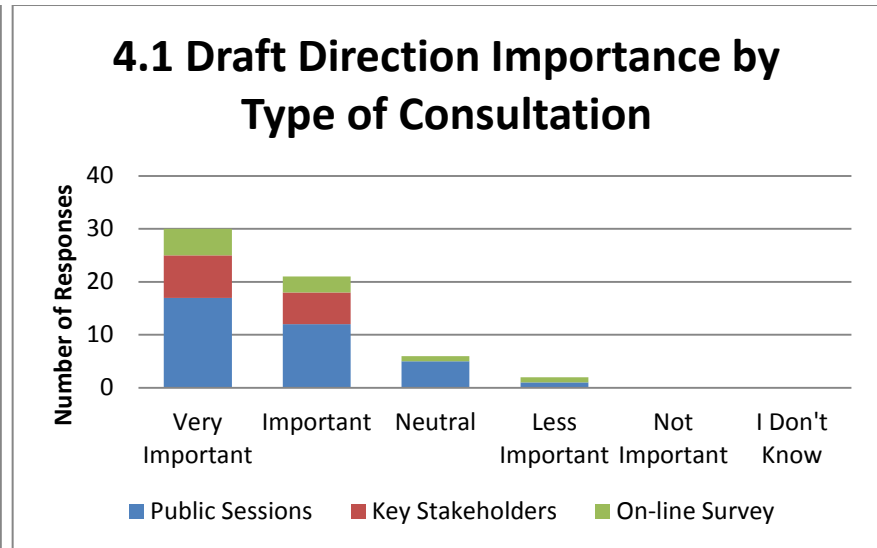
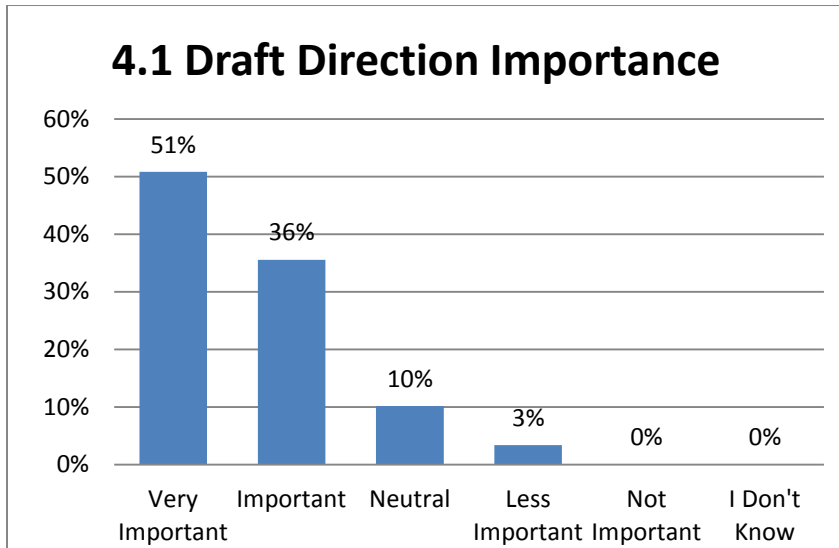
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	15	12	5	32	53.33%
Important	11	0	2	13	21.67%
Neutral	7	1	1	9	15.00%
Less Important	3	0	1	4	6.67%
Not Important	0	1	1	2	3.33%
I Don't Know				0	0.00%
Totals	36	14	10	60	100%

18. 3.2 Explore social financing as a means of funding affordable housing units, especially smaller units (bachelor and one bedroom units) and primary rental housing. How important is this? (Multiple Choice)



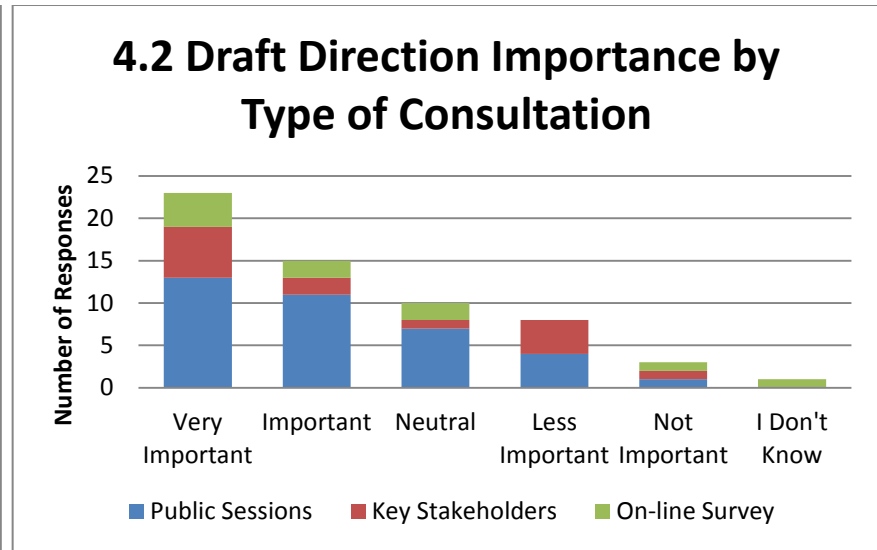
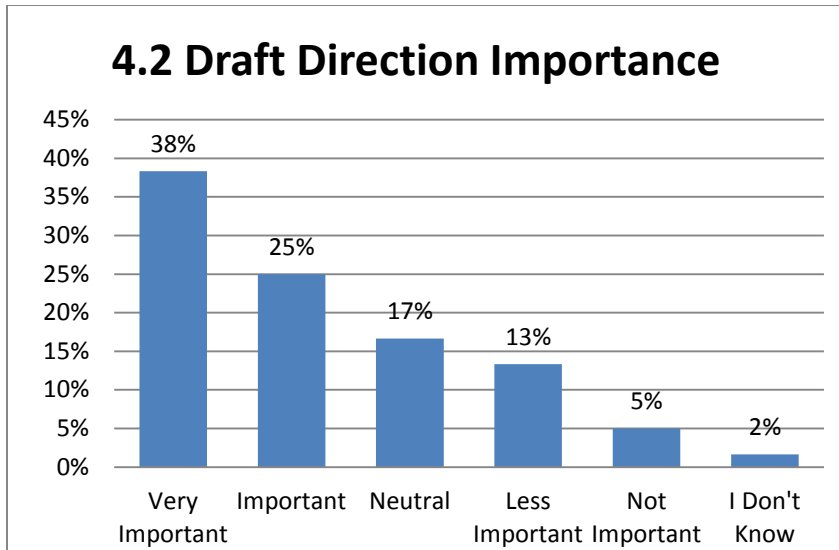
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	10	3	3	16	26.67%
Important	9	6	2	17	28.33%
Neutral	13	1	2	16	26.67%
Less Important	3	4	2	9	15.00%
Not Important	1	0	1	2	3.33%
I Don't Know				0	0.00%
Totals	36	14	10	60	100%

19. 4.1 Work with the County as Service Manager on the development of the County’s incentive toolkit and promote any affordable housing programs provided by all levels of government. How important is this? (Multiple Choice)



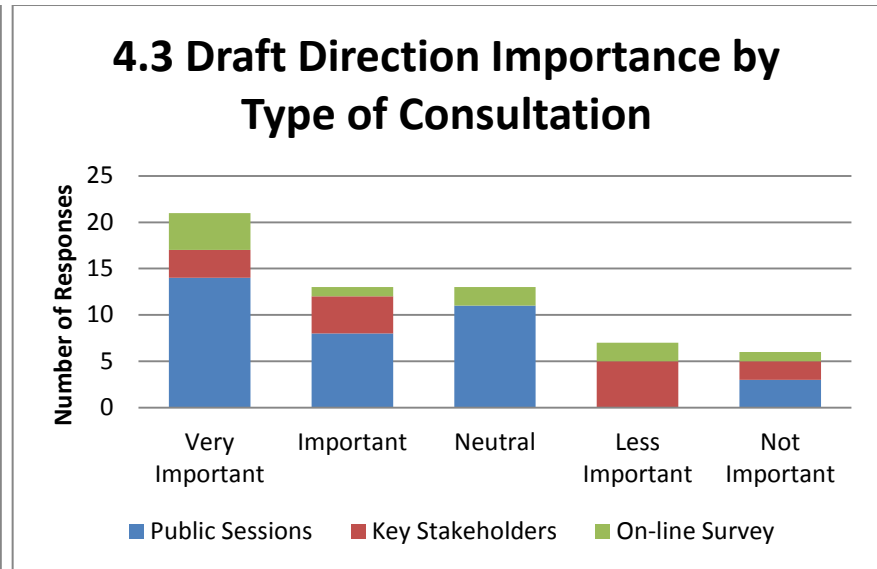
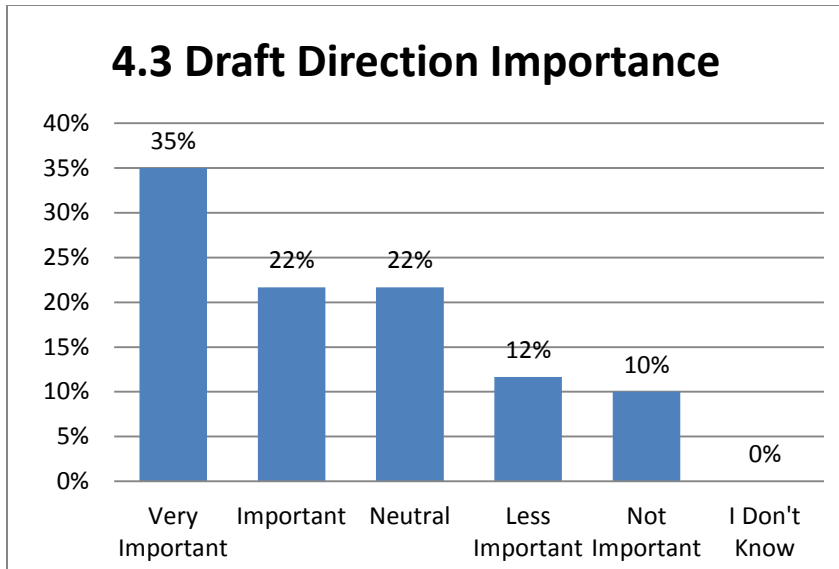
	Responses				
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	17	8	5	30	50.85%
Important	12	6	3	21	35.59%
Neutral	5	0	1	6	10.17%
Less Important	1	0	1	2	3.39%
Not Important	0	0		0	0.00%
I Don't Know				0	0.00%
Totals	35	14	10	59	100%

20. 4.2 Research innovative housing with partners to create a resource document that could be used with other tools to support the development of affordable housing e.g. pocket housing. How important is this? (Multiple Choice)



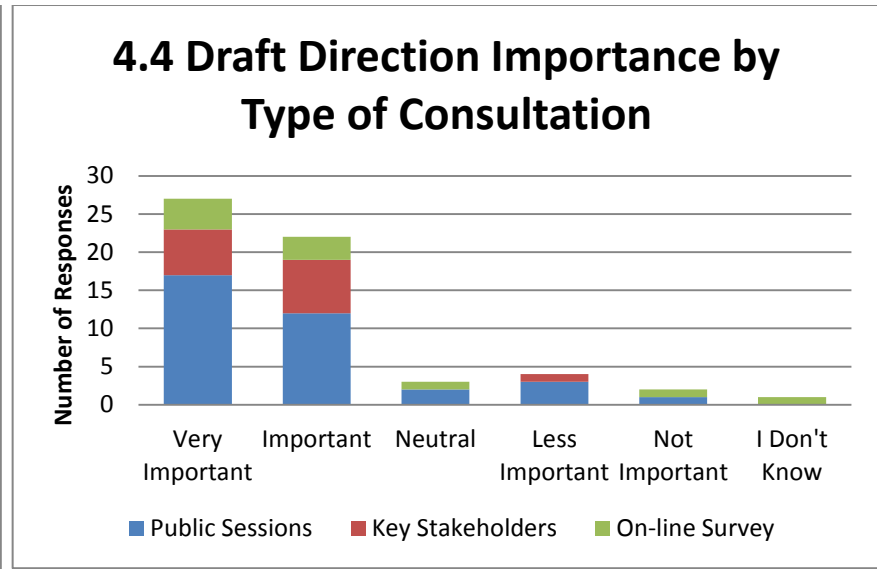
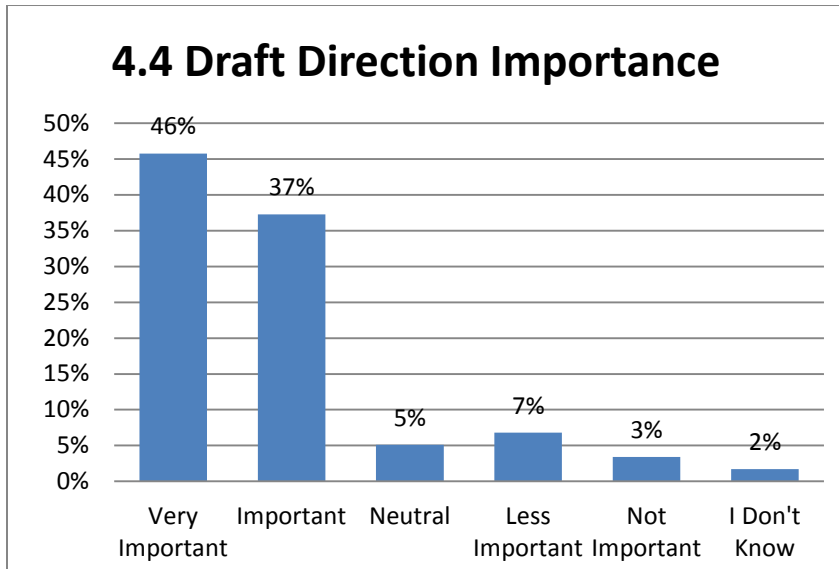
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	13	6	4	23	38.33%
Important	11	2	2	15	25.00%
Neutral	7	1	2	10	16.67%
Less Important	4	4		8	13.33%
Not Important	1	1	1	3	5.00%
I Don't Know			1	1	1.67%
Totals	36	14	10	60	100%

21. 4.3 Initiate or support a demonstration project with partners showcasing affordable housing, especially smaller units (bachelor and one bedroom units). How important is this? (Multiple Choice)



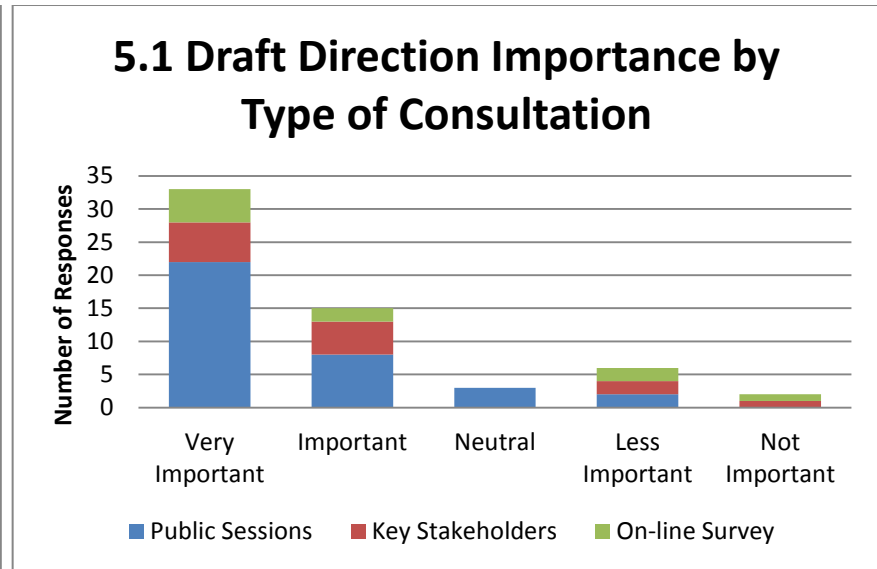
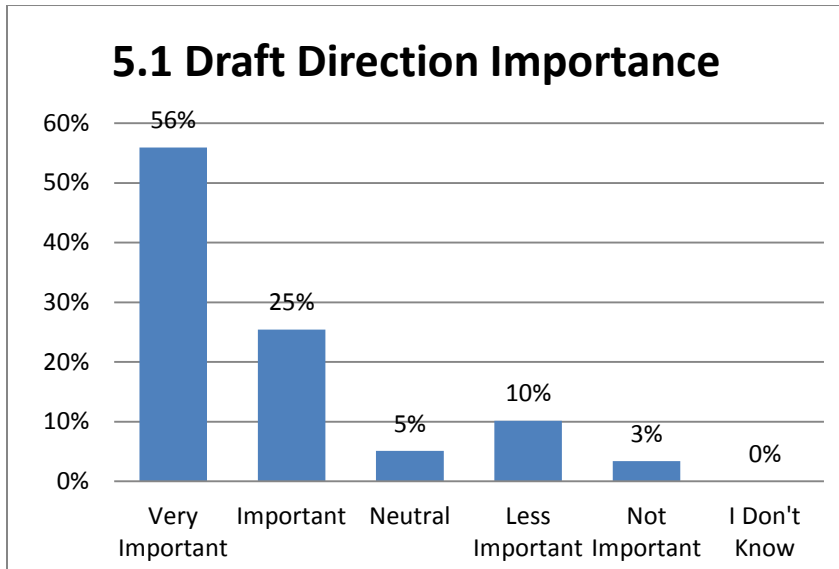
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	14	3	4	21	35.00%
Important	8	4	1	13	21.67%
Neutral	11	0	2	13	21.67%
Less Important	0	5	2	7	11.67%
Not Important	3	2	1	6	10.00%
I Don't Know				0	0.00%
Totals	36	14	10	60	100%

22. 4.4 Work with the County and housing providers to identify the potential to revitalize as appropriate existing social housing properties and assist with implementation where appropriate. How important is this? (Multiple Choice)



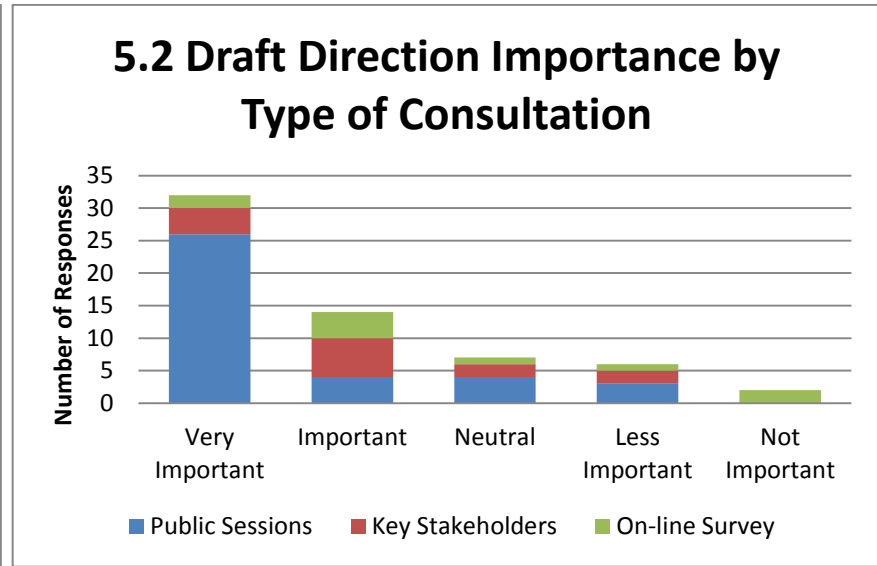
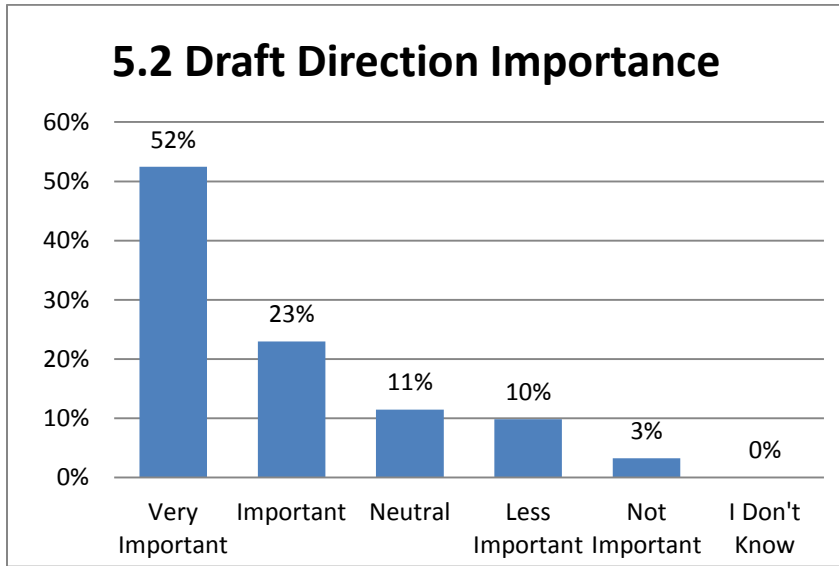
Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	17	6	4	27	45.76%
Important	12	7	3	22	37.29%
Neutral	2	0	1	3	5.08%
Less Important	3	1	0	4	6.78%
Not Important	1	0	0	1	1.69%
I Don't Know	0	0	1	1	1.69%
Totals	35	14	10	59	100%

23. 5.1 Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units. How important is this? (Multiple Choice)



Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	22	6	5	33	55.93%
Important	8	5	2	15	25.42%
Neutral	3	0		3	5.08%
Less Important	2	2	2	6	10.17%
Not Important	0	1	1	2	3.39%
I Don't Know				0	0.00%
Totals	35	14	10	59	100%

24. 5.2 Develop a corporate advocacy strategy related to affordable housing. How important is this? (Multiple Choice)



Responses					
	Public Sessions	Key Stakeholders	On-line Survey	Total	Percent
Very Important	26	4	2	32	52.46%
Important	4	6	4	14	22.95%
Neutral	4	2	1	7	11.48%
Less Important	3	2	1	6	9.84%
Not Important	0	0	2	2	3.28%
I Don't Know				0	0.00%
Totals	37	14	10	61	100%

Key Stakeholder Comments

Key stakeholders recommended including fewer directions in the strategy that combined some of the draft directions to increase their impact.

Financial incentives were important but stakeholders felt they would have limited impacted without the involvement of other levels of government. Any incentives provided should focus on smaller units and include the secondary rental market. Land purchases, development fees and charges should be waived for a set period of time in exchange for units being smaller and meeting affordability levels. A minimum financial incentive of \$20,000 per unit was suggested which would help a proponent contribute 25% of project costs, a requirement of previous funding programs. Social financing might have some interest from a larger corporation but was not seen as something a smaller organization might be interested in.

The nature of the City's land holdings was questioned with key stakeholders feeling there was more value with the City exercising the first right of refusal on school board lands. A number of opportunities were seen with revitalizing appropriate existing social housing sites including: redeveloping/intensifying appropriate land; leveraging existing housing stock; creating smaller units; and having the City expedite the development approvals process. A demonstration project was also viewed as having many benefits including showing how other directions such as revised policies and procedures and financial incentives can be leveraged, publicity and the creation of an innovative mixed project including ownership, rental and social housing units.

The City getting directly involved in the housing business through a Municipal Service Corporation, i.e. GMHI had mixed views. This direction could increase control over the issue and could help with the acquisition of land. However key stakeholders felt that it should involve a partnership with the County and could remove the provision of incentives to the private sector.

There was little support for the creation of a resource document on innovative housing forms. Key stakeholders felt that best practice documents were already available through agencies such as Canada Mortgage and Housing Corporation (CMHC).

1.1.1 Public Meeting Comments

At the public meetings comments focused on the importance of direct financial incentives, including accessory apartments and presenting it as a value proposition, with a social return, not just a public cost. However social financing raised more questions around who might be interested in it and whether this was better suited to transitional and/or supportive housing forms. Inclusive housing for a mix of incomes was very important along with including units for seniors and persons with disabilities. The need to focus on rental housing was clearly expressed since it was felt that the resale value of housing could not be controlled. However there was some support to also include ownership housing, regulate tiny homes and/or potentially support rent to own models. Land supply and costs were seen as important factors including the use of lands owned by the County and

housing providers. It was important that the County's work was not replicated but that partnerships were supported. The City's influence on the primary rental market was viewed as limited.

1.1.2 Online Survey Comments

Comments from the online survey showed that trying to impact the security of the secondary rental market was the hardest of the three issues. The draft directions with the greatest impact on the other two issues, need for smaller units and more primary rental, revolved around land availability, financial incentives and partnerships with the County. There was general concern about where the money was going to come from for the incentives, the importance of creating more new affordable rental units **rather than ownership "Tricar" type buildings, having every builder contribute to affordable housing and using existing partners/providers rather than creating new administrative structures.**

Appendix 3

Draft Directions by Strategic Area

#	Strategic Area/Draft Direction
1.	Target and Benchmarks
1.3	Increase the City's affordable rental housing target by modifying the tenure split of the 30% affordable housing target included in the City's Official Plan.
2.	Planning Regulations and Processes
1.5	Review regulations and by-laws to identify unnecessary barriers/disincentives to the creation of affordable housing, in particular small units (e.g. tiny houses, bachelor, one bedroom units) and primary rental housing units and make recommendations for changes to policy and regulations.
1.6	Increase the supply of accessory apartments by modifying the zoning by-law regulations to permit accessory apartments in townhouses.
1.8	Explore having a requirement to identify and reserve lands for affordable housing as part of the development approval process.
2.2	Develop guidelines for the submission of an Affordable Housing Report as part of a complete development application.
2.3	Develop height and density bonusing guidelines that would prioritize affordable housing as a community benefit, where appropriate, in exchange for additional height and/or density.
5.1	Advocate for inclusionary zoning as a tool for municipalities to require development applications to include affordable housing units.
Note	Draft direction 1.8, identify and reserve units (lands) for affordable housing as part of the development approval process, is reliant on inclusionary zoning being incorporated into the <i>Planning Act</i> .
3.	Financial Incentives
1.7	Provide financial incentives for affordable housing through the development of a Community Improvement Plan (CIP) and/or modification of the Downtown Community Improvement Plan.
3.1	Provide direct financial incentives (e.g. reserve, grants, Add a Unit Program, etc.) for smaller rental units (bachelor and one bedroom) and primary rental housing.
Note	Draft direction 3.1 is about providing direct financial incentives for smaller rental units and primary rental housing. The recipients of direct financial incentives would be limited to individuals and not-for-profit housing providers in the absence of a CIP. Draft direction 1.7 is about developing a CIP that would expand potential recipients of financial incentives to include private businesses.
4.	Development Charges
1.9	Explore Development Charge exemptions or reduced rates for affordable

	housing during the next update of the Development Charges By-law to be completed March 2019.
5.	Partnerships
4.1	Work with the County as Service Manager on the development of the County's incentive toolkit and promote any affordable housing programs provided by all levels of government.
4.4	Work with the County and housing providers to identify the potential to revitalize as appropriate existing social housing properties and assist with implementation where appropriate.
6.	Implementation and Monitoring
1.4	Develop an Implementation Plan to meet the Official Plan affordable housing targets.
2.1	Monitor affordable housing targets and indicators to measure the effectiveness of affordable housing directions and ensure policies and funding are appropriately directed.
2.6	Monitor secondary rental housing to ensure policies and funding are appropriately directed.

Appendix 4

Summary of Recommended Strategic Actions

#	Recommended Strategic Action
1.	Target and Benchmarks
1	That the affordable housing target be maintained at 30%; 27% ownership and 3% rental.
2	That the City monitor the creation of new affordable market housing on an annual basis and review the affordable rental housing target during the next Official Plan review based on factors such as vacancy rate, success the actions recommended in this Strategy and performance of the market sector in delivering affordable housing.
3	That the rental housing target be measured as a five year annual average and that purpose built secondary rental housing units, excluding accessory apartments, be included where known.
4	That City staff explore the potential to identify and monitor purpose built secondary rental housing units annually for inclusion in measuring the affordable rental target.
2.	Planning Regulations and Processes
1	That minimum and/or maximum dwelling size limits not be incorporated into the City's Zoning By-law and that no change be made to the unit size and cap limits of accessory apartments, i.e. 45% of total Building Floor Area and 80 m ² of Floor Area and that variance requests to increase unit size and cap limits are assessed to ensure smaller affordable units remain available in the City.
2	<p>That the City's comprehensive review of its Zoning By-law consider:</p> <ul style="list-style-type: none"> • reduced parking requirements for appropriate multiple residential properties and mixed-use developments that include affordable residential units; • regulations for accessory apartments in townhouses; • a combined low density residential zoning category that would permit both single and semi-detached dwelling units; and • pre-zone appropriate sites for medium and high density residential uses that align with the City's Official Plan's (OPA 48) residential designations.
3	That the City of Guelph continue to monitor the Province's work on inclusionary zoning. If inclusionary zoning does become available to municipalities, the City of Guelph will further examine the potential to use this tool to address identified affordable market housing issues within the City of Guelph, e.g. if this tool is needed and if so under what conditions the City of Guelph would choose to pursue this tool, e.g. size and type of development and percentage of affordable housing requested, in the context of the performance and outcomes of the other recommended affordable housing strategic actions.
4	That when the City updates its development standards, changes that could impact the provision of affordable housing be considered, recognizing the impact of servicing and land requirements on housing costs. For example

	consideration should be given to increased TDM measures, shared servicing for coach houses, etc.
5	That the update of development standards be coordinated with the update of the City's Zoning By-law to ensure documents are aligned where appropriate.
6	That the City establish criteria for requiring the submission of an Affordable Housing Report for private market residential and mixed-use developments (including residential units), and that the City develop a generic Terms of Reference to support the preparation of such reports.
7	That the development of height and density bonusing guidelines under Section 37 of the <i>Planning Act</i> explore how affordable housing may be delivered as a community benefit.
3.	Financial Incentives
1	That the City develop a Community Improvement Plan (CIP) for affordable housing to allow financial incentives to be provided to the private sector across the City.
2	That the City provide a variety of financial assistance for the development of affordable housing.
4.	Development Charges
1	That the City consider exemptions or reduced development charge rates for affordable housing as part of the Development Charges By-law review in 2019 in light of the contemporary financial incentive policy.
5.	Partnerships
1	That the City leverage any partnership opportunities with the County and housing providers to help coordinate and increase the impact of our responses to affordable housing issues while recognizing legislative roles and service area boundaries.
2	That, if the County chooses to develop an incentive toolkit that publicizes current affordable housing programs and incentives, the City participate in its development and make appropriate linkages between the County's and City's communication materials.
3	That, where appropriate, the City assists with increasing the number of affordable housing units on existing County and housing provider developments.
6.	Implementation and Monitoring
1	That the City's 30% affordable housing target be implemented city-wide.
2	Affordable housing opportunities will be provided city-wide through the development application process. Within the built-up area the focus is on the Urban Growth Centre, Intensification Corridors and Community Mixed Use Nodes. Development within the greenfield area will be planned and designed to include affordable housing.
3	That the City annually monitor key affordable housing indicators including a breakdown of the number of bedrooms per unit in stacked townhouse and apartment developments.
4	That annual reporting of accessory apartment information be expanded to include a breakdown of the number of units created by number of bedrooms.
5	That the City continue to explore the ability to identify purpose built secondary rental housing, excluding accessory apartments, through the

	development review/approval process.
6	That data on secondary rental housing be researched on a five year cycle including a survey of registered accessory apartments to inform the creation of rental units.
7	That the City continue to advocate CMHC for the collection of secondary rental market data for the Guelph area.

Appendix 5

Tiny House Review

The Tiny House Movement is a neo-traditional movement in that smaller homes have been built in the past and can be built today. The Tiny House Movement, Small House Society, Not So Big House are all responses to go back to basics and live within our means both financially, environmentally and socially. It is not just a response to escalating house prices in prime urban markets like Toronto or Vancouver, but also a response to households that desire a different lifestyle and smaller footprint. There are various definitions of tiny/small houses that generally range in size from 100 ft² to 1,500 ft². In British Columbia a research study has quantified the size of small dwellings to household needs, specifically approximately 500 ft² for a one to two person household and approximately 750 ft² for a household of three or more people.

During the 1800s houses were generally one room, one storey structures (450 ft²). Lot and house sizes grew in the 1900s with one or one and a half storey homes offering 600 – 800 ft². In the 1940s lots grew to around 60 by 100 feet with post war homes being built. By the 1950s bungalows, on park like lots, supported 1,000 ft² homes with room to expand later. Additional separate rooms (e.g. recreation/family rooms) came in during the 1960s increasing houses to around 1,500 ft² growing to 2,000 ft² in the 1970s which brought with it additional storeys to support the increased floor space. In the 1990s houses grew and lots shrunk. A peak was reached around 2006 with homes supporting 1,900 ft² to 2,300 ft².

According to Craig Alexander, chief economist of TD Bank Financial Group “We’ve gone from land rich and house poor to land poor and house rich.”¹ Brian Johnston, COO of Mattamy Corporation adds that **“In 2006, the market peaked and everybody got back to the idea of “We’ve got to make houses smaller and we’ve got to make them more affordable.”**

A few existing small houses do exist in Guelph. According to MPAC data there are approximately 40 dwelling units, including apartments, which fall below 500 ft² in the City of Guelph. Even a single detached house at 250 ft² can be found. However the small single detached dwellings were generally constructed between 1870 to 1960, which predates current zoning by-law regulations. The newer smaller units are apartments. The City of Guelph does not have minimum or maximum unit size limitations within its regulations with the exception of accessory apartments. Accessory apartments are limited to two bedrooms with a unit size and cap limits of 45% of total Building Floor Area and 80 m² of Floor Area.

The City enforces the minimum size requirements for dwellings under the Ontario Building Code (OBC). Under the OBC the smallest residential unit that is permitted

¹ Tristin Hopper, “The incredible shrinking home: Why Canada’s houses are getting smaller”, *National Post*, July 13, 2012.

² Ibid.

is a bachelor apartment at 145 ft² plus space for a bathroom. The smallest one bedroom unit that could be built would be a 288 ft² open concept space, plus space for a bathroom and closet in the bedroom.

Not only have house sizes changed over the years but so have household sizes. In 1945 the average Canadian home was 800 ft² and typically housed a family of four or more. In 2010, the average house under construction was more than twice that size at 1,950 ft² and housed an average family of 2.5 persons.

Rising housing costs and shrinking household sizes have helped fuel the interest in tiny houses. The Homelessness Hub, a web based research library and information centre of Canadian homelessness information, published a series of blog posts in April 2016 regarding the use of tiny houses to assist with homelessness, social housing and affordable housing needs. A number of challenges have been identified including:

- land costs and its availability within urban areas;
- area bylaws;
- **unit costs, especially to deal with Canada's climate; and**
- suitability.

Living in a tiny house is often a lifestyle choice that tends to be temporary and does not suit many households on a permanent basis. Households wanting to pare down and simplify their lifestyle often try out a tiny house and move back into bigger spaces according to an article by Erin Anderssen published in *The Globe and Mail* on **January 6, 2016. On the other end of need, tiny houses don't have the room to deal with household members with mobility issues, health complications and larger households. Some people just do not deal well living in small spaces. The *Globe and Mail* article also noted that "a lack of space has been linked to depression, alcoholism and poor school performance in children³". Michael Stewart in *rabble.ca* on **January 28, 2015 noted that "there is ...something deeply troubling about holding up a rarefied, consumer-driven living experience as some kind of 'solution' to a deep-seated social problem⁴".****

In an urban setting, the preferred approach to supplying small units would be in higher density housing forms or in accessory apartments either within a dwelling unit or as an ancillary structure on the same property. Generally land economics do not make the provision of small single detached dwellings on an individual lot a cost effective option.

³ Erin Anderssen, "Teeny house, big lie: Why so many proponents of the tiny-house movement have decided to upsize", *The Globe and Mail* (Toronto: The Globe and Mail, January 6, 2016).

⁴ Michael Stewart. "Tiny houses no solution to the unaffordability crisis", *rabble.ca*, January 28, 2015.

Appendix 6

Municipal Community Improvement Plans Supporting Affordable Housing

Municipality	Date	Purpose/Scope	Description
Barrie (Single tier, County of Simcoe Service Manager)	April 2016 (Draft)	<ul style="list-style-type: none"> • Built Boundary CIP • Brownfield redevelopment, mixed use buildings, construction of affordable housing 	<ul style="list-style-type: none"> • Grant all or part of municipal fees – development charges, building permits, planning application and cash-in-lieu of parkland • Grant varies by position on housing continuum, e.g. emergency housing can receive 100%, market affordable housing can receive 25% rebate
Oshawa (Durham Service Manager)	2010	<ul style="list-style-type: none"> • Areas surrounding educational institutions • Development of apartments and block townhouses 	<ul style="list-style-type: none"> • Phase in tax increases • Financial incentives tied to housing form, not directly to sale prices or rents • Over 400 rental dwelling units created
Peterborough (Service Manager)	2012	<ul style="list-style-type: none"> • Affordable Housing – Rental or Ownership as per PPS (2014) • In 2016 only rental units with rents at or below average market rent are eligible • Allows City to revise affordable housing definition from time to time to meet current needs 	<ul style="list-style-type: none"> • Grants to offset planning application fees, parkland fees, cash-in-lieu of parking fees • Development Charges can be offset through a separate program • Includes tax increment-based grant program can offset up to total construction cost of project • As Service Manager, bundles Federal and Provincial funding with CIP grants
Waterloo (City of, Waterloo Region Service Manager)	2016	<ul style="list-style-type: none"> • Uptown Core • Establishment of office employment uses and affordable rental housing (as defined by PPS) 	<ul style="list-style-type: none"> • Tax increment-based Major Activity Grant • Half of the City tax increment can be granted back to the project for six (6) years

		(2014))	<ul style="list-style-type: none">• Duration of grant back extended if on a designated heritage property and/or achieves a sustainable design standard
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Attachment 2

Summary of Recommended Strategic Actions

#	Recommended Strategic Action
1. Target and Benchmarks	
1	That the affordable housing target be maintained at 30%; 27% ownership and 3% rental.
2	That the City monitor the creation of new affordable market housing on an annual basis and review the affordable rental housing target during the next Official Plan review based on factors such as vacancy rate, success the actions recommended in this Strategy and performance of the market sector in delivering affordable housing.
3	That the rental housing target be measured as a five year annual average and that purpose built secondary rental housing units, excluding accessory apartments, be included where known.
4	That City staff explore the potential to identify and monitor purpose built secondary rental housing units annually for inclusion in measuring the affordable rental target.
2. Planning Regulations and Processes	
1	That minimum and/or maximum dwelling size limits not be incorporated into the City's Zoning By-law and that no change be made to the unit size and cap limits of accessory apartments, i.e. 45% of total Building Floor Area and 80 m ² of Floor Area and that variance requests to increase unit size and cap limits are assessed to ensure smaller affordable units remain available in the City.
2	<p>That the City's comprehensive review of its Zoning By-law consider:</p> <ul style="list-style-type: none"> • reduced parking requirements for appropriate multiple residential properties and mixed-use developments that include affordable residential units; • regulations for accessory apartments in townhouses; • a combined low density residential zoning category that would permit both single and semi-detached dwelling units; and • pre-zone appropriate sites for medium and high density residential uses that align with the City's Official Plan's (OPA 48) residential designations.
3	That the City of Guelph continue to monitor the Province's work on inclusionary zoning. If inclusionary zoning does become available to municipalities, the City of Guelph will further examine the potential to use this tool to address identified affordable market housing issues within the City of Guelph, e.g. if this tool is needed and if so under what conditions the City of Guelph would choose to pursue this tool, e.g. size and type of development and percentage of affordable housing requested, in the context of the performance and outcomes of the other recommended affordable housing strategic actions.
4	That when the City updates its development standards, changes that could impact the provision of affordable housing be considered, recognizing the impact of servicing and land requirements on housing costs. For example

	consideration should be given to increased TDM measures, shared servicing for coach houses, etc.
5	That the update of development standards be coordinated with the update of the City's Zoning By-law to ensure documents are aligned where appropriate.
6	That the City establish criteria for requiring the submission of an Affordable Housing Report for private market residential and mixed-use developments (including residential units), and that the City develop a generic Terms of Reference to support the preparation of such reports.
7	That the development of height and density bonusing guidelines under Section 37 of the <i>Planning Act</i> explore how affordable housing may be delivered as a community benefit.
3.	Financial Incentives
1	That the City develop a Community Improvement Plan (CIP) for affordable housing to allow financial incentives to be provided to the private sector across the City.
2	That the City provide a variety of financial assistance for the development of affordable housing.
4.	Development Charges
1	That the City consider exemptions or reduced development charge rates for affordable housing as part of the Development Charges By-law review in 2019 in light of the contemporary financial incentive policy.
5.	Partnerships
1	That the City leverage any partnership opportunities with the County and housing providers to help coordinate and increase the impact of our responses to affordable housing issues while recognizing legislative roles and service area boundaries.
2	That, if the County chooses to develop an incentive toolkit that publicizes current affordable housing programs and incentives, the City participate in its development and make appropriate linkages between the County's and City's communication materials.
3	That, where appropriate, the City assists with increasing the number of affordable housing units on existing County and housing provider developments.
6.	Implementation and Monitoring
1	That the City's 30% affordable housing target be implemented city-wide.
2	Affordable housing opportunities will be provided city-wide through the development application process. Within the built-up area the focus is on the Urban Growth Centre, Intensification Corridors and Community Mixed Use Nodes. Development within the greenfield area will be planned and designed to include affordable housing.
3	That the City annually monitor key affordable housing indicators including a breakdown of the number of bedrooms per unit in stacked townhouse and apartment developments.
4	That annual reporting of accessory apartment information be expanded to include a breakdown of the number of units created by number of bedrooms.
5	That the City continue to explore the ability to identify purpose built secondary rental housing, excluding accessory apartments, through the development review/approval process.

6	That data on secondary rental housing be researched on a five year cycle including a survey of registered accessory apartments to inform the creation of rental units.
7	That the City continue to advocate CMHC for the collection of secondary rental market data for the Guelph area.