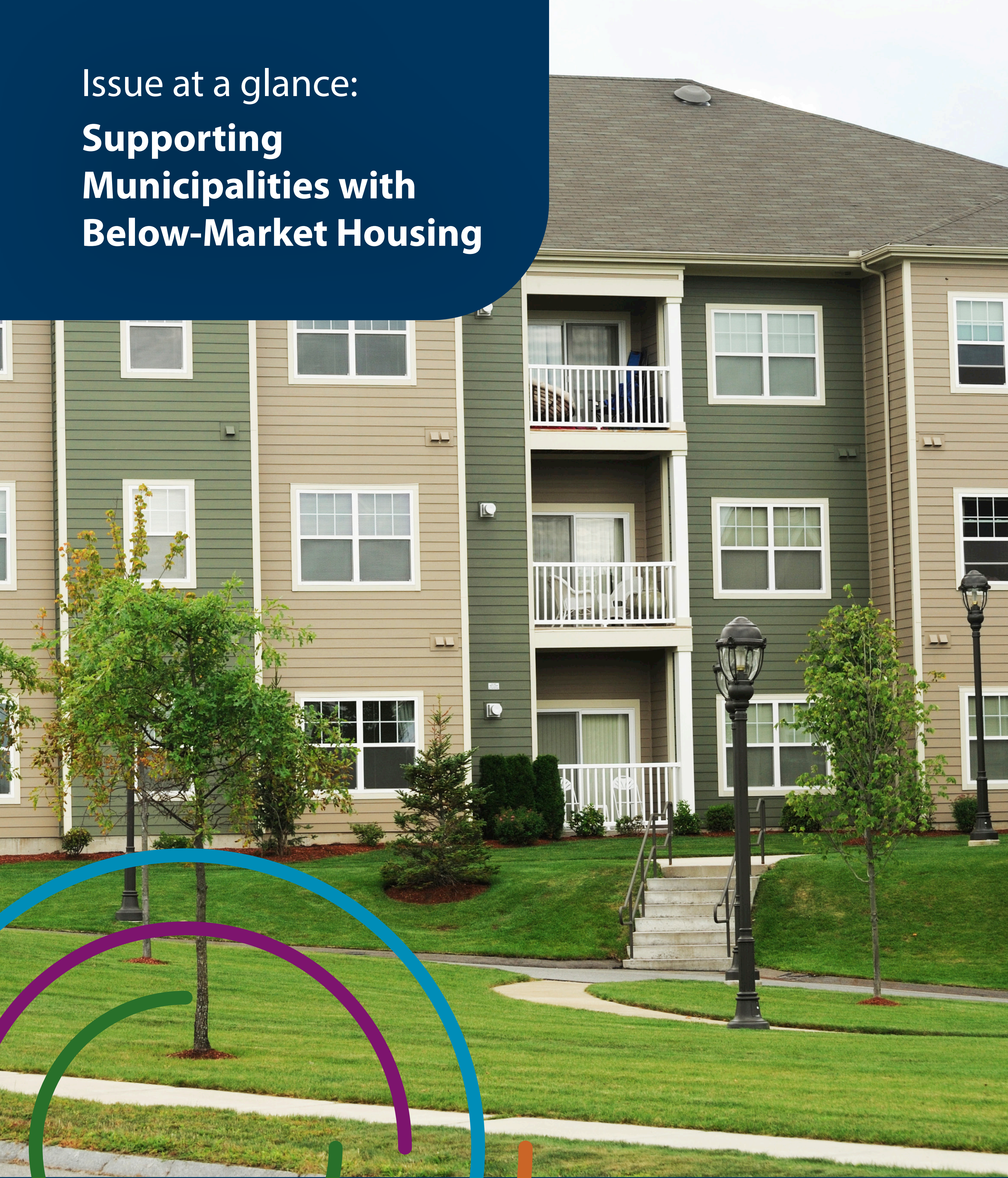
Issue at a glance:

Supporting Municipalities with Below-Market Housing



City of Guelph
Making a Difference

The City of Guelph calls on the Ministry of Municipal Affairs and Housing to provide all municipalities with access to new and existing provincial funding to help fill the gap in below-market affordable housing.

A growing number of Guelph residents are priced out of the housing market, but do not qualify for traditional deeply affordable housing.

The benefits

- Reducing financial strain on medium and low-income individuals.
- Enabling community economic resilience through greater housing options that support a diverse local workforce
- Supporting jobs in the construction sector throughout uncertain market conditions

In Focus – what is Guelph doing?

Through its Housing Affordability Strategy, Guelph is taking action within its jurisdiction to support affordability. This includes:

- Allowing as-of-right four-unit zoning,
- Establishing community planning permit systems which permit additional height in exchange for affordable units,
- Establishing the Additional Dwelling Unit (ADU) grant program via federal funds, which provides direct financial assistance and planning support for homeowners looking to build additional units on their property and renting them at affordable rates for 15 years.
- Developing 25 new affordable units, including 13 deeply affordable units, on City-owned land

Leveraging the tools above Guelph, saw a total of 315 new townhouses, 38 semi-detached units, and 258 ADUs created at market rates, as well as 20 affordable rentals and 6 affordable ownership units in 2025.

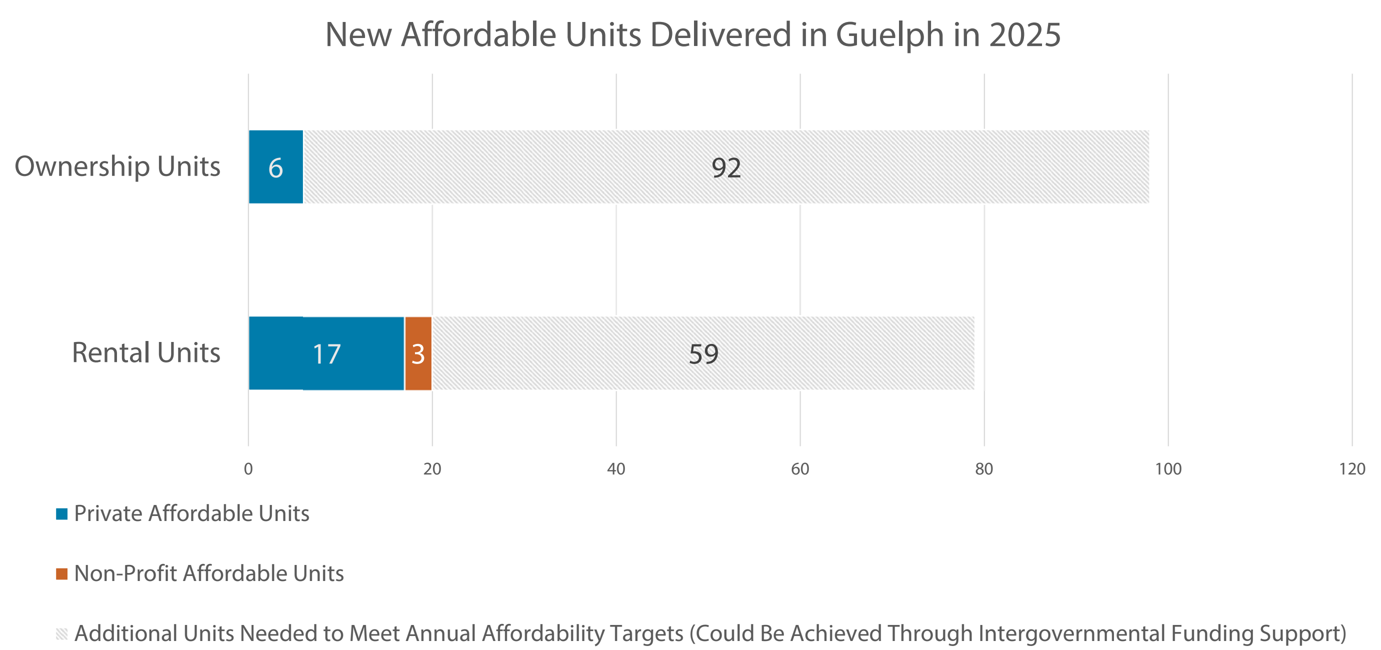


Figure 2: Leveraging new and expanded intergovernmental funding, Guelph can accelerate progress towards meeting its affordable housing goals.

The gap in below-market affordable housing:

Historically, affordable housing in Ontario has been provided by Consolidated Municipal Service Managers (CMSMs). While this remains the case today, Guelph's CMSM (Wellington County) largely focuses on providing deeply affordable, subsidized, and rent-geared-to-income housing for low-income households. These programs represent a significant expense for municipalities and CMSMs. However, many individuals earn too much to qualify for deeply affordable housing, but are priced out of market rents.

These individuals are best served by below-market housing options. Below market housing can take many forms, from additional dwelling units and modular homes, to regular units in new builds kept at affordable prices through long-term agreements with municipalities. Below-market housing is ultimately a form of affordable housing which is typically not delivered through social services administrators, and does not come with restrictions and income thresholds, making it accessible to this underserved segment of the population.

Despite the importance of below-market affordable housing in the housing mix, there is a significant gap in its availability. Over the next 25 years, 43 per cent of all new rentals and 18 per cent of new ownership units in Guelph will have to fall into this category to meet demand from a growing population.

Since 2023, the province has taken steps to incentivize below-market affordable housing via tax breaks and various fee exemptions, applied to units that fall under a provincial affordability threshold. However, the definition of "affordable housing" used by the province – a metric based both on average market rent and household incomes - still results in prices that are often too low to be profitable for developers even after considering incentives such as development charge discounts.

Housing Type	Rent Range relative to Average Market Rent (AMR)	Who provides it	Share of total rental housing needed between 2024-2051 to meet demand (As per Guelph Housing Affordability Strategy)
Deeply Affordable	Less than 40% AMR	Consolidated Municipal Service Managers (CMSMs) and Non-Profits	9% of new growth
Below-market Affordable	40-80% AMR	CMSMs, Municipalities, Private Sector and Non-Profits, with external financial support	25% of new growth
	80-100% AMR	Private sector, with municipal and external financial support	18% of new growth
Market Rentals	100% AMR or greater	Private sector	47% of new growth

Figure 1: Rental housing needs in Guelph from 2024-2051 by price range. Below-market affordable housing represents nearly half of all rental demand over the next 25 years, and will require investment from upper levels of government and collaboration with municipalities to build. Data sourced from the Guelph Housing Affordability Strategy.

How the Provincial Government Can Help

Filling this affordability gap will require coordination between private developers, non-profit organizations, municipalities, and CMSMs. Flexible, sustained, and widely accessible funding is central to promote these partnerships, and reduce the barriers these partners face to building new homes.

In the short term, this could look like the expansion of existing programs such as the Ontario Priorities Housing Initiative (OPHI) and the Canada-Ontario Community Housing Initiative (COCHI) to be available to non-CMSM municipalities. Greater access to existing funding opportunities will support Guelph and other proactive municipalities in applying funds to strategic and high-priority local housing initiatives which respond to current needs.

In the long term, dedicated provincial and federal funding will be essential to maintain this momentum. Investments from upper level of government will help municipalities support a consistent increase in below-market affordable housing stock, ensuring housing and economic stability for our residents, and economic resiliency for the construction sector as market activity remains slow.

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