

**Report to
Rapport au:**

**Planning Committee
Comité de l'urbanisme
25 June 2020 / 25 juin 2020**

**and Council
et au Conseil
15 July 2020 / 15 juillet 2020**

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**Submitted by
Soumis par:**

**Shelley VanBuskirk, Director, Housing Services// directrice, Services de logement
613-580-2424 x16366, shelley.vanbuskirk@ottawa.ca**

Contact Person

Personne ressource:

**Saïde Sayah, Manager Development Review Central / Gestionnaire Examen des
demandes d'aménagement centrale
613-580-2424 ext. 43083, Saide.Sayah@Ottawa.ca**

Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2020-CSS-GEN-008

SUBJECT: Affordable Housing Capital Plan 2020

OBJET: Plan d'immobilisations des logement abordables 2020

REPORT RECOMMENDATIONS

That Planning Committee recommend Council approve:

- 1. That \$15 million in City capital funds approved by Council, in the 2020 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 and that of the \$15 million:

- a. **\$10 million be allocated to Ottawa Community Housing Corporation, in support of their Canada Mortgage Housing Corporation National Housing Co-Investment Fund Application, with the said conditional contribution being subdivided and included in contribution agreements for their following affordable housing projects:**
 - i. **Phase I of Gladstone Village; and**
 - ii. **Phase II of Rochester Heights.**
 - b. **up to \$2 million be allocated for predevelopment activities to prepare surplus lands identified for affordable housing and owned by the City, with any remaining funds to be added to ongoing 2019 pre-development funding agreements with not-for-profit and charitable housing providers or added to the contingency reserves for capital projects previously approved and under development, based on need as determined by the Director, Housing Services;**
2. **That the \$2.58 million in provincial funds from the capital Rental Housing Component, under the Ontario Priorities Housing Initiative be allocated by the Director, Housing Services by way of a minimum 20-year affordability term contribution agreements secured by mortgages, with project approval from the Ministry of Municipal Affairs and Housing, to the following projects:**
- a. **up to \$960,000 from the Ontario Priorities Housing Initiative to Habitat for Humanity National Capital Region's development of 8 affordable housing units at 455 Wanaki Road; and**
 - b. **up to \$1.62 million from the Ontario Priorities Housing Initiative to Ottawa Community Housing Corporation's development of supportive housing units for people with developmental disabilities at 715 Mikinak Road, being the third and final phase of the project at this site.**
3. **That the Director, Housing Services be delegated the authority to amend the Ontario Priorities Housing Initiative Investment Plan and allocate any additional funds to phase-three of the project at 715 Mikinak Road in the**

event additional funding becomes available under the Ontario Priorities Housing Initiative due to any reallocation by the Ministry;

4. That the Director, Housing Services be delegated the authority to transfer the year 3 Ontario Priorities Housing Initiative capital funding to the operating funding envelope and update the Investment Plan accordingly;
5. That staff conduct a fair and open process to select not-for-profit partner(s) to develop a proposal for funding for an affordable housing and community use project at 1770 Heatherington Road and report back to Council in Q3 2020; and
6. That staff complete negotiations with the National Capital Commission to outline a fair and transparent process for the disposal of 615 Albert Street, consistent with the Council approved Disposal of Real Property Policy, as part of a comprehensive development strategy for the Library Parcel Lands provided that;
 - a. a requirement of the transaction shall be an obligation for the purchaser to enter into an agreement with a housing provider to develop not less than 100 affordable rental housing units on the combined City and NCC Library Parcel Lands;
 - b. the proceeds from the sale of 615 Albert Street be applied towards the development of the affordable housing units within the Library Parcel Lands;
 - c. that Ottawa Community Housing Corporation be the housing provider responsible to oversee the development and own the affordable housing units; and
 - d. that the lands are declared surplus by a separate report to Finance and Economic Development Committee and Council in Q3 2020 as described in this report.

RECOMMANDATIONS DU RAPPORT

Que le Comité de l'urbanisme recommande au Conseil d'approuver ce qui suit :

1. Que 15 millions de dollars en fonds d'immobilisations approuvés par le Conseil dans le cadre du budget municipal de 2020 et issus du Fonds de réserve pour le logement abordable soient attribués par le directeur, Services du logement pour financer la construction de logements

abordables au moyen de contributions conditionnelles aux immobilisations et de subventions en compensation des droits de permis de construire, des redevances imposées par les conseils scolaires, des droits d'aménagement non exemptés et des subventions aux fins d'accessibilité, ainsi que pour fournir un fonds de réserve pour le projet, à condition que lesdites contributions conditionnelles soient comprises dans l'accord de contribution entre la Ville et chaque fournisseur ou promoteur de logements, et que de ces 15 millions :

- a) 10 millions soient attribués à la Société de logement communautaire d'Ottawa pour appuyer ses demandes au Fonds national de co-investissement pour le logement de la Société canadienne d'hypothèques et de logement, et que les contributions conditionnelles soient divisées et incluses dans les accords de contribution pour les projets de logement abordable suivants :
 - i. Phase I du projet du Village Gladstone;
 - ii. Phase II du projet de Rochester Heights;
 - b) un maximum de 2 millions servent à préparer l'aménagement des terrains excédentaires réservés au logement abordable et détenus par la Ville, et que les fonds restants soient inclus dans les accords de financement préalables à l'aménagement en cours pour 2019 avec les fournisseurs de logements sans but lucratif ou de bienfaisance, ou ajoutés aux fonds de réserve pour les projets d'immobilisations déjà approuvés ou en cours, selon les besoins, comme l'entend le directeur, Services du logement;
2. Que les 2,58 millions de dollars de fonds provinciaux provenant du volet Logement locatif de l'Initiative liée aux priorités de l'Ontario en matière de logement soient alloués par le directeur, Services du logement au moyen d'accords de contribution pour l'abordabilité d'une durée d'au moins 20 ans garantis par hypothèques, et que soient approuvés par le ministère des Affaires municipales et du Logement les projets suivants :
- a) l'affectation d'un maximum de 960 000 \$ en provenance de l'Initiative liée aux priorités de l'Ontario en matière de logement à Habitat pour l'humanité – Région de la capitale nationale pour l'aménagement de huit logements abordables au 455, chemin Wanaki;

- b) l'affectation d'un maximum de 1,62 million de dollars en provenance de cette même initiative à la Société de logement communautaire d'Ottawa pour la construction de logements en milieu de soutien destinés aux personnes ayant des troubles du développement au 715, chemin Mikinak – il s'agit de la troisième et dernière phase du projet à cette adresse;**
- 3. Que l'on délègue au directeur, Services du logement le pouvoir de modifier le plan d'investissement de l'Initiative liée aux priorités de l'Ontario en matière de logement et d'octroyer des fonds supplémentaires à la phase 3 du projet au 715, chemin Mikinak si d'autres sommes devenaient disponibles pour cette initiative en raison d'une réaffectation par le ministère;**
- 4. Que l'on délègue au directeur, Services du logement le pouvoir de transférer le financement des immobilisations prévu pour la troisième année de l'Initiative liée aux priorités de l'Ontario en matière de logement dans l'enveloppe de financement pour le fonctionnement et de mettre à jour le plan d'investissement en conséquence;**
- 5. Que le personnel utilise un processus juste et ouvert pour choisir les partenaires sans but lucratif qui présenteront une demande de financement pour un projet de logements abordables et d'utilisation communautaire au 1770, chemin Heatherington, et qu'il présente un rapport à ce sujet au Conseil au troisième trimestre de 2020; et**
- 6. Que le personnel négocie avec la Commission de la capitale nationale (CCN) pour élaborer un processus juste et transparent concernant l'aliénation du 615, rue Albert, conformément à la Politique sur l'aliénation des biens immobiliers approuvée par le Conseil, dans le cadre d'une stratégie d'aménagement complète pour les parcelles réservées à la bibliothèque, à condition que :**
 - a) dans le cadre de la transaction, l'acheteur soit obligé de conclure une entente avec un fournisseur de logements visant la construction d'au moins 100 logements locatifs abordables sur les parcelles de la bibliothèque combinées de la Ville et de la CCN;**
 - b) les recettes de la vente du 615, rue Albert servent à financer la construction de logements abordables sur les parcelles de la bibliothèque;**

- c) **la Société de logement communautaire d'Ottawa soit le fournisseur de logements chargé de superviser la construction des logements abordables et en soit le propriétaire;**
- d) **les terrains soient déclarés excédentaires dans deux rapports distincts qui seront respectivement présentés au Comité des finances et du développement économique et au Conseil au troisième trimestre de 2020, comme l'indique ce rapport.**

EXECUTIVE SUMMARY

Assumption and Analysis

The purpose of this report is to bring forward the proposed spending plan for the City's 2020 affordable housing commitment of \$15 million, allocate \$2.58M from Year 2 of the Ontario Priorities Housing Initiative (OPHI) and advance the development of surplus City lands dedicated for affordable housing.

Of the \$15 million in the 2020 budget, \$3 million has already been earmarked for the potential acquisition and financing of medium and/or long-term acquisitions of affordable housing that may be recommended to Council as a result of the Request for Offers issued May 20, 2020 from motel, hotel, apartment owners and other similar use commercial/ institutional/ residential property owners. The Request for Offers was issued further to a direction in the Motion carried by City Council on May 13, 2020.

The recommendations in the report, if approved, will allocate the remaining \$12 million to the following initiatives:

- \$10 million to Ottawa Community Housing Corporation towards the National Housing Strategy Co-Investment Fund Application (558 units); and
- Up to \$2 million for predevelopment activities to prepare surplus lands identified for affordable housing and owned by the City, with any remaining funds to be added to ongoing 2019 pre-development funding agreements with not-for-profit or charitable organizations or to contingency reserves for capital projects previously approved and under development based on needs as determined by Housing Services.

The City's yearly allocation under the Ontario Priorities Housing Initiative is \$2.58 million (excluding \$1.2M from the Ontario Renovates Program). The recommendations in the report propose the allocation of funding, with project approval from the Ministry of Municipal Affairs and Housing, to the following initiatives:

- \$1.62 million to Ottawa Community Housing Corporation to support their development of phase III at 715 Mikinak Road in Wateridge Village in partnership with the Developmental Services Sector for the provision of supportive housing in the third and final building on the site; and
- \$960,000 for Habitat for Humanity to create an affordable housing rent-to-own pilot project at 455 Wanaki Road, also in Wateridge Village.

The recommendations will also provide authority to the Director, Housing Services to transfer a portion of the capital funding allocation under Year 3 of the Ontario Priorities Housing Initiative to the operating funding envelope, direct staff to finalize an agreement with the National Capital Commission (NCC) to provide affordable housing on lands in the LeBreton Flats Library Parcel Lands (at 665 and 615 Albert Street) and begin to develop a proposal for 1770 Heatherington's affordable housing and community use project. Additional reports to Council will be required to seek further direction and authority for the three latter recommendations.

Through the above noted initiatives, Housing Services will continue to engage with the not-for-profit and charitable housing sectors to ensure that they are working at capacity so that the City will continue to have a supply of affordable housing projects that will be construction-ready over the next three to five years.

Financial Implications

Council allocated \$15 million for affordable housing in the 2020 capital budget. The recommendations in this report are within the spending authority previously approved by Council.

Public Consultation/Input

Throughout 2019 and into 2020, Housing Services has consulted internally and with external stakeholders on the capital spending plan. Consultation has occurred with the broader Housing Sector through the 10 Year Plan Refresh Consultations, the Housing System Working Group and the Affordable Housing Capital Plan Steering Committee.

Hypothèses et analyse

Le présent rapport a pour but d'exposer le plan de dépenses proposé pour l'investissement de 15 millions de dollars dans le logement abordable de la Ville en 2020, d'octroyer les 2,58 millions de dollars provenant la deuxième année de l'Initiative liée aux priorités de l'Ontario en matière de logement et d'aller de l'avant avec l'aménagement des terrains excédentaires de la Ville réservés au logement abordable.

Des 15 millions de dollars prévus dans le budget de 2020, trois millions ont déjà été réservés à l'acquisition et au financement potentiels à moyen et à long terme de logements abordables pouvant être recommandés au Conseil dans le cadre de la demande d'offres émise le 20 mai 2020 par les propriétaires de motels, d'hôtels, d'appartements et de propriétés commerciales, institutionnelles ou résidentielles similaires. La demande d'offres a été faite en réponse à une directive de la motion adoptée par le Conseil municipal le 13 mai 2020.

Les recommandations du rapport, si elles sont approuvées, permettront d'affecter les 12 millions de dollars restants selon la répartition suivante :

- 10 millions de dollars à la Société de logement communautaire d'Ottawa pour les demandes au Fonds national de co-investissement pour le logement (558 logements);
- un maximum de deux millions pour la préparation de l'aménagement des terrains excédentaires réservés au logement abordable et détenus par la Ville; les fonds excédentaires restants seront ajoutés aux accords de financement préalables à l'aménagement en cours pour 2019 avec les fournisseurs de logements sans but lucratif ou de bienfaisance, ou aux fonds de réserve pour les projets d'immobilisations déjà approuvés ou en cours, selon les besoins, comme l'entendent les Services du logement.

Les fonds annuels alloués à l'Initiative liée aux priorités de l'Ontario en matière de logement par la Ville s'élèvent à 2,58 millions de dollars (excluant 1,2 million pour le programme Rénovations Ontario). Les recommandations du rapport proposent que le ministère des Affaires municipales et du Logement, sous réserve de l'approbation des projets, affecte l'argent ainsi :

- 1,62 million de dollars à la Société de logement communautaire d'Ottawa en appui à l'aménagement de la phase III du projet au 715, chemin Mikinak, à Village des Riverains, en partenariat avec le secteur des services aux personnes ayant une déficience développementale, pour offrir des logements en milieu de soutien dans le troisième et dernier bâtiment de cette adresse;
- 960 000 \$ pour qu'Habitat pour l'humanité crée un projet pilote de logement locatif abordable avec option d'achat au 455, chemin Wanaki, aussi à Village des Riverains.

En outre, selon les recommandations, le directeur, Services du logement aura le pouvoir de transférer une partie des fonds d'immobilisations prévus pour la troisième année de l'Initiative liée aux priorités de l'Ontario en matière de logement dans

l'enveloppe de financement pour le fonctionnement, et le personnel devra conclure avec la Commission de la capitale nationale (CCN) une entente visant la construction de logements abordables sur les terrains des plaines LeBreton, sur les parcelles de la bibliothèque (aux 665 et 615, rue Albert), et commencer l'élaboration d'une proposition de projet de logements abordables et d'utilisation communautaire au 1770, chemin Heatherington. Le Conseil aura besoin d'autres rapports qui viendront éclairer et appuyer les deux dernières recommandations.

Par les initiatives susmentionnées, les Services du logement continueront de collaborer avec les fournisseurs de logements sans but lucratif et de bienfaisance pour garantir qu'ils travaillent au maximum de leur capacité, afin que la Ville continue de recevoir des projets de logements abordables prêts à démarrer dans les trois à cinq prochaines années.

Répercussions financières

Le Conseil a alloué 15 millions de dollars au logement abordable dans son budget des immobilisations de 2020. Les recommandations du présent rapport respectent l'autorisation de dépenses approuvée antérieurement par le Conseil.

Consultations publiques et rétroactions

En 2019 et 2020, les Services du logement ont tenu des consultations internes et externes sur le plan de dépenses en immobilisations. Ces consultations, prévues dans le cadre des consultations sur l'actualisation du plan décennal, ont eu lieu avec l'ensemble du secteur du logement, le Groupe de travail sur les systèmes de logement et le comité directeur du plan d'immobilisations des logements abordables.

BACKGROUND

In preparing the Affordable Housing Capital Spending Plan for 2020, Housing Services considered the findings of numerous studies, reviewed investments that have been made to date and identified initiatives that are underway. These included:

1. the work on the 10 Year Housing and Homelessness Plan Refresh;
2. the City's direct capital investment in affordable housing projects expected to come online by 2025; and
3. pre-development funding to the not-for-profit and charitable housing sector.

10 Year Housing and Homelessness Plan Refresh

The 10 Year Plan Refresh was the result of extensive consultations and studies. It

includes an assessment of households and renters in core housing need and identifies where the City should make investments in the housing market. This analysis was done by examining Statistics Canada data and the affordability of rental housing as compared to Renter Household Income deciles (Table 1). Table 1 shows what is considered to be affordable monthly rent in different income brackets. It also shows the average market rent for units of various sizes as well as the significant increase in average rents from 2019 to 2020. The analysis, and the table, illustrate the increasing difficulty of moderate and low-income households to find affordable rental housing, especially for low income households requiring 3 or more bedrooms and ultimately identifies what is and is not affordable to various household demographics.

Table 1. Renter Household Income Deciles and Average Market Rents (2019-2020)

Table 1						
Renter Income Deciles	Maximum Affordable Rent	Average Market Rent and Determination of Affordability				
		Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +	Average
	2019	\$881	\$1,088	\$1,297	\$1,468	\$1,195
	2020	\$933	\$1,178	\$1,409	\$1,624	\$1,302
Low Income Deciles 1-3 (\$31,148 and less)	\$359	No	No	No	No	No
	\$543	No	No	No	No	No
	\$779	No	No	No	No	No
Moderate Income Deciles 4-6 (From \$31,148 to \$61,500)	\$1,015	Yes	No	No	No	No
	\$1,260	Yes	Yes	No	No	No
	\$1,538	Yes	Yes	Yes	No	Yes
High Income Deciles 7-10 (\$61,501 and above)	\$1,858	Yes	Yes	Yes	Yes	Yes
	\$2,284	Yes	Yes	Yes	Yes	Yes
	\$2,972	Yes	Yes	Yes	Yes	Yes

Given the increasing market rents, staff recognize that funds continue to be needed to advance the development of rental housing that is at or below the Average Market Rent (as determined by the Canada Mortgage Housing Corporation (CMHC) annual survey). Where needed and when available, the City then layers other housing benefits, such as portable housing benefits or rent supplements, to provide a deeper level of subsidy to households and individuals on the Centralized Waiting List for Community Housing. The City also provides operating funding for supportive housing when available.

In response to the above data and the recognized need, one of the 10 Year Plan Refresh targets is to create between 5,700 – 8,500 affordable housing options (new units and housing subsidies) for both low to moderate income households, of which 10% of new builds are to be supportive housing and 10% are to be accessible. While not all outcomes and targets in the Plan will be realized without new investments from all levels of government, the capital investments from Council in 2019 and 2020 will ensure that the City can continue to advance new affordable housing initiatives over the next 3 to 5 years and are explained below. The investments recommended in this report will support the development of rental housing with monthly rents significantly less than comparable market rents in new developments that are affordable to the low and moderate income rental households as illustrated in Table 1.

Direct Capital Investments

The recommendations in the report build on the 2019 capital plan for affordable housing which allocated \$23.5 million in affordable housing funding to support the development of approximately 295 units in 2019 and is supporting predevelopment activity of an additional 345 units with five not for profit housing providers. In order to maintain this momentum, staff recommend the City continue to support predevelopment activities on government, private and not for profit lands to ensure that a “pipeline” of projects are maintained and ready to benefit from future federal and provincial funding. The following ongoing initiatives will ensure that the housing sector will continue to work at capacity in preparing projects that will be construction ready in 2021 through to 2023 and benefit from future funding and financing opportunities.

715 Mikinak Road in Wateridge Village (Federal Lands Initiative - 271 units)

The City and Ottawa Community Housing Corporation have partnered at 715 Mikinak Road in Wateridge Village to advance this \$72 million, three-phase project. The site was acquired under the Federal Land Initiative and will consist of three buildings, each being a phase. The initial two phases of the project were allocated \$10.3M from the 2019 City capital funds. Construction of phases I and II at Wateridge Village are planned to start in early 2021, although there may be moderate delays due to the current COVID-19

pandemic. The Capital Plan 2020 recommends continued support for phase III of the project.

The City and Ottawa Community Housing Corporation have leveraged available capital considerably, by including the overall financing of this project into a National Housing Co-Investment Fund Application to the Canada Mortgage and Housing Corporation. This will result in additional grants and low-cost financing for 229 affordable housing units in the first two phases, with construction beginning in 2021. The third phase consists of 42 units and has yet to be designed and financed and is considered later in this report.

Interdepartmental Task Force for Affordable Housing and Building Better Revitalized Neighbourhoods

Three short term sites below, were identified by the Interdepartmental Task Force for Affordable Housing and one additional site through the Better Building Neighborhoods Initiative (BBRN). Progress on these short-term sites, 159 Forward Avenue, 933 Gladstone Avenue, 557 Albert Street and 1770 Heatherington Road varies and leverages various partnerships and funding programs with federal and provincial governments.

159 Forward Avenue (Ward 15) – 31 Units

A Request for Proposals was completed, and the lands have been transferred to Centretown Citizens Ottawa Corporation (CCOC) with construction of 31 affordable housing units scheduled for late 2020. This project will receive funding from the Ontario Priorities Housing Initiative, City of Ottawa, and the Canada Mortgage Housing Corporation.

933 Gladstone Avenue (Ward 14) – 338 units

Phase I is in the early stages of the planning approval process and is expected to be construction ready in 2021. Ottawa Community Housing Corporation will provide over 1,048 units of housing in a phased mixed market development plan. A financing plan, with Canada Mortgage and Housing Corporation is being initiated under the National Housing Co-Investment Fund and staff expect the site to begin the first phases of construction in 2021.

615 Albert Street (Ward 14) – Library District- 100 Units

The site will be encumbered by Infrastructure Services Branch for a minimum of 5 years as a staging area for the construction of the new central library. With an area of 3,255 sq. meters, the site has a development density of 18,300 sq. meters. This City parcel

abuts a 11,647 sq. meter property at 665 Albert Street owned by the National Capital Commission (NCC). The NCC is in the process of disposing of their high-density development parcel. There are mutual benefits to both the NCC and City if the properties are developed together in a comprehensive manner.

The Corporate Real Estate Office (CREO) and Housing Services are negotiating an Agreement with the NCC to assemble and jointly market the properties for development. The assembly would be offered to the private sector through a competitive procurement process managed by the NCC with City input. The NCC/City partnership would advance planning and construction activity in a coordinated manner on the entire assembly. The affordable housing units could be situated anywhere across the entire parcel and not be restricted to the City owned lands.

The terms and conditions in the agreement pertaining to affordable housing will be included in the NCC's procurement process and assigned to the winning bidder. These will include a requirement to construct not less than 100 affordable housing units on the assembled property within seven years for a non-profit housing provider. Housing Branch recommends that Ottawa Community Housing Corporation be the non-profit housing provider given it has the depth of experience and financial capacity to pre-commit to requirements in the NCC's procurement process and ability to work with the private sector to oversee the development of the units.

Ottawa Community Housing Corporation has been included in the negotiations with the NCC as it pertains to the procurement of the affordable housing. Conditions in the procurement documents will obligate the purchaser to enter into a Construction Agreement and into an Agreement of Purchase and Sale with Ottawa Community Housing Corporation for the 100 affordable units at a fixed cost. Ottawa Community Housing Corporation will finance the purchase and include the acquisition of the 100 units as part of its longer-term affordable housing target to develop up to 300 units per year. The delivery of the project is anticipated to be within four to seven years.

As this process is unique and differs from the usual Affordable Housing Action Ottawa Request for Proposal process approved by Council, staff are seeking authority to conclude negotiations with the NCC and combine the City and NCC lands into a single procurement process, rather than the City conducting its own separate Request for Proposal process.

It is anticipated that CREO will present a report to FEDCO and Council in Q3 2020 to declare the 615 Albert Street parcel as surplus, outline the terms and conditions of the NCC/City agreement for the sale of 615 Albert Street and detail outline the strategy for

the delivery of the 100 affordable housing units which will tie into the Long Range Financial Plan Report scheduled for Q3 2020.

1770 Heatherington Road (Ward 10) – 150 Units

A parcel of City land at 1770 Heatherington Road was identified by Council as a site for the Building Better Revitalized Neighbourhood Initiative (BBRN) and could accommodate approximately 150 units of affordable housing, a public park and community hub. Staff will begin formal planning applications this year for a potential 2021 construction start provided further federal and/or provincial funding can be obtained through the National Housing Strategy programs or bilateral agreements between the federal and provincial governments.

Staff have been approached by the Boys and Girls Club of Ottawa to develop a community and recreation facility on the site, where the community hub will potentially be located. While this proposal is in keeping with the recommendations of the BBRN vision for the lands, staff are seeking authority to conduct an open and fair process to identify interested not-for-profit partners to develop a proposal for the sites' affordable housing and community hub parcels. Staff will conduct a Request for Expressions of Interest and report back in Q3 2020 with the proposed partners and development plan for the lands.

Pre-development Activity with the Not-for-Profit Sector (up to 345 units)

Housing Services is working with several social and affordable housing providers to expand and strengthen their portfolios to add approximately 345 new units over the next five years. In the fall of 2019, Housing Services released a Request for Expressions of Interest for pre-development funding. The Request for Expression of Interest sought to allocate up to \$2 million in pre-development funding to not-for-profit and charitable organizations wishing to develop affordable housing in the City. Proponents could apply to receive up to \$250K towards technical studies and planning applications. Housing Services received eleven responses to the Request for Expression of Interest and the following seven projects, with five providers, were selected to receive funding:

- Redevelopment of Julian of Norwich Anglican Church (Ward 8) – In redeveloping this site, the Anglican Diocese is making land available to not-for-profit and charitable partners who will build approximately 95 affordable housing units on the site.
- Intensification of Nepean Housing Corporation's Dunbar Court (Ward 9) – Nepean Housing is proposing to intensify the community (social) housing

development at Dunbar Court by demolishing four housing units to make way for a 28-unit low-rise apartment building, for a net gain of 24 units.

- Addition to Ellwood House (Ward 18) – Ellwood House is an existing affordable seniors' residence. Ellwood House is proposing a 38-unit addition to their existing community housing building.
- Addition to St. Patrick's Home of Ottawa (Ward 16) – St. Patrick's Home, a long-term care facility, is proposing to construct a new seniors apartment building on their campus, which would contain 164 independent living seniors' apartments.
- Redevelopment of three Centretown Citizen Ottawa Corporation (CCOC) properties (Wards 13 and 15) – CCOC is proposing to redevelop up to three of their existing properties that are aging and in a state of disrepair to make way for 8-unit stacked-apartment buildings on each of the sites.

The sites selected for pre-development funding require various building and site studies, as well as planning applications such as Zoning By-law amendments and applications for Minor Variances. The predevelopment funding provides an incentive to these Not-for-Profits and charitable organizations to undertake the required work that they would not typically undertake unless sure that they were receiving capital funds from the City or another level of government to proceed with the construction. The allocation of predevelopment funds to the organizations creates a stock of construction-ready affordable housing projects with a variety of housing providers. This advances the sector's projects considerably and makes them more competitive in their applications for National Co-Investment Funding and Financing and other Affordable Housing programs as they become available.

DISCUSSION

2020 City Allocation (\$15 million) and Ontario Priorities Housing Initiative (OPHI) - (\$2.58 million)

In order to build on the momentum above, Housing Services recommends that the City's \$15 million and the Ontario Priorities Housing Initiative \$2.58 million be allocated as follows, with details of each further set out below:

- \$10 million to Ottawa Community Housing Corporation for phase II of Rochester Heights (220 units) and Phase I of Gladstone Village (338 units);
- \$3 million has previously been earmarked for the potential purchase or lease of multi-unit accommodations resulting from the request for offers ([Council Motion of May 13, 2020](#));

- \$2 million for predevelopment funding for City sites with remaining funds being added to current pre-development agreements with the five not-for-profit and charitable organizations set out above in this report or allocated to the contingency reserves for current project under construction depending on need
- \$960,000 from Ontario Priorities Housing Initiative to Habitat for Humanity National Capital Region for a 20-year rental project in Wateridge Village (8 units); and
- \$1.62 million from Ontario Priorities Housing Initiative to Ottawa Community Housing Corporation for the development of 715 Mikinak Road's phase III, being the construction of supportive housing in partnership with the Development Disabilities Sector (up to 42 units).

Staff are recommending that the Director of Housing Services be delegated authority to redirect capital funding from Year 3 of the Ontario Priorities Housing Initiative to operating funding if required in 2020/21. This change is recommended as a result of current construction of affordable housing projects nearing funding capacity in the short term and the sunsetting of provincial housing subsidy programs that may require an immediate injection of operating funds starting January 2021. This recommendation is a precaution to continue funding for households in receipt of ongoing housing allowance and rent supplement programs. If capital funds must be redirected to operating components, staff will report back to Council on the use of these funds.

\$10 million to Ottawa Community Housing Corporation (National Housing Strategy Co-Investment Fund)

The City's 10 Year Housing and Homelessness Plan Refresh recognizes Ottawa Community Housing Corporation's unique role in providing and delivering affordable housing through their financial resources, technical ability, governance, capacity, and land assets available for redevelopment. Ottawa Community Housing Corporation has the cashflow to finance pre-development activities and construction on a large scale. As such, staff are in support of increasing Ottawa Community Housing Corporation's capacity to a level where they can develop approximately 300 affordable housing units per year. This is a significant and exceptional increase given that the previous capacity of the entire not for profit housing sector has been, on average between 100 and 150 units per year under previous affordable housing programs.

Table 2 – Ottawa Community Housing Corporation 2019-2020 Development Funding and Financing Summary (\$ millions)

Ottawa Community Housing Corporation Developments	Mikinak Phases 1 & 2	Rochester Heights Phase 2	Gladstone Village Phase 1	TOTAL
Units	229	220	338	787
<u>Development Cost</u>				
Construction Cost	\$ 72.4	\$ 62.0	\$ 99.0	\$ 233.2
<u>Funding Application</u>				
NHCF Financing	(54.6)	(52.4)	(78.5)	(185.5)
NHCF Forgivable Loan	(3.5)	(3.4)	(5.2)	(12.2)
2019 City Capital Contribution	(10.0)			(10.0)
Contribution Required	\$ 4.3	\$ 6.2	\$ 15.3	\$ 25.9
OCHC Equity Contribution	(2.1)	(1.7)	(3.5)	(7.4)
DC Exemption and Fee Relief	(2.2)	(2.5)	(3.8)	(8.5)
2020 City Capital Contribution		(2.0)	(8.0)	(10.0)

Staff in Housing Services and Finance Services have collaborated with Ottawa Community Housing Corporation to determine the cost implications to the City and the best approach to leverage Ottawa Community Housing Corporation lands, City incentives and grants to maximize contributions from the Canada Mortgage and Housing Corporation through an application to the federal National Housing Co-investment Fund (NHCF). It has been determined that approximately \$25.9 million in Ottawa Community Housing Corporation Equity and City Contributions would support up to \$185.5 million in NHCF financing and \$12.2 million in forgivable loans to provide 787 new units. These funding applications have been submitted and are in the final stages of approval. The estimated level of affordability includes 323 units at below market rents (BMR) and the remaining 464 units not exceeding Average Market Rent (AMR).

The Capital Plan 2020 initial investment of \$10 million would allow for the development of Rochester Heights Phase II (approximately 220 units), Gladstone Village Phase I (approximately 338 units).

The proposed financing strategy would increase Ottawa Community Housing Corporation's ability to complete pre-development work and begin construction without having to wait for future funding allocations.

The City's equity contribution is very effective in this scenario and is unique to Ottawa Community Housing Corporation. It would not be replicable/viable with other housing providers and is only viable with Ottawa Community Housing Corporation as they have available land and cash equity available to cashflow projects during pre-development and early construction to fully leverage NHCF program.

City Staff in collaboration with Ottawa Community Housing Corporation staff have completed a 10-year plan covering 2019 to 2028 with the objective of building 300 units per year and utilizing the NHCF. Staff have projected that this plan would require an average annual capital investment of \$13.6 from 2021 to 2028 (\$95 million in total) and continued City funded development exemptions. Most importantly, this would leverage an additional \$37.2 million in forgivable loans and over \$800 million in low interest loans through the NHCF for the period of 2021 to 2028, in addition to what is recommended in this report and detailed in Table 2 – Ottawa Community Housing Corporation 2019-2020 Development Funding and Financing Summary. The funding sources this plan will be considered in the upcoming Housing Services Long Range Financial Plan which will include the advocacy for additional stimulus funding from the Provincial and Federal governments.

Request for Offer (RFO) for multi-unit accommodations (\$3 million)

Further to the May 13, 2020 Council Motion and direction to staff, Housing Services and Corporate Real Estate jointly released a Request for Offers on May 20, 2020 for the purchase or lease of multi-unit accommodations. The Request for Offers seeks offers from motel, hotel, apartment owners and other similar use commercial, institutional, and residential property owners to provide immediate, medium and/or long-term accommodations, whether through the acquisition or lease of a building and/or the lease of a building or portion thereof.

Currently, the City is looking to accommodate a fluctuating number of households throughout the City of Ottawa, both in terms of helping to meet immediate needs for physical distancing in the emergency shelter system as a result of the COVID-19 pandemic, as well as for housing solutions where individuals, couples or families are

ready to move out of the shelter system and into transitional, supportive and/or permanent accommodations. The acquisition or lease of multi-unit accommodations will assist the City with these needs. The Motion earmarked up to \$3 million for this initiative which is expected to be further leveraged by provincial and federal funding if a suitable building or buildings are identified. Staff will report back with any recommended purchase(s), lease(s) and/or partnerships identified through the process.

Predevelopment Funding for City Sites (\$2 million)

Housing Services is recommending that up to \$2 million be allocated for predevelopment activities to prepare surplus lands, identified for affordable housing and owned by the City, for development.

There are three publicly owned parcels of land that have been identified as having development or redevelopment potential. Housing Services is working with other City departments to examine the potential for affordable housing on these sites. These sites include the potential acquisition of 1010 Somerset Street currently owned by the federal government, and the City owned 615 Albert and 1770 Heatherington Road sites. These City sites are being actively studied for the inclusion of affordable housing and community uses. The \$2 million would be allocated to pre-development activities for these sites, which could potentially benefit from any stimulus funding that may become available in 2020/21.

In addition to supporting the development of the above sites, staff are recommending that any remaining funds be added to current pre-development agreements with the five not-for-profit and charitable organizations and/or allocated to the contingency reserve fund for approved and funded projects currently underway. Allocation of these funds will be determined by Housing Services staff as needed, under the delegated authority of the Director of Housing Services.

Habitat for Humanity National Capital Region (\$960,000)

455 Wanaki Road is located in Wateridge Village, on the former Canadian Forces Base (CFB) Rockcliffe site. Much like the City acquired 715 Mikinak Road from the federal government, Habitat for Humanity acquired 455 Wanaki Road through the former Surplus Real Federal Property for Homelessness Initiative (SRFPHI) for the purpose of constructing affordable housing. Habitat for Humanity is proposing to build an 8-unit, three-storey, low-rise apartment building. The units will be three and four-bedrooms in size and two of these units will be accessible. All the units will be for low to moderate income households with children.

In preparing their development plan, Habitat for Humanity responded to the City of Ottawa's Action Ottawa, Summer 2019 RFP. Habitat for Humanity was seeking capital funding towards the construction of this project. While their proposal met Action Ottawa requirements for affordable rental prices, it did not meet the minimum affordability period of 30 years since the project is structured as a rent-to-own project. Habitat for Humanity is proposing a rent-to-own model that would make the units available at a rent that meets affordability requirements and after 20 years would transfer ownership of the units to families under a "rent to own" program. While affordability would be maintained for 20 years, the tenure would transfer from rental to ownership. For this reason, Habitat for Humanity did not qualify for capital funding through the Request for Proposals since the City requires affordability for 30 years.

While the 455 Wanaki Road is being supported at the Federal level, without additional assistance from the City, this project will not be able to proceed. Housing Services recognizes that this is a valuable and unique initiative and for these reasons, is recommending the allocation of \$960,000 to this project, equivalent to \$120,000 per unit.

Supportive Housing – Phase III of 715 Mikinak Road (\$1.58 million)

Housing Services has been actively engaging with the Developmental Disabilities Sector since the fall of 2019 to explore opportunities to develop supportive housing for the sector. In March of 2020, Housing Services hosted a half-day information and networking session for people and organizations working in the Developmental Disabilities Sector, Affordable, and For-profit housing sectors.

Housing Services, in partnership with Ottawa Community Housing Corporation recommends developing Phase III at 715 Mikinak Road as a 42-unit supportive housing project for the Developmental Disabilities Sector. Housing Services, Ottawa Community Housing Corporation, the Ministry of Children Community and Social Services (MCSS) and Developmental Services Ontario (DSO) will work together to develop and select partners in an open, fair and transparent process for the third phase of the project at 715 Mikinak Road.

Conclusion

The Affordable Housing initiatives in this report significantly increase the number of affordable housing units that will be delivered in the City. Between Ottawa Community Housing Corporation and the housing sector, a total of 553 units are under development and 1195 units have planned for construction starts between 2021 to 2025. Ottawa Community Housing Corporation's capacity alone will increase dramatically with the

start of over 800 units that will be under construction at Gladstone Village, Rochester Heights, and in Wateridge Village. Approval of the recommendations in this report will ensure that the City invests in advancing surplus lands for affordable housing development such as 557 Albert Street, 1770 Heatherington Rand and the sites identified by the Interdepartmental Task force for Affordable Housing along the LRT. In addition, the Not for Profit Housing Sector continues to be engaged and have their projects advanced with pre-development funding to further leverage their efforts and funding opportunities under the National Housing Strategy.

Housing Services staff will continue to work with the not-for-profit sector and Ottawa Community Housing Corporation to advance the development of approved projects in a timely manner and report back to Council as the affordable housing projects and strategies evolve and new funding opportunities become available. With respect to COVID19, staff are confident that current projects under construction and initiatives underway will be able to proceed, albeit with some delays. However, long-term and stable funding commitments beyond 2020 are required to sustain the momentum gained from Council's investments over the last two years, in order to continue to leverage Canada Mortgage and Housing Corporation programs under the federal National Housing Strategy and to further engage the province in funding new affordable housing initiatives.

Staff are developing a Long- Range Financial Plan that will be brought forward in Q4 2020 and will identify additional resources needed to advance initiatives in this report as well as in the 10 Year Plan Refresh. However, staff will continue to adapt this plan as needed to respond to community need and capacity. In addition, as the City moves forward on the development of the new Official Plan and considers Inclusionary Zoning later in 2020 and 2021, Council can further consider how integration and responsibilities of affordable housing are delivered between different stakeholders in the housing sector.

RURAL IMPLICATIONS

N/A

CONSULTATION

Throughout 2019 and into 2020, Housing Services has consulted internally and with external stakeholders on the 10 Year Plan Refresh including the targets and outcomes that would be advanced if the report recommendations are approved. Consultation occurred with the broader Housing Sector, the Housing System Working Group and the Affordable Housing Capital Plan Steering Committee.

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.

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, Canada Mortgage Housing Corporation National Housing Co-Investment Fund programs and the City's Action Ottawa program. Any RFP or Contribution Agreement associated with projects discussed in this report will include requirements for visitable and accessible units.

ENVIRONMENTAL IMPLICATIONS

Housing that is developed under federal, provincial and City funding programs contain energy efficiency requirements that promote sustainable building practices that exceed current building code requirements and encourage the most current green building practices such as Passive House and LEED for New Construction.

TECHNOLOGY IMPLICATIONS

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

TERM OF COUNCIL PRIORITIES

The allocations will advance the objectives of the Ten-Year Plan Refresh by creating affordable housing and rental affordability for our residents.

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

The allocations will advance the objectives of the Ten-Year Plan by creating affordable housing and rental affordability for residents.

Housing Staff, in consultation with other departments, will action the recommendations.