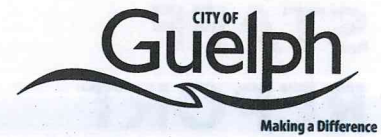


STAFF REPORT



TO Planning & Building, Engineering and Environment Committee

SERVICE AREA Planning, Building, Engineering and Environment

DATE April 7, 2014

SUBJECT Housing Strategy Background Report and Proposed Project Charter

REPORT NUMBER 14-15

EXECUTIVE SUMMARY

PURPOSE OF REPORT

To present the Housing Strategy Background Report and a proposed project charter to the Committee for approval.

KEY FINDINGS

The provision of a full range of housing to meet the changing needs of all types of households is a fundamental component of Guelph's sustainable community vision, and is one of the key focus areas of the Guelph Wellbeing initiative.

The roles, responsibilities and relationships amongst all of the stakeholders are complex, involving Federal, Provincial, Municipal, Service Manager, not-for-profit and private sector involvement and coordination. All stakeholders must continue to work together to ensure that the entirety of the housing continuum is addressed in a systemic, integrated manner.

The City, through its update of its Official Plan policies, and the work of the Service Manager on the Housing and Homelessness Plan has established and identified a range of land use policies and other implementation tools and mechanisms to address aspects of the housing continuum.

This report, and the attached Housing Strategy Background Report and proposed project charter, provide an overview of the current state of housing policy and implementation in Guelph and identify a recommended focused scope for developing a City of Guelph Housing Strategy.

The City will continue to work closely with the County, who, as Service Manager has the lead role in addressing the portion of the continuum between homelessness and social housing in accordance with the Housing and Homelessness Plan (HHP) approved by the Province in 2013 posted on <http://www.wellington.ca/en/socialservices>.

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The proposed project charter for the Guelph Housing Strategy outlines a project scope which is intended to add value to our ongoing collaboration with the Service Manager on implementing the HHP by focusing primarily on the City's lead role as a land use planning authority and addressing affordability in the Market Housing portion of the housing continuum.

The proposed scope also includes a review of the City's potential role(s) with respect to financially incenting the creation of affordable housing across the full continuum: is this a role the municipality should play, and if yes, what is the guiding corporate philosophy, policy and funding model that defines and supports this role?

FINANCIAL IMPLICATIONS

Council approved a capital budget of \$40,000 for completion of the Housing Strategy. Budgeted funds will be used to support data acquisition and analysis in subsequent phases of the work and will assist with the implementation of a community engagement process.

ACTION REQUIRED

To receive the Housing Strategy Background Report and approve the project charter.

RECOMMENDATION

1. That Report 14-15 from Planning, Building, Engineering and Environment regarding the Housing Strategy Background Report and Proposed Project Charter dated April 7, 2014 be received.
2. That the Housing Strategy Project Charter included as Attachment 2 to Report 14-15 be approved.

BACKGROUND

The provision of a full range of housing to meet the changing needs of all types of households is a fundamental component of Guelph's sustainable community vision, and is one of the key focus areas of the Guelph Wellbeing initiative. 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 to develop Housing and Homelessness Plans in collaboration with stakeholders, including the City.

The City's Official Plan Update (Official Plan Amendment 48) establishes a policy framework that recognizes the need to plan for a full range of housing types and tenures, and commits the City to undertaking a Housing Strategy. The proposed scope of the Guelph Housing Strategy recognizes that all stakeholders must continue to work together to ensure an integrated, systemic approach to addressing the entire housing continuum, and recommends new work that builds on and adds

value to other ongoing housing initiatives in which the City is participating, particularly HHP implementation.

Purpose of Housing Strategy

The Housing Strategy is intended to address municipal 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. The City completed an Affordable Housing Discussion Paper in 2009 which provided the basis for the affordable housing target incorporated into the City's Official Plan via OPA 48. The Housing Strategy will advance the Official Plan policies by providing an implementation plan related to the 30% affordable housing target along with a mechanism to monitor achievement of the target. The work will include a review of the methods used in determining the affordable housing benchmark prices for rental and ownership units in the 2009 Affordable Housing Discussion Paper and an update of the prices. The Housing Strategy will also assist Council in responding to affordable housing funding opportunities and the City's potential role as a funding source through programs such as the City's Affordable Housing Reserve Fund (AHRF). The opportunity to integrate recommended actions with existing policies and processes, including other funding sources, the Development Priorities Plan and other monitoring processes, will also be explored.

REPORT

Intent of this Report

The intent of this report is to:

- 1) provide a current overview of the state of housing policies and strategies related to the City of Guelph (Housing Strategy Background Report); and
- 2) outline a proposed project charter which defines the scope for undertaking a City of Guelph Housing Strategy.

Housing Strategy Background Report

The Housing Strategy Background Report, posted on <http://guelph.ca/housing> as Attachment 1, provides context to the City of Guelph Housing Strategy and details about the current policy framework for housing to help establish project scope, and appropriately address provincial policy requirements and the City's adopted Official Plan policy. 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.

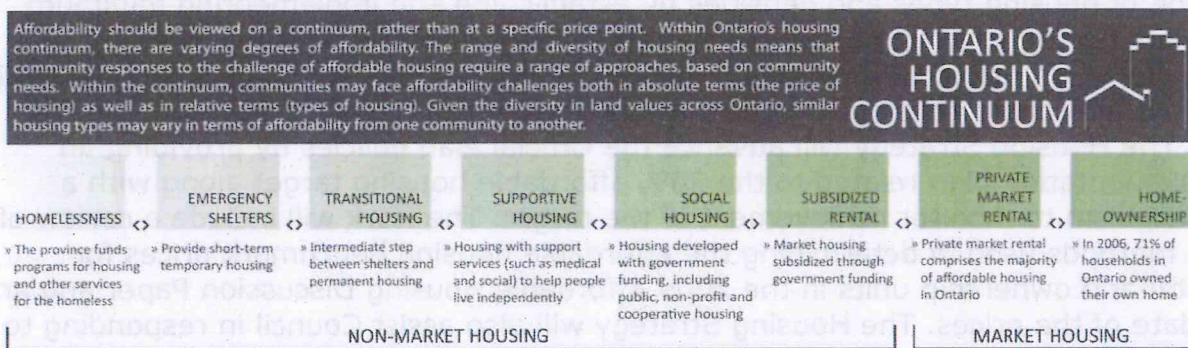
The Housing Continuum and Defining Affordability

Figure 1 presents the Province's definition of the housing continuum with homelessness at one end of the spectrum and home ownership at the other end. Supporting a full range and mix of housing, including the need for affordable ownership and rental housing, is key to community health and wellbeing and addresses the City's corporate strategic goal to ensure a well designed, safe,

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inclusive, appealing and sustainable City. The intent of much government policy is to enable households to move through the continuum as their needs change by encouraging an appropriate range of housing supply and supports for the community.

Figure 1: Housing Continuum



Source: MMAH, Municipal Tools for Affordable Housing, Summer 2011

In the City of Guelph the Non-Market Housing component of the housing continuum is largely administered and managed by the County of Wellington in its role as Service Manager. This leaves the Market Housing component of the housing continuum (being private market rental and ownership housing) to the City of Guelph to address. However the City also has a role on the Non-Market end of the housing continuum through funding of the Service Manager and also through its historic use of the AHRF to incent Non-Market affordable housing.

Housing affordability crosses the entire continuum and can be defined many ways. At a basic level, according to Canada Mortgage and Housing Corporation, housing is affordable for a given household if it costs less than 30% of gross (before-tax) household income. Shelter costs include the following:

- Renters: rent and any payments for electricity, fuel, water and other municipal services;
- Owners: mortgage payments (principal and interest), property taxes, and any condominium fees, along with payments for electricity, fuel, water and other municipal services.

The adopted City of Guelph Official Plan defines affordable housing based on the Provincial Policy Statement definitions and local market conditions analysed through the City's 2009 Affordable Housing Discussion Paper. For the purposes of this report the following definition from the City of Guelph Official Plan (OPA 39 and 48) will be used:

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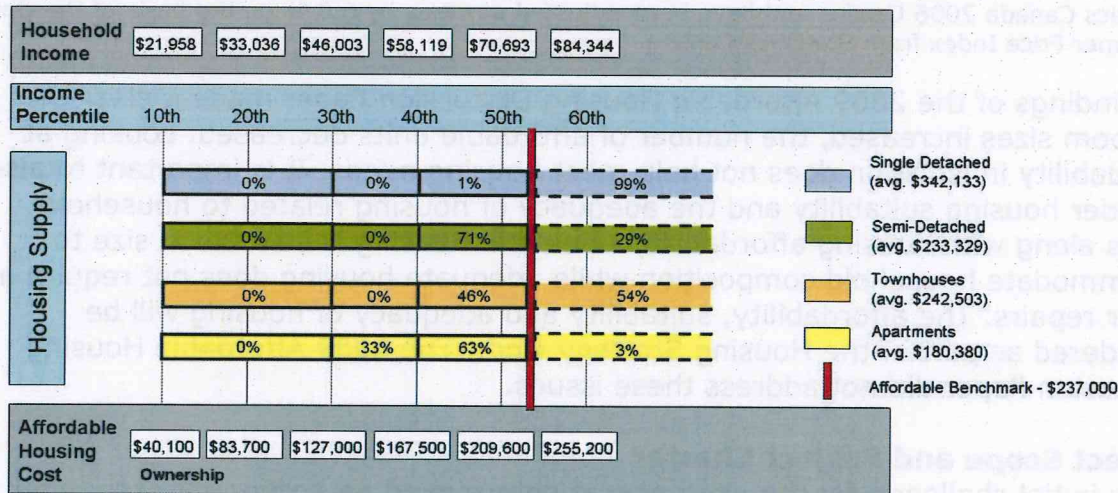
Affordable housing means:

- a) in the case of ownership housing, housing for which the purchase price is at least 10 percent below the average price of a resale unit in the City of Guelph;
- b) in the case of rental housing, a unit for which the rent is at or below the average market rent of a unit in the City of Guelph.

The 2009 Affordable Housing Discussion Paper set an affordable ownership benchmark value of \$237,000 and an affordable rental benchmark value of \$833 based on 2008 market values.

Figure 2 illustrates household incomes by percentiles to show how the affordable ownership benchmark price relates to low-to-moderate income households (below 60th percentile of income distribution). The most affordable new housing forms were apartments (97%) followed by semi-detached dwellings (71%). Only 1% of single detached dwellings were below the affordable ownership benchmark value.

Figure 2: Comparison of Affordable Benchmark and Average New House Prices (2008)

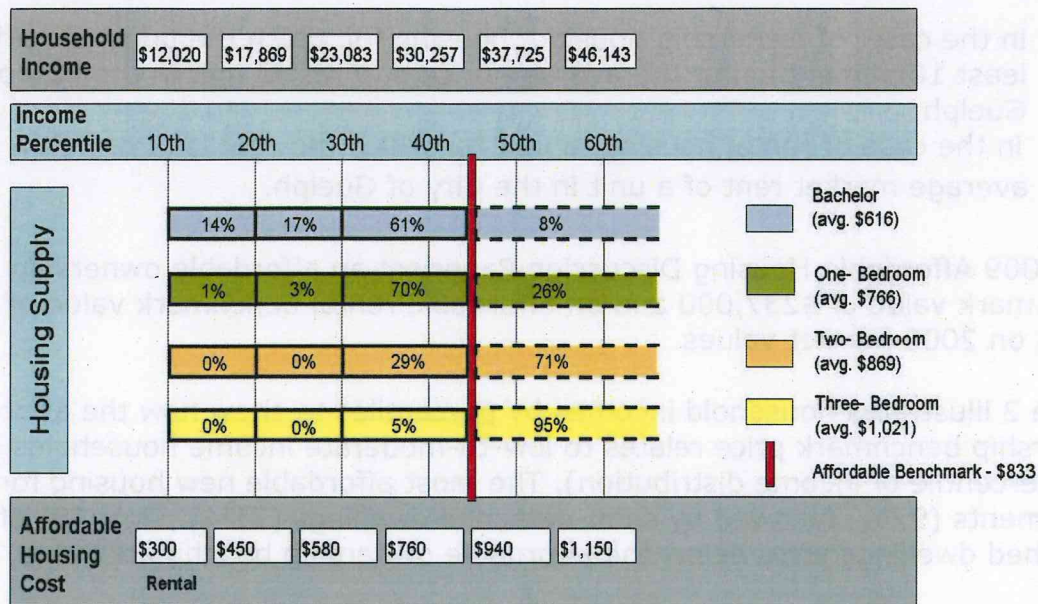


Source: MPAC housing sales data (2008). Household incomes have been calculated from Statistics Canada 2006 Census and have been adjusted upwards by 6.0 % on the basis of the Ontario Consumer Price Index from Statistics Canada.

Figure 3 illustrates household incomes by percentiles to show how the affordable rental benchmark price relates to low-to-moderate income households (below 60th percentile of renter income distribution). The most affordable rental housing forms were bachelor apartments (92%) followed by one bedroom units (74%). Only 5% of three bedroom units were below the affordable rental benchmark value.

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Figure 3: Comparison of Affordable Benchmark with Average Rental Prices



Source: Calculated from CMHC's data (2008). Household incomes have been calculated from Statistics Canada 2006 Census and have been adjusted upwards by 6.0 % on the basis of the Ontario Consumer Price Index from Statistics Canada.

The findings of the 2009 Affordable Housing Discussion Paper made it clear that as bedroom sizes increased, the number of affordable units decreased. Looking at affordability in isolation does not help meet housing needs. It is important to also consider housing suitability and the adequacy of housing related to household needs along with housing affordability. Suitable housing is suitable in size to accommodate household composition while adequate housing does not require any major repairs. The affordability, suitability and adequacy of housing will be considered as part of the Housing Strategy work. The 2009 Affordable Housing Discussion Paper did not address these issues.

Project Scope and Project Charter

A key initial challenge for the work plan is determining an appropriate scope for the City of Guelph Housing Strategy given the complexity of housing needs, multiple policy drivers and program requirements, and the various roles, responsibilities and tools available to stakeholders.

The development of an appropriate project scope focused on policy drivers, roles, responsibilities and tools available to the City, while recognizing 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 advantages of building on work already completed were also recognized.

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The City's need to develop a Housing Strategy is fundamentally driven by our vision of a sustainable community and the role that housing choices and opportunities play in achieving this vision. Provincial policy and legislation provide a framework for municipal consideration of housing, and municipalities are required through the Provincial Growth Plan to develop a housing strategy to address the planning and development of a range of housing types and densities to support the achievement of the intensification target and density targets. Similarly, the Provincial Policy Statement requires municipalities to provide an appropriate range and mix of housing types and densities for current and future residents by establishing and implementing minimum targets for the provision of affordable housing.

These provincial planning requirements have largely been addressed through the City's Official Plan Update process (OPA 39 and 48). The Official Plan Update designates sufficient lands to meet growth plan needs to 2031, supports a range of housing types and includes an affordable housing target along with definitions for affordable ownership and rental housing. However, the policies recognize the need for further guidance regarding implementation which is to be addressed through the Housing Strategy. In dealing with housing needs, the City's primary focus is through its role as the land use planning authority and the use of associated tools such as land use designations, intensification policies and permitted uses in its Official Plan and through the development approvals process. The City also collaborates with the County of Wellington and other stakeholders to address other aspects of the housing continuum and to ensure an overall, integrated, systems-based approach is followed.

The County as the Service Manager is responsible for the administration, funding and management of social housing and homelessness programs and resources for both the County of Wellington and the City of Guelph. The City does, from a funding perspective, pay its apportioned costs for social housing and homelessness programs but only has an indirect influence on how this funding is spent and how social housing resources are managed. In addition the Service Manager is required to complete a Housing and Homelessness Plan under the Housing Services Act, 2011 which was approved by the Province in 2013. The City is continuing to work with the County on the development of the HHP implementation plan.

It is recommended that the City build on the work already completed through the Official Plan Update and focus on affordable housing implementation strategies. In addition, it is recommended that the City of Guelph Housing Strategy focus mainly on its land use planning role and on the Market Housing components of the housing continuum.

The City will continue to play a support role, already reflected in the City's planning policies and funding arrangement with the County, in addressing Non-Market Housing, i.e. homelessness, special needs housing (emergency shelter, transitional housing and supportive housing), social housing and subsidized rental.

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The project charter, included as Attachment 2, addresses policy drivers, builds on work already completed, defines project scope and responds to the housing policies and targets contained in the City's adopted Official Plan. Policy drivers include the Provincial Growth Plan, City of Guelph 2009 Affordable Housing Discussion Paper, Official Plan Update policies (OPA 39 and 48), and the 10-year Housing and Homelessness Plan completed by the Service Manager which was approved by the Province in November 2013 posted on <http://www.wellington.ca/en/socialservices>. Key components of the work plan include updating the affordable rental and ownership housing benchmarks, developing an implementation plan, and exploring the potential for a comprehensive policy framework and sustainable funding plan for the Affordable Housing Reserve Fund.

The City of Guelph Housing Strategy will include a review of the Housing and Homelessness Plan completed by the County of Wellington with a focus on actions related to increasing the supply and mix of affordable housing options for low-to-moderate income households viewing the provision of affordable housing as a key City building objective and focal area of the Guelph Wellbeing initiative. In addition, city staff are participating in the implementation of the County's Housing and Homelessness Plan. The intent is to create complementary and value-added strategies and continue to leverage and support opportunities presented by other levels of government in meeting community housing needs.

The Housing Strategy will also review the City's potential role as a funding source of affordable housing through programs such as the Affordable Housing Reserve Fund (AHRF). A first principles approach will be taken starting with determining if the City should be financially incenting affordable housing and if yes what is the guiding philosophy, policy and financial model. If it is determined that an ongoing funding role is warranted, the Housing Strategy will include a comprehensive policy framework and sustainable funding plan. Since 2002, the City of Guelph has supported the funding of affordable housing using the AHRF including opportunities, such as the "Investment in Affordable Housing (IAH) Initiative" managed by the Service Manager. The AHRF lacks a sustainable funding plan and requests for funds have been considered outside of a comprehensive policy framework or needs analysis.

Work Plan

Table 1 below presents a high level work plan for the Housing Strategy. The proposed approach allows for raising awareness and understanding of government roles and historic responses, and allows for community engagement opportunities to advance the understanding of issues, prior to proceeding with the development of recommended directions. It is intended that a more detailed work plan, including a community engagement and communications plan will be developed upon the initiation of Phase II.

Table 1: Housing Strategy Project Phases

Phase I	Background Report	April 2014 (Complete - Attachment 1)
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Phase II	Discussion Paper	Winter 2015
Phase III	Directions Document	Spring 2015
Phase IV	Housing Strategy	Fall 2015

Data analysis and the identification of housing issues will be completed as part of the discussion paper scheduled for release in the winter of 2015. A community engagement plan will also be presented, at that time, and will address building the community's awareness, understanding and engagement in the development of sustainable directions for affordable housing in the City.

A directions document, including a review of practices of other municipalities and draft recommendations, is anticipated in early 2015. The release of a directions document ensures ample opportunity for stakeholders to review draft directions and propose additional approaches prior to City staff fully developing actions. The expectation is that the directions document will inform a draft Housing Strategy that will be released to the public in the fall of 2015 for further consultation.

Critical Success Factors

Managing the scope of the project is essential along with the ability to acquire and analyze housing need and supply information so that a response based on local data is developed recognizing the roles and responsibilities of the City and connections with other stakeholders and opportunities. In particular support from key internal departments is needed along with on-going dialogue with Wellington County staff, given their role as Service Manager.

Next Steps

Following approval of the City of Guelph Housing Strategy project charter, data analysis and collection will begin. Housing need and supply data will be collected and affordable housing benchmarks will be reviewed and updated. The data will focus on the affordability, suitability and adequacy of housing needs and supply. A review of the secondary rental market is also anticipated given the increased supply and significance of this housing option in the City of Guelph.

Conclusion

The complexity of housing needs, presence of multiple stakeholders and multiple policy drivers supports the proposed approach that encompasses a comprehensive analysis of housing needs (affordability, adequacy and suitability); recognizes the roles and responsibility of the City and connections with other stakeholders; and coordinates and maximizes policy and program requirements and tools. The result will be a City of Guelph Housing Strategy that comprehensively assesses and responds to community needs in a manner that best leverages tools and resources, including the ability to support other stakeholder efforts with a clear implementation plan. A coordinated systems-based approach is required to address the full housing continuum with a scope reflective of our ongoing work with the County of Wellington as Service Manager. The provision of affordable housing

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across the entire housing continuum is a key City building objective and a key focal area of the Guelph Community Wellbeing Initiative.

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 a capital budget of \$40,000 for completion of the Housing Strategy. The budget will primarily be used for data acquisition and analysis, which could include the collection of primary data through a housing needs survey, including the secondary rental market. This funding also includes budget for the implementation of a community engagement process.

DEPARTMENTAL CONSULTATION:

The work plan was developed with the assistance of a cross departmental team with representatives from Planning Services and Community and Social Services. Communications, Community Engagement and Finance staff will be consulted during subsequent phases of the work plan.

COMMUNICATIONS:

A Community Engagement and Communications Plan will be developed in coordination with Community Engagement and Communications staff. The public will be consulted throughout this process.

ATTACHMENTS

- *ATT-1 Housing Strategy Background Report
- ATT-2 Housing Strategy Project Charter

* Attachment 1 is available on the City of Guelph website at <http://guelph.ca/housing>. Click on the link for the April 7, 2014 Housing Strategy Background Report and Proposed Project Charter Staff Report (with attachments).

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