



January 21, 2022

File No. 21244

City of Guelph
Planning and Building Services
1 Carden Street
Guelph, ON N1H 3A1

**Attn: Michael Witmer, MCIP, RPP
Senior Development Planner**

**Re: 1373 and 1389 Gordon Street
Affordable Housing Report
Vaughan St. GP Corp.**

Dear Mr. Witmer,

We are the planning consultants for Vaughan St. GP Corp., the owners of 1373 and 1389 Gordon Street. On behalf of the owner, we are pleased to submit this Affordable Housing Report to satisfy the complete application requirements for a Minor Official Plan Amendment and a Major Zoning By-law Amendment application.

With regard to an Affordable Housing Report, the Affordable Housing Strategy states that:

“The proposed intent of the affordable housing report section is to:

- *make the applicant aware of the City’s 30% city-wide target, identified housing issues, and current annual affordable housing monitoring results;*
- *demonstrate how the proposal addresses the City’s affordable housing Official Plan goals, objectives and policies including targets and issues;*
- *provide staff with relevant information on the proposal to support the City’s affordable housing monitoring system; and*
- *provide staff with a measure of the potential demand and budget requirements for financial incentives.*

The proposed Terms of Reference for the affordable housing report section is to include the following:

- *Planning rationale noting how the proposal is addressing the City’s Official Plan’s affordable housing goals, objectives, and policies, including targets;*
- *Any relevant phasing issues, site and contextual considerations that impact residential affordability;*
- *Current annual rental and ownership benchmark prices (to be provided by the City);*
- *Anticipated sale price and/or rental rates;*

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- *Anticipated percentage of units below and above the benchmark prices;*
- *Number of residential units to be retained and/or removed if relevant;*
- *Anticipated number of units and structure type(s), including number of bedrooms and description of unit finishing (e.g. modest, high end);*
- *Nature and amount of shared amenity space if relevant;*
- *Who the units will be marketed to, e.g. seniors, high end luxury, first time buyers, etc.;*
- *Anticipated tenure, including ownership (freehold), ownership (condominium), rental, and purpose built secondary rental units;*
- *Relevant planning process/other applications; and*
- *Results of all pre-application discussions held with City staff.”*

Planning Rationale

The provision of affordable housing has been identified as a priority through the Provincial Policy Statement (“2020 PPS”), Growth Plan for the Greater Golden Horseshoe (“2020 Growth Plan”), and the City of Guelph Official Plan (“Guelph Official Plan”). The relevant policies are provided below.

The 2020 PPS strives for a diversity of housing options and housing affordability. Section 1.1.1b) indicates that an appropriate range and mix of residential uses, including affordable housing, is part of sustaining “*healthy, liveable and safe communities*”, the 2020 PPS now emphasizing the accommodation of a “market-based” range and mix of residential types. To this end, Section 1.4.1 identifies that to meet the needs of current and future residents, municipalities are to “*maintain at all times the ability to accommodate residential growth for a minimum of 10 years through residential intensification and redevelopment and, if necessary, lands which are designated and available for residential development*”. Section 1.4.3 further directs municipalities to accommodate housing “options and densities” to meet market-based needs permit and facilitate all forms of residential intensification and redevelopment, to direct new housing to locations served by appropriate infrastructure, promote efficient densities that support active transportation and transit use, and establish development standards that minimize housing costs and facilitate a compact form.

The 2020 Growth Plan stresses a diverse housing stock, including affordable housing opportunities. Section 2.2.6.1 directs that municipalities are to support housing choice and achieve minimum intensification and density targets by such means as identifying a diverse range and mix of housing options and densities and establishing targets for affordable housing, both ownership and rental. This is to be implemented through official plan policies and designations and zoning by-laws per Section 2.2.6.1d). Section 2.2.6.2 directs that municipalities are to support the achievement of complete communities by planning to accommodate the Growth Plan’s forecasted growth, achieve the Growth’s Plan minimum and density targets, consider the range, mix and densities of existing housing stock, and diversity the housing stock across the city. Additionally, Section 2.2.6.3 identifies that municipalities are to consider requirements for multi-unit residential developments to incorporate a mix of unit sizes to accommodate a diverse range of household sizes and incomes, as part of the achievement of complete communities.

The Guelph Official Plan states that the City will at all times maintain the ability to accommodate residential growth through intensification and redevelopment for a minimum of ten years, and will maintain a 3 year supply of lands suitably zoned to accommodate residential intensification and redevelopment. Affordable housing is promoted through the implementation of the minimum housing targets for housing that is affordable to low- and moderate-income households (30% of new residential development, with 4% being affordable secondary rental units and 1% being affordable primary rental units) and by establishing alternative development standards for affordable housing. The provision of a range of housing types is identified as an integral aspect of planning for a complete community.

The City of Guelph has prepared an Affordable Housing Strategy that provides actions to support the 30% affordable housing target of the Guelph Official Plan. The Strategy identified a lack of small housing units (bachelor and one-bedroom units), a lack of primary rental supply, and a need for financial incentives to meet market needs to provide affordable housing.

Analysis

The proposed Amendments contribute to the broad housing objectives and policies of the 2020 PPS, 2020 Growth Plan and Guelph Official Plan with contributions to a diverse housing supply in Guelph, including the provision of purpose-built rental units.

From a housing diversity perspective, the proposed redevelopment further diversifies Guelph's housing stock with one-bedroom and two-bedroom primary rental units of various floor sizes. This includes a significant proportion of smaller one-bedroom units (presently proposed at 58 m² / 630 s.f. – 63 m² / 714 s.f.) that provide for attainable, more compact options in prominent, transit-accessible locations in the broader Guelph market. These apartment units will appeal to residents seeking strong connections to jobs, whether in Guelph by active transportation or transit option or in other municipalities by higher order GO Transit nearby at the intersection of Arken Road and Gordon Street.

The Owners have also committed to exceeding the 15% accessible unit requirement of the Ontario Building Code.

Phasing and Site Context that Impact Affordability

The Site is anticipated to be developed in one phase. As such, phasing will not impact affordability.

There are no site context implications that impact affordability. The Site is well suited to redevelopment and does not require remediation, intensive regrading, or have any cultural or natural heritage features that would impact affordability. A small portion of the northwest corner of the Site is within a natural heritage buffer and is proposed to be zoned for environmental protection.

Annual Rent Benchmark Prices

The City provides an annual update on affordable housing through monitoring reports. The latest, the Guelph Growth Management and Affordable Housing Monitoring Report 2020, states that the 2021 affordable housing rental benchmark price is \$1,295 per month (all units). To calculate the 2021 affordable housing benchmark, the less expensive method (market-based vs income-based) is used.

The market-based affordable rental price by unit for 2020 is as follows:

- Bachelor: \$871
- One-bedroom: \$1,211
- Two-bedroom: \$1,356
- Three-bedroom plus: \$1,383
- Benchmark: \$1,295

The 2020 income-based affordable rental benchmark (30% of the gross household income at the 60th income percentile) is \$1,427.

As the market-based rate of \$1,295 is lower than the income-based rate of \$1,427, the market-based rate establishes the benchmark.

Primary rental units are units that are purpose-built rentals. Secondary rental units include accessory apartments and other units that are offered for rent but were not purpose-built rentals. The Report notes that the City did not meet the affordable primary rental housing target over the past five years, with no new primary rental units constructed in the past five years being rented below the benchmark rent. This has created a five-year deficit of 25 units. The affordable purpose-built secondary rental target was met in 2020, with over 14% of the new accessory apartments being affordable secondary rentals.

The Canada Mortgage and Housing Corporation's ("CMHC") primary rental market statistics identified that the average bachelor apartment rate for all primary rental buildings in Guelph is \$871 and the average for one-bedroom apartments was \$1,211, both below the 2020 affordable benchmark rate of \$1,245.

Anticipated Percentage of Units Below and Above Benchmark Prices

Vaughan St. GP Corp. intends to offer these units as primary rental apartments. At this time the rental rates for the units have not been determined as the ongoing pandemic has led to supply chain and skilled labour shortages which have increased construction costs and have led to unpredictability. While affordable housing units are not currently proposed within this development, the Owners propose to study the current CMHC and Wellington County guidelines and investigate how subsidies and low-cost loans can help achieve affordable housing. Certain CHMC and County of Wellington programs incentivise the development of affordable housing and these will be reviewed at detailed design. Specifically, CMHC's new Multi-unit Loan Insurance ("MLI Select") program will be explored in depth. The MLI Select program encourages rental developments to improve their project's affordability, accessibility, and energy efficiency. The MLI Select program will launch in spring 2022.

Number of Residential Units to be Retained and/or Removed

The Site is currently occupied by two single detached dwellings that are proposed to be removed to facilitate redevelopment. A total of 98 residential units are proposed, representing a net increase of 96 units.

Unit Description

The requested Official Plan and Zoning By-law Amendments would permit redevelopment of the Site with 98 units. At this time approximately 60% of the units are proposed to be one-bedroom units with the remainder being two-bedroom units. While unit sizing and finishes will be determined further into the design process, at this time the one-bedroom units are proposed to be 58 – 63 square metres (630 – 714 square feet) in size.

Shared Amenity Space

Both indoor and outdoor amenity spaces are proposed for residents. An outdoor amenity area is proposed at the north end of the Site near the interior entry to the building. Each residential unit will have a private balcony. An interior amenity room is proposed at the north end of the building on the first floor.

A park access walkway is proposed to connect to future trails through the adjacent natural heritage area to the west, linking the Site to surrounding amenities.

The outdoor terraces on the 9th floor of the building are proposed to be for the exclusive use of the office and will not be accessible to residents.

Marketing

At this time, the units are proposed to be marketed to the public-at-large.

Anticipated Tenure

The units are intended to be purpose-built rental.

Planning Applications

Applications for a Minor Official Plan Amendment and a Major Zoning By-law Amendment were submitted to the City in December of 2021.

Site Plan Approval will be required prior to the issuance of a Building Permit.

Pre-application Comments

The proposed development was discussed with the Development Review Committee on August 18, 2021. City staff identified that an Affordable Housing Report was required as part of a complete application. Comments were limited to noting that the Affordable Housing Report must demonstrate how the site contributes to the City's Affordable Housing Strategy.

Conclusion

We trust that the above provides sufficient information to begin further discussion between the owner and the City regarding the provision of affordable housing units.

Sincerely,
GSP Group Inc.

A handwritten signature in blue ink, appearing to read "Jennifer Gaudet".

Jennifer Gaudet, MCIP, RPP
Senior Planner

cc Scott Hannah
 Melissa MacGregor
 Garrett Bender
 Andrew Arklie
 Hugh Handy