

Report to/Rapport au :

Planning Committee  
Comité de l'urbanisme

and Council / et au Conseil

April 2, 2013  
2 avril 2013

Submitted by/Soumis par: Steve Kanellakos, Deputy City Manager / Directeur  
municipal adjoint, City Operations / Opérations municipales

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CUMBERLAND (19)

Ref N°: ACS2013-COS-CSS-0004

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**SUBJECT:** CONTRIBUTION TO HABITAT FOR HUMANITY IN THE AMOUNT  
EQUAL TO DEVELOPMENT CHARGES FOR 2129 NANTES STREET

**OBJET :** CONTRIBUTION À HABITAT POUR L'HUMANITÉ D'UN MONTANT  
ÉGAL AUX REDEVANCES D'AMÉNAGEMENT EXIGIBLES POUR LE  
2129, RUE NANTES

### **REPORT RECOMMENDATION**

That the Planning Committee recommend Council approve nine (9) contributions in the amount equal to the development charges, totalling an estimated amount of \$221,850, for nine dwelling units proposed at 2129 Nantes Street, subject to Habitat for Humanity National Capital Region entering into a contribution agreement with the City, as set out in this report.

### **RECOMMANDATION DU RAPPORT**

Que le Comité de l'urbanisme recommande au Conseil d'approuver neuf (9) contributions pour un montant total de 221 850 \$, concernant neuf unités de logements proposées au 2129, rue Nantes. Ces contributions sont assujetties à la conclusion d'une entente entre Habitat pour l'humanité – région de la capitale nationale et la Ville, comme le décrit ce rapport.

### **BACKGROUND**

Habitat for Humanity National Capital Region (hereinafter referred to as "Habitat for Humanity") is a non-profit organization, incorporated in 1992, that builds affordable housing and promotes homeownership as a means of breaking the cycle of poverty.

Habitat for Humanity is planning to construct 9 affordable housing units at 2129 Nantes Street to be sold to qualifying families. The proposed units consist of one detached dwelling and eight semi-detached dwellings within four buildings. Habitat for Humanity's proposal was subject to a Zoning Amendment that was approved by Council on August 29<sup>th</sup> 2012.

The proposed units on the Nantes property meet the Official Plan definition of "affordable", in that qualified households under Habitat for Humanity's program will not pay more than 30% of their income on the mortgage payment, with total household incomes below or at the 40<sup>th</sup> income percentile as established by the City of Ottawa Official Plan and illustrated in the Housing Continuum (Document 1).

A 40 year affordability period will be maintained with Habitat for Humanity holding the first mortgage on the home which will provide for an affordable payment schedule with the buyer to ensure that the mortgage payment is no more than 30% of the household's income.

To ensure that the units remain affordable and available to qualifying households, Habitat for Humanity will also retain a right of first refusal in the event households wish to sell the home before the mortgage is paid.

If the home is sold or paid within the 40 year affordability period, with Habitat no longer holding the first mortgage on the property, repayment of the contribution to the City, indexed to the amount equal to the development charges applicable to that property at that time or \$24,650, whichever is greater, would be required.

Since the City's mortgage will be indexed at a rate equal to the development charges at the time of default, the payment schedule for repayment would be for the amount of development charges owed if the building were being constructed at the time of default or payment.

## DISCUSSION

Under the current Development Charges By-law 2009-216, the exemption for affordable housing extends only to units that are owned by non-profit or charitable housing organizations. It does not extend to units that are developed by a non-profit organization and subsequently sold to private individuals, because they would no longer meet the required criteria.

Staff recommends that a contribution be made, pursuant to Section 107 of the *Municipal Act, 2001*, in the amount equal to the development charges for each of the 9 units at 2129 Nantes Street, to Habitat for Humanity, subject to Habitat for Humanity entering into a contribution agreement with the City for each of the 9 units which would provide that:

- (i) Each of the 9 affordable housing units at 2129 Nantes Street is to be sold to family unit below the 40th income percentile as established by the most recent City of Ottawa Housing Continuum;

- (ii) Repayment of the estimated sum of \$24,650 or an amount equal to the applicable development charges at the time of default, whichever is greater, in the event that the unit does not remain affordable for a term of 40 years;
- (iii) Forgiveness of the estimated sum of \$24,650.00 if the unit remains affordable for the entire 40 year term; and
- (iv) The approximated sum of \$24,650.00 is to be secured by way of an interest free Charge/Mortgage, from Habitat for Humanity National Capital Region in favour of the City, registered on title to each of the 9 individual properties being developed at 2129 Nantes Street.

If the unit is sold before the 40-year period and not kept affordable as defined in the Official Plan, the contribution, in the amount equal to the development charges owed or \$24,650, whichever is greater, for that unit would be repaid, as part of the sale process, to the City by the household selling the unit. The Charge/Mortgage from Habitat for Humanity in favour of the City will remain on title for all 9 properties being developed on 2129 Nantes Street when Habitat for Humanity sells the unit to “Qualifying Purchasers”, to be defined in the contribution agreement between the City and Habitat for Humanity as a family unit that is below the 40th income percentile as established by the City of Ottawa Housing Continuum set out in Document 1 to this report.

The term of the contribution agreement between the City and Habitat for Humanity will be for 40 years and the amount of the first and second mortgages will be as follows:

- 1st mortgage (in favour of Habitat for Humanity): Fair market value of the property plus net HST and the cost of a washer and dryer.
- 2nd mortgage (in favour of the City): \$24,650, being the amount equal to the estimated development charges, for each of the 9 units.

The second mortgage will be required to be paid in full, in the event that the household sells or transfers the property to another property owner, prior to the end of the 40 year period, unless Habitat for Humanity purchases the property back from the household, in accordance with its right of first refusal, in which case the second mortgage will remain on title for up to 40 years.

### RURAL IMPLICATIONS

There are no rural implications associated with this report.

### CONSULTATION

This report was not subject to consultation.

### COMMENTS BY THE WARD COUNCILLOR(S)

The Ward Councillor is in support of the contribution, as described in this report, to Habitat for Humanity.

### LEGAL IMPLICATIONS

The report recommends that a contribution to Habitat for Humanity be made in the amount equal to development charges for 2129 Nantes Street and this contribution will be evidenced by a contribution agreement. There are no legal impediments to implementing the recommendation of this report.

### RISK MANAGEMENT IMPLICATIONS

There are no risk management implications associated with this report.

### FINANCIAL IMPLICATIONS

This agreement defers the City portion of development charges owing in the amount of \$221,850 and ultimately forgives the fees unless a unit(s) is sold to another property owner other than Habitat for Humanity prior to the 40-year expiry of the agreement. An exemption may not be offset through an increase in fees for other categories as per the *Development Charges Act*. Any reduction in the development charge revenues may result in a shortfall in funding to support growth-related capital projects. This shortfall will be addressed in the five-year review of the development charge by-law as required by legislation.

### ACCESSIBILITY IMPACTS

There are no accessibility impacts associated with this report.

### ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with this report.

### TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

### TERM OF COUNCIL PRIORITIES

The recommendations in this report advance the Strategic Priorities in the 2011-2014 Strategic Plan Priority for Healthy and Caring Communities. Strategic priority HC3 provides affordable, attractive and accessible supportive and permanent housing for residents in need.

### SUPPORTING DOCUMENTATION

Document 1: 2011 Housing Continuum

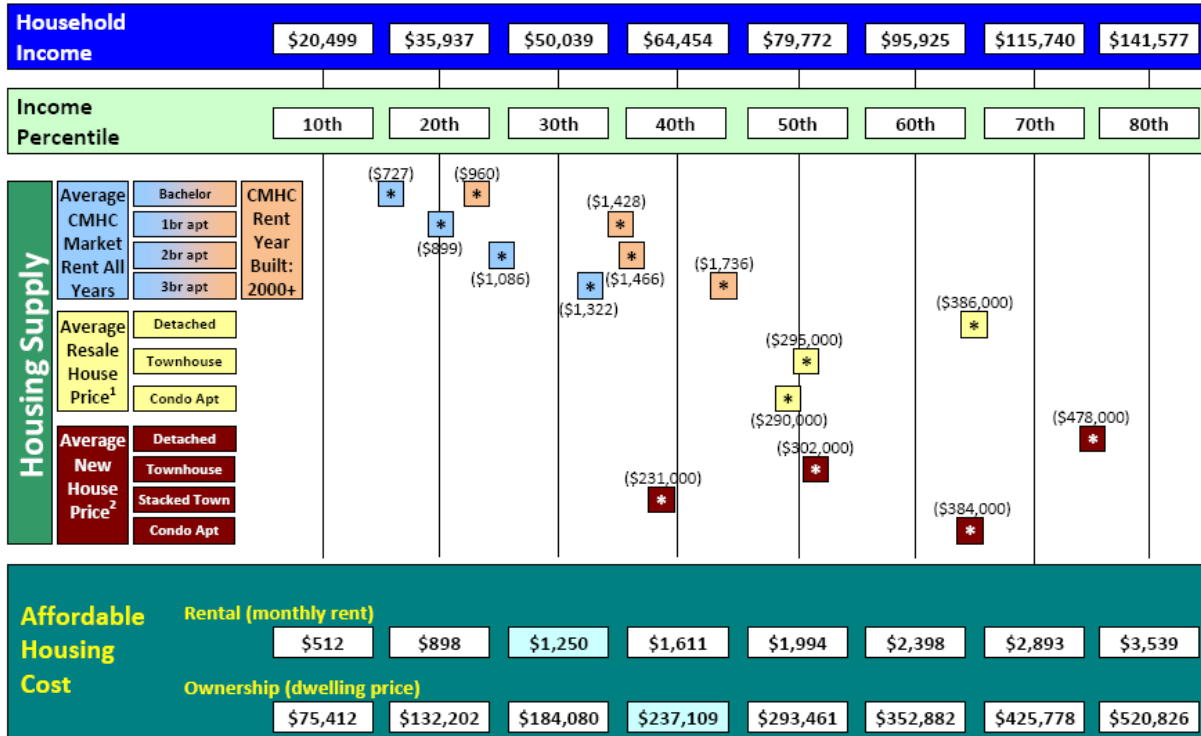
### DISPOSITION

Housing Services Branch and Corporate Development and Environment Law Branch will prepare and execute contribution agreements with Habitat for Humanity in accordance with this report.

Housing Continuum

**Housing Continuum – 2011**

Sources: CMHC, OREB, PMA Brethour Group



1. Source: Ottawa Real Estate Board.  
 2. Source: Detached, CMHC; All other dwelling units, PMA Brethour Group.

**Figure 1:** 2011 Housing Continuum provides comparisons between “average” market rents, mortgage payments and household incomes in the City of Ottawa. Affordability in this table is based on a household not paying more than 30% of their income on rent or a mortgage payment.

For example, a household earning an income of \$64,454 would be at the City’s 40<sup>th</sup> income percentile and have the ability to purchase a stacked town home with average house price of \$231,000 or rent a 2 bedroom apartment with an average rent of \$1086 per month. This same household however does not earn enough to purchase a townhouse with an average selling price of \$302,000 or rent a 3 bedroom apartment at an average rent of \$1322 per month.