

**Report to
Rapport au:**

**Planning Committee
Comité des finances et du développement économique
13 June 2019 / 13 juin 2019**

**and Council
et au Conseil
26 June 2019 / 26 juin 2019**

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**Submitted by
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2019-CSS-GEN-0008

**SUBJECT: Ontario Priorities Housing Initiative (2019-2022) and City Capital
Investment Plan for Affordable Housing (2019)**

**OBJET: Initiative liée aux priorités de l'Ontario en matière de logement (2019-
2022) et plan de dépenses en immobilisations de la Ville pour le
logement abordable (2019)**

REPORT RECOMMENDATIONS

That Planning Committee recommend Council approve:

- 1. That the Director, Housing Services be delegated the authority to approve the City's Ontario Priorities Housing Initiative Investment Plan, which sets**

out the details of the program and spending plan outlined in this report and submit it to the Ministry of Municipal Affairs and Housing.

2. That in the event additional funding becomes available under the Ontario Priorities Housing Initiative due to any reallocation by the Ministry, the Director, Housing Services, be delegated authority to amend the Investment Plan and allocate the additional funding in keeping with the process outlined in this report.
3. That upon receipt of funding from the Ministry of Municipal Affairs and Housing, that Housing Services deliver the capital Rental Housing Component of the Ontario Priorities Housing Initiative as follows:
 - a. Housing Services staff be directed to proceed with Request for Proposals (RFP's), that meet the requirements of the Ontario Priorities Housing Initiative program as well as the Action Ottawa Guidelines, based on priorities and programs identified in this report to allocate Ontario Priorities Housing Initiative funding for Years 1, 2 and 3 of the Program;
 - b. The Director, Housing Services, be delegated authority to submit the proposal for each affordable housing rental project to the Ministry of Municipal Affairs and Housing following the RFP Process and request the Ministry of Municipal Affairs and Housing's approval of same;
 - c. The Director, Housing Services secure the provision of affordable rental housing units with a 30 year affordability term and register on title to each Rental Housing project a contribution agreement and mortgage as described in this report;
4. That upon receipt of funding from the Ministry of Municipal Affairs and Housing, that the Director, Housing Services:
 - a. deliver the Ontario Renovates Component of the Ontario Priorities Housing Initiative as approved by Council in 2015 (Report [ACS2015-COS-CSS-0005](#)) and 2016 (Report [ACS2016-CSS-GEN-0002](#)); and
 - b. expand the eligibility requirements such that Ontario Renovates funding is also available to social housing providers, as permitted under the Ontario Priorities Housing Initiative, for accessibility-related modifications.

5. That the \$15 million in City capital funds approved by Council in the 2019 City Budget from the Affordable Housing Reserve Fund, be allocated by the Director, Housing Services to support the creation of new affordable housing through conditional capital contributions and contributions in lieu of building permit and school board fees, non-exempt planning fees, accessibility grants and to provide a project contingency fund, subject to the said conditional contributions being included in a contribution agreement between the City and each housing provider/proponent selected by the Action Ottawa Selection Committee under the RFP Process and that of the \$15 million:
 - a. Up to \$5 million, of funding that has yet to be committed, be allocated in the form of repayable short-term contributions to not for profit and/or charitable housing providers for a period of up to 18 months for the purpose of securing long-term affordable housing, subject to the terms and conditions set out in this report; and
 - b. Up to \$2 million, out of the \$15 million in City capital funds, be allocated for predevelopment activities to prepare surplus lands owned by the City and by not for profit and charitable housing providers with the said conditional contributions being included in a contribution agreement between the City and each housing provider selected by the Action Ottawa Selection Committee under the RFP Process.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil d'approuver les recommandations suivantes :

1. **Que le directeur, Services du logement se voie déléguer le pouvoir d'approuver le plan de dépenses de la Ville relatif à l'Initiative liée aux priorités de l'Ontario en matière de logement, qui établit les détails du programme et du plan de dépenses énoncés dans le présent rapport, et qu'il le soumette au ministère des Affaires municipales et du Logement;**
2. **qu'en cas d'octroi de fonds supplémentaires dans le cadre de l'Initiative liée aux priorités de l'Ontario en matière de logement en raison d'une réaffectation par le ministère, le directeur, Services de logement ait le pouvoir délégué requis pour modifier le plan de dépenses et attribuer lesdits fonds en fonction du processus établi dans le présent rapport;**

3. **Que dès réception des fonds du ministère des Affaires municipales et du Logement, les Services du logement mettent en œuvre le volet des logements locatifs de l'Initiative liée aux priorités de l'Ontario en matière de logement de la façon suivante :**
 - a. **Qu'ils demandent au personnel des Services du logement de publier une demande de propositions (DP) qui réponde aux exigences de l'initiative ontarienne ainsi qu'aux lignes directrices d'Action Ottawa, fondées sur les priorités et programmes présentés dans le présent rapport, dans le but d'octroyer les fonds de l'initiative pour les années 1, 2 et 3 du programme;**
 - b. **Qu'ils délèguent au directeur, Services du logement le pouvoir de soumettre une proposition pour chaque projet de logements abordables locatifs à l'approbation du ministère des Affaires municipales et du Logement à la suite du processus de DP; et**
 - c. **Que le directeur, Services du logement garantisse l'offre de logements locatifs abordables avec une période d'abordabilité de 30 ans et enregistre sur le titre un accord de contribution et une hypothèque, selon les modalités décrites dans le présent rapport;**
4. **Que dès réception des fonds du ministère des Affaires municipales et du Logement, le directeur, Services du logement :**
 - a. **Mettre en œuvre le volet Rénovations Ontario de l'Initiative liée aux priorités de l'Ontario en matière de logement, approuvé par le Conseil en 2015 (rapport [ACS2015-COS-CSS-0005](#)) et en 2016 (rapport [ACS2016-CSS-GEN-0002](#)); et**
 - b. **Élargir les critères d'admissibilité aux fonds de Rénovations Ontario pour inclure les fournisseurs de logements sociaux, comme le permet l'Initiative liée aux priorités de l'Ontario en matière de logement, pour les modifications liées à l'accessibilité; et**
5. **Que les 15 millions de dollars en fonds d'immobilisations approuvés par le Conseil dans le cadre du budget municipal de 2019 et issus du Fonds de réserve pour le logement abordable soient attribués par le directeur, Services du logement pour financer la création de logements abordables par l'entremise de contributions supplémentaires et de subventions conditionnelles en compensation des droits de permis de construire et des redevances scolaires, des droits d'aménagement non exemptés, des**

subventions aux fins d'accessibilité, et pour fournir un fonds de prévoyance pour le projet, à condition que lesdites subventions conditionnelles soient incluses dans l'accord de contribution entre la Ville et chaque fournisseur ou promoteur de logements choisi par le Comité de sélection d'Action Ottawa dans le cadre du processus de DP, et que de ces 15 millions :

- a. Un maximum de 5 millions, parmi les fonds qui ne sont pas encore engagés, soit alloué sous forme de contributions à court terme remboursables à des fournisseurs de logements sans but lucratif ou de bienfaisance, pour une période pouvant atteindre 18 mois, afin de fournir des logements abordables à long terme, selon les modalités décrites dans le présent rapport; et**
- b. Un maximum de 2 millions soit alloué à des activités préalables à l'aménagement pour préparer les terrains excédentaires appartenant à la Ville et à des fournisseurs de logements sans but lucratif ou de bienfaisance, les contributions additionnelles étant incluses dans un accord de contribution entre la Ville et chacun des fournisseurs sélectionnés par le Comité de sélection d'Action Ottawa dans le cadre du processus de DP.**

EXECUTIVE SUMMARY

Assumptions and Analysis

The provincial government recently announced, as part of its federal Bilateral Agreement for the National Housing Strategy, the three-year Ontario Priorities Housing Initiative which allocates \$17.689 million to Ottawa between 2019 and 2022 to address priorities in the areas of housing affordability.

This report outlines the proposed three-year capital investment plan for the Ontario Priorities Housing Initiative and recommends the one-year plan for the City's \$15 million commitment for affordable housing established in Budget 2019. Given that the City's 10 Year Housing and Homelessness Plan is undergoing a refresh that includes an affordable housing capital strategy, this report provides a short-term strategy to use available capital resources to advance the development of affordable housing through new construction and predevelopment planning approval activities.

The capital investment plan will provide capital funding for new affordable housing:

- a. on Wateridge Village under the Federal Lands Initiative;

- b. on surplus city lands identified in this report; and
- c. on lands held by the private and not for profit sectors.

The capital investment plan is also proposing to continue the Ontario Renovates Program which provides funding for renovations and accessibility modifications for homes where seniors and people living with disabilities live, and the expansion of eligible recipients to include social housing providers for the purpose of accessibility-related modifications.

Financial Implications

The Investment Plan described in this report allocates a total of \$32,689,322 in affordable housing funding over the next three years to invest in new affordable housing (\$28.7 million) and the Ontario Renovates Program (\$2.4 million). This includes up to \$2 million for predevelopment activities and up to \$5 million in repayable short-term contributions from the City's \$15 million capital commitment.

The predevelopment fund would be used to advance the development of surplus lands held for affordable housing by the City and lands held by the not for profit and charitable housing sectors to assist with planning processes such as Zoning By-law Amendments and Site Plan control.

The purpose of the repayable short-term contributions is to provide financial assistance to existing not for profit and charitable housing providers for the acquisition of existing affordable rental apartment buildings and rooming houses where long-term financing is not yet in place. The contribution would be repayable and reinvested in the \$15 million City capital funds.

Public Consultation and Input

The Housing System Working Group, consisting of representatives from social, co-operative and supportive housing providers, support services, emergency shelters, health services, funders as well as the private landlords, were consulted and provided input to determine needs and requirements to promote long-term sustainability and viability of affordable housing as well as the funding priorities and commitments recommended in this report.

RÉSUMÉ

Hypothèses et analyse

Le gouvernement provincial a récemment annoncé, concernant l'accord bilatéral qu'il a conclu avec le gouvernement fédéral dans le cadre de la Stratégie nationale sur le logement, l'Initiative liée aux priorités de l'Ontario en matière de logement, un programme de trois ans octroyant 17,689 millions de dollars à Ottawa de 2019 à 2022 pour répondre aux priorités dans le domaine de l'abordabilité des logements.

Le présent rapport énonce le plan triennal de dépenses en immobilisations proposé pour l'Initiative liée aux priorités de l'Ontario en matière de logement et recommande un plan d'un an pour les 15 millions de dollars alloués au logement abordable dans le budget de 2019. Étant donné que le Plan décennal de logement et de lutte contre l'itinérance de la Ville subit actuellement une refonte qui comprend une stratégie d'investissement pour le logement abordable, on présente ici une stratégie à court terme pour l'utilisation des ressources financières disponibles pour faire progresser l'aménagement de logements abordables par l'approbation de nouvelles constructions et d'activités préalables à l'aménagement.

Le plan de dépenses en immobilisations prévoira des fonds pour de nouveaux logements abordables :

- (a) au Village des Riverains dans le cadre de l'Initiative des terrains fédéraux;
- (b) sur les terrains excédentaires indiqués dans le présent rapport;
- (c) sur des terrains appartenant à des intérêts privés ou à des organismes sans but lucratif.

Le plan de dépenses propose également de poursuivre le programme Rénovations Ontario, qui octroie du financement pour les rénovations et les modifications visant l'accessibilité dans les domiciles d'aînés ou de personnes handicapées, et d'étendre les critères d'admissibilité pour y inclure les fournisseurs de logements sociaux qui souhaitent faire des modifications visant l'accessibilité.

Répercussions financières

Le plan d'investissement présenté ici alloue un total de 32 689 322 \$ au logement abordable pour les trois prochaines années, d'une part pour les nouveaux logements (28,7 millions) et, d'autre part, pour le programme Rénovations Ontario (2,4 millions). Cela comprend un maximum de 2 millions de dollars pour les activités préalables à

l'aménagement et de 5 millions pour des contributions à court terme remboursables tirés du montant de 15 millions prévu par la Ville.

Le montant destiné aux activités préalables servirait à faire progresser l'aménagement des terrains excédentaires réservés par la Ville au logement abordable ainsi que les terrains appartenant à des organismes sans but lucratif ou de bienfaisance pour contribuer à des processus d'aménagement, comme la modification du *Règlement de zonage* et l'approbation des plans d'implantation.

Les contributions à court terme remboursables visent à fournir une aide financière aux fournisseurs de logements sans but lucratif et de bienfaisance existants pour l'acquisition d'immeubles d'habitation locatifs abordables et de maisons de chambres déjà construits, dans les cas où un financement à long terme n'est pas encore en place. Ces contributions seraient remboursables et reversées dans le fonds d'immobilisations de 15 millions de dollars de la Ville.

Consultation publique et commentaires

Le Groupe de travail sur les systèmes de logement, composé de représentants de fournisseurs de logements sociaux et de logements avec services de soutien, de coopératives d'habitation, de services de soutien, de refuges d'urgence, de services de santé, de bailleurs de fonds de même que de propriétaires privés, a été consulté et a contribué à déterminer ce qui est nécessaire pour promouvoir la durabilité et la viabilité à long terme du logement abordable ainsi que les priorités et engagements financiers recommandés dans le présent rapport.

BACKGROUND

On April 30, 2018, Ontario and the Canada Mortgage and Housing Corporation (CMHC) signed a Bilateral Agreement under the National Housing Strategy (NHS). This agreement provides an opportunity to align federal funds with the priorities of Ontario's new Community Housing Renewal Strategy. Consistent with the Provincial Community Housing Renewal Strategy, the nine-year National Housing Strategy investments will be delivered in three funding periods: Phase I (2019 to 2022), Phase II (2022 to 2025) and Phase III (2026 to 2028).

In May 2019, the province released parameters for Phase I of the Community Housing Renewal Strategy that included the following two programs:

1. Canada-Ontario Community Housing Initiative (COCHI) - to protect affordability for households in social housing, support the repair and renewal of existing social housing supply, and to expand the supply of community housing over time; and;
2. Ontario Priorities Housing Initiative (OPHI) - to address local housing priorities, including affordability, repair and new construction.

The Canada-Ontario Community Housing Initiative funding represents a re-investment of federal funding that has been declining under the Canada-Ontario Social Housing Agreement and provides an opportunity for Municipal Service Managers¹ and housing providers to address the challenges associated with social housing communities (now referred to as Community Housing) reaching the end of their operating agreements and/or mortgage maturity. An Investment Plan for the Canada-Ontario Community Housing Initiative will be brought to Community Protective Services Committee and Council for consideration in August 2019.

The Ontario Priorities Housing Initiative provides \$17.689 million for Ottawa between 2019 and 2022 and replaces the previous Investment in Affordable Housing for Ontario (IAH) 2014 Extension Program (2014-2020) and the Social Infrastructure Fund (2016-2019).

The Province has stated that the Ministry of Municipal Affairs and Housing will undertake a review of the early experience, program outcomes and release updated/revised guidelines for both the Ontario Priorities Housing Initiative and the Canada-Ontario Community Housing Initiative in 2021 that will take effect in April 2022.

This report is being brought forward to obtain delegated authority to approve the Investment Plan and related priorities for Phase I of the Ontario Priorities Housing Initiative, as per the provincial funding requirements (Table 1).

Table 1: Phase 1 of the Ontario Priorities Housing Initiative

City of Ottawa Annual Allocation (2019 – 2022)				
Year	2019-2020	2020-21	2021-22	Total
Funding	\$7,609,600	\$3,942,300	\$6,137,400	\$17,689,300

¹ Municipal Service Managers (MSMs) are responsible for delivering and administering social and affordable housing and in many cases also deliver homelessness initiatives. MSMs are also responsible for administering social service programs (e.g. Ontario Works, Child Care).

The Ontario Priorities Housing Initiative is modelled after similar, previous affordable housing programs, with the most recent being the Investment in Affordable Housing for Ontario Program Extension 2014. There are a number of additional features in this program, including the addition of a support services component and the eligibility of social housing under Ontario Renovates. As with previous affordable housing programs, the Ontario Priorities Housing Initiative offers five optional components within two funding streams: capital and operating. Service Managers may choose to deliver all options, one option or any combination of the five (see Table 2). Once funding is allocated within a stream, it can be re-allocated within its components but cannot be transferred between streams. However, the Province may approve such transactions under exceptional circumstances.

Table 2: Ontario Priorities Housing Initiative Capital and Operating Components

Capital Stream	Operating Stream
Rental Housing Component Homeownership Component Ontario Renovates Component	Rental Assistance Component, which includes: <ul style="list-style-type: none"> • Rent Supplements; and • Housing Allowance Housing Support Services Component

The following discussion provides the rationale and proposed outline for allocating the Ontario Priorities Housing Initiative funding based on the City's priorities and demands as reflected in the City's Ten Year Housing and Homelessness Plan (the "Ten-Year Plan").

DISCUSSION

The City continues to experience demand for various types of affordable housing suitable for households with children, singles, and seniors in addition to an ongoing need for investment in supportive housing. This demand is reflected through low vacancy rates, currently at 1.6% and 1.7% in 2018 and 2017 respectively and increasing average market rents above typical norms as noted in the Canada Mortgage Housing Corporation's 2018 Fall Market Rental Report. The Centralized Waitlist for Social Housing remains above 10,500 households and there is little unit turnover in affordable and social housing. The lack of existing and new affordable rental housing

continues to compound as the City's population and labour needs continue to grow. Between 2014 and 2018, the City added 484 affordable housing units, with over 400 units currently near site plan control approval or under construction. During this period, a total of 753 new housing subsidies were added to the City's Housing Service System for a total of 3,123 rent supplement units and over 800 housing allowances as of December 2018. However, adding more housing benefits (Rental Assistance Component) will be challenging due to the low vacancy rate, currently between 1.3% and 1.8% for all unit types.

Pressures continue on the emergency shelter system for men and women who require supportive housing or housing with some supports and for households with children experiencing homelessness. Seniors also represent a growing share of households on the Centralized Wait List and represent higher levels of demand, along with single persons and households with children requiring larger units. As such, staff are recommending that the capital funding be used to advance the development of a variety of types of affordable housing that include:

- (1) Larger units (3+ bedrooms) for households with children;
- (2) Affordable rental housing for Older Adults; and
- (3) Supportive Housing or Housing with Supports.

The City has identified lands for affordable housing through the Interdepartmental Taskforce on Affordable Housing near Transit Stations ([ACS2019-PIE-GEN-0001](#)) and the [Building Better Revitalized Neighbourhood Initiative](#). These City lands, in combination with other lands held by the federal government and the broader housing sector will provide ample opportunity to develop innovative community plans that utilize the funds identified in this report and leverage external funding and financing through the federal National Housing Strategy.

Ontario Priorities Housing Initiative Investment Plan

Staff recommend that the Ontario Priorities Housing Initiative funding be allocated toward the capital components for Rental Housing and the Ontario Renovates Program with the ability to transfer funding to the operating component in years two and/or three of the program.

The Homeownership Down Payment Assistance program will not be offered at this time pending more information from the Canada and Mortgage Housing Corporation's First Time Home Buyer Incentive Program scheduled to launch this fall.

Given the City's declining vacancy rate, recent investments in rent supplements and housing allowances and the pending Canada-Ontario Housing Benefit, a new portable housing subsidy due to come into effect in 2021, staff are not recommending any further funding under the operating component at this time. Current rent supplements and housing allowances will continue to be provided under previous programs. Staff will continue to monitor the investment plan and take up of funds and provide amendments to the Ministry of Municipal Affairs and Housing for Years 2 and 3 as required and report back to Council on any changes.

Housing Support Services are also being provided under various other programs including the federal Reaching Home program, the provincial Home for Good program, and the Municipal Housing and Homelessness Investment Plan. Therefore, staff recommend allocating the limited funds under the Ontario Priorities Housing Initiative towards capital projects.

Table #3 shows the proposed allocation of federal and provincial funds under the Ontario Priorities Housing Initiative program.

Table 3: Ontario Priorities Housing Initiative Phase I Investment Plan				
Program Component	Planned Commitment - \$			Total
	Year 1	Year 2	Year 3	
	2019-20	2020-21	2021-2022	
Annual Ontario Priorities Housing Initiative Allocation	\$7,609,600	\$3,942,300	\$6,137,400	\$17,689,300
Administration Fees 4%	\$304,384	\$157,692	\$245,496	\$707,572
Rental Housing - (new affordable housing)	\$7,305,216	\$2,584,608	\$4,691,904	\$14,581,728
Ontario Renovates	Funded under IAH-E Program	\$1,200,000	\$1,200,000	\$2,400,000
Homeownership Component	0	TBD	TBD	TBD

Rental Assistance (Housing Allowances and rent Supplements)	Funded under other programs	TBD	TBD	TBD
Housing Supports Services	Funded under other programs	TBD	TBD	TBD

The recommended use of funds will address the City's affordable housing demands by providing capital for new construction, predevelopment funds to prepare lands for future development and a short term repayable contributions program in order to assist the housing sector acquire and preserve existing rental stock where feasible.

Total Capital Allocation (including City funding)

Table #4 outlines the total proposed capital contributions (including the City and the Investing in Affordable Housing for Ontario program, which is in its final year) that would fund new affordable housing through new construction or acquisition and rehabilitation of existing buildings. The Ontario Priorities Housing Initiative Rental Housing component considers funding up to 75% of the pro-rated share of the capital costs of the affordable units in a project. Total capital costs include land, financing, hard (construction) and soft costs but less any HST rebates.

To encourage the development of family-sized units (i.e., 3 or more bedroom units) and in recognition of the variance in costs across the province, per unit funding caps have been eliminated under the Rental Housing component. As such, Service Managers are required to perform due diligence to ensure that projects are financially viable from a construction cost and on-going operating context, costs per unit are accurate and the program expenditures represent a prudent and best value use of public dollars.

Staff are recommending that \$28.7 million be allocated for capital funding to develop new affordable housing. Year 1 (2019) contains the majority of funds with \$23,475 million to be allocated, comprised of \$1.17 million from Year 6 of the Investment in Affordable Housing for Ontario Program 2014 Extension (final allocation), \$7.3 million from Year 1 of the Ontario Priorities Housing Initiative and \$15 million from Council's 2019 Budget allocation for affordable housing.

Table 4: Total Capital Allocation for New Construction and/or Acquisition				
Annual Allocation and Funding Source	Planned Commitment - \$			
	Year 1-2 2018-19	Year 3 2019-20	Year 4 2020-21	Total Capital Allocation
Provincial/Federal Ontario Priorities Housing Initiative	\$7,305,216	\$2,584,608	\$4,691,904	\$12,564,850
Provincial/Federal IAH-E	\$1,170,000	n/a	n/a	\$1,170,000
City Capital	\$10,000,000	TBD	TBD	\$10,000,000
City fees and Contingency	\$3,000,000	TBD	TBD	\$3,000,000
Predevelopment Funding	\$2,000,000	TBD	TBD	\$2,000,000
Total Capital	\$23,475,216	\$2,584,608	\$4,691,904	\$28,734,850

Though modest in relation to the City's overall housing demands, staff will seek to leverage the City and the Ontario Priorities Housing Initiative funding with other housing initiatives under the federal National Housing Strategy that include the following programs administered by Canada Mortgage and Housing Corporation:

- (a) the National Co-investment Fund for affordable rental housing;
- (b) the Rental Construction Financing Initiative;
- (c) the Federal Land Initiative; and
- (d) the Innovation Fund.

Staff will utilize the funding identified in this report to advance the development of new affordable housing communities and redevelopments through the following practices and programs.

Request for Proposals

Staff will identify and select affordable housing projects under the Ontario Priorities Housing Initiative using the Action Ottawa Request for Proposals (RFP) process. A Request for Proposals will be issued for 159 Forward Avenue, the Bullman Road Closure and 2040 Arrowsmith Drive to select a proponent to receive the land at nominal value and allocate funding to each affordable housing project. Staff will also issue a

Request for Proposal for other small and medium sized projects. The RFP will include the possibility of obtaining predevelopment funding for proposals on lands owned by not for profit or charitable housing providers. For large projects and redevelopments with the not for profit sector, staff will bring community development plans and requests for funding directly to committee and council for consideration. This includes major redevelopment initiatives currently underway with Ottawa Community Housing Corporation.

Federal Lands Initiatives for Wateridge Village

Staff have recently made a non-binding joint submission with Ottawa Community Housing Corporation to the Federal Lands Initiative to acquire a property at Wateridge Village, the former Rockcliffe Airbase, which could accommodate more than 200 units of affordable housing. If successful, the City would require \$10 million in capital funding, plus funds for planning and development charges, to commence the development of the first building proposed on the subject lands. Staff will bring a report forward to Planning Committee and Council should the application be successful.

Surplus City Lands

A report was recently brought to Council (Report [ASC2019-CSS-GEN-0007](#)) to approve the use of the following three City sites for affordable housing development:

- (1) 159 Forward Avenue;
- (2) the dead-end road at Bullman and Hinchey Street; and
- (3) 2040 Arrowsmith Drive.

Staff are launching the RFP for 159 Forward Avenue and the dead end of Bullman and Hinchey Street and plan to conduct community consultations for the development of 2040 Arrowsmith Drive in Q3/4 2019 prior to initiating that RFP.

Predevelopment Fund for City and Third Party Lands (up to \$2 million)

Recognizing the changing framework of capital funding and financing programs for affordable housing, staff are recommending that \$2 million from the City's \$15 million commitment be used for predevelopment activities in order to advance the development of surplus city lands and selected proposals by the not for profit and charitable sectors. These funds will be used to advance proposals to the stage where they will be Site Plan approved and "shovel ready". This would ensure that the City would have construction ready affordable housing developments in the queue for consideration by federal and provincial governments over the next three years.

It is anticipated that funds would be used to advance priorities of the Building Better Revitalized Neighbourhood Initiative to expedite a plan and business case for 1770 Heatherington Road and commence planning approvals processes. In addition, staff will evaluate the short term sites identified in the Interdepartmental Taskforce for Affordable Housing along the Light Rail Train (LRT) and Bus Rapid Transit (BRT) corridors as candidates for predevelopment funding.

Short-term Repayable Contributions (up to \$5 million)

This report is recommending short term repayable capital contributions in limited circumstances subject to said contributions being:

- a. available and not yet committed for long-term financing;
- b. included in a contribution agreement between the City and each housing provider/proponent selected by the Director of Housing Services; and
- c. based on selection criteria outlined in this report.

Capital funds are often committed to affordable housing projects one to two years prior to construction activity, where housing proponents would be eligible for milestone payments to cover a portion of their costs accrued to date. The purpose of the short-term repayable contributions is to utilize up to \$5 million in the City's capital funding, temporarily available in the Affordable Housing Capital Reserve, to provide short term, low risk, loans to the charitable and not for profit sectors to assist in the acquisition of existing rental housing for long-term affordable housing. Such funds would be used for a period of six to 18 months to allow for additional time for proponents to meet specific requirements for required provincial/federal funding or third party financing. As an example, the provincial Home for Good Program provides funding in the form of a monthly mortgage payment (including principle and interest) commencing only on the interest adjustment date of the take out mortgage. A short-term contribution would allow Housing Services staff to work collaboratively with the housing sector to pursue acquisition opportunities more quickly and secure affordable housing for the long-term.

In order to reduce the risk associated with re-payment, eligibility for the short-term contributions would be restricted to financially sustainable not for profit housing and charitable housing providers that have existing contracts in good standing with Housing Services and would be secured on the title of the subject property to which it applies. Preference would be given to proponents with funding or financing confirmed by the federal or provincial governments for their project or other reputable lenders or funders as determined by the Director, Housing Services. Housing Providers would be required to demonstrate the long-term affordability of the project.

Staff will ensure that funds are re-paid within 18 months, commencing July 1st 2019, in order to ensure that sufficient funds are available in the Affordable Housing Capital Reserve to fund affordable housing projects under construction and eligible for capital payments.

10-Year Housing and Homelessness Plan Refresh

An update to the 10-Year Housing and Homelessness Plan, which will include an Affordable Housing Capital Partnering Strategy, is currently underway and is scheduled to be submitted to the Ministry of Municipal Affairs and Housing for review in December 2019, and will go to Committee/Council in Q1 2020. Staff will continue to engage with the housing sector, as well as the provincial and federal governments, to find ways to leverage City, community and private sector capacity with programs under the National Housing Strategy.

Conclusion

The Ontario Priorities Housing Initiative funding will be used to advance the objectives of the Ten-Year Plan, as they pertain to increasing the supply of affordable housing, by investing in new projects immediately, assisting the sector to acquire existing rental housing, and advancing plans for new affordable housing in order to ensure that the City and its partners are in a position to leverage future funding opportunities.

Staff will conduct Request for Proposals under Action Ottawa as required, to allocate Years 1 through 3 of the Ontario Priorities Housing Initiative for new rental housing, as well as City capital funding, and continue to work with the sector to advance affordable housing developments in 2019/2020.

RURAL IMPLICATIONS

There are no rural implications.

CONSULTATION

In early 2010, the Housing Systems Working Group was created to provide guidance and support to the City's Housing Services in the development and implementation of the Ten-Year Plan. The Housing Systems Working Group membership includes representatives from a broad range of sectors including: social housing (non-profit and co-ops), shelters, housing and homelessness supports and prevention, supportive housing, the Champlain Local Health Integration Network, the Community Health and Resource Centres, the Royal Ottawa Hospital and the Eastern Ontario Landlord Organization.

Committee members have been actively involved in the implementation of the Ten-Year Plan since its inception, which commenced on January 1st, 2014. The Housing System Working Group was consulted on the development of the proposed capital allocations.

In addition to the Housing Systems Working Group, staff have also consulted with the Affordable Housing Capital Strategy Working Group, comprised of various leaders and stakeholders in the not for profit and private housing sectors, that provide guidance and input on the 10 Year Housing and Homelessness Plan Refresh as it pertains to Affordable Housing.

COMMENTS BY THE WARD COUNCILLOR(S)

N/A

ADVISORY COMMITTEE(S) COMMENTS

N/A

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the report recommendations. The Ontario Priorities Housing Initiative allows for Council to delegate the authority to approve the Investment Plan. The funding allocation process being proposed is in keeping with the Council-approved Action Ottawa Program.

RISK MANAGEMENT IMPLICATIONS

As part of a comprehensive risk mitigation strategy, staff will monitor expenditures closely and take the necessary proactive steps to ensure the financial viability of projects and maximize the use of available funds to avoid any loss in funding.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications, associated with the recommendations of the report.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the report recommendations.

ACCESSIBILITY IMPACTS

Visitable and accessible dwelling units are a requirement under the Ontario Building Code and the City's Action Ottawa program. Any RFP associated with projects discussed in this report will include requirements for visitable and accessible units.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with the recommendations of the report.

TERM OF COUNCIL PRIORITIES

The recommendations of this report support the 2014-2018 Strategic Priority: Healthy and Caring Communities (HC). The recommendations will specifically enhance the City's ability to develop new affordable housing; thereby, supporting Priority HC3: Create new affordable housing options.

SUPPORTING DOCUMENTATION

N/A

DISPOSITION

Once finalized, the Director, Housing Services will submit the Ontario Priorities Housing Initiatives Investment Plan to the Ministry of Municipal Affairs and Housing.

Housing Services Branch will conduct Requests for Proposals to allocate the 2019, 2020 and 2021 capital funding for affordable projects as approved by the Action Ottawa Selection Committee as described in this report.

Staff will continue to administer the Ontario Renovates Program as set out in this report.