

Subject: 2023 City of Ottawa Community Improvement Plan Program Review

File Number: ACS2023-PRE-GEN-0008

Report to Finance and Corporate Services Committee on 7 November 2023

and Council 22 November 2023

**Submitted on October 27, 2023 by Don Herweyer Interim General Manager,
Planning, Real Estate and Economic Development Department**

and Clara Freire General Manager, Community and Social Services Department

**Contact Person: Charmaine Forgie, Manager, Business and Technical Support
Services, Planning, Real Estate and Economic Development Department**

Charmaine.forgie@ottawa.ca

Ward: Citywide

**Objet : Examen des programmes du Plan d'améliorations communautaires
2023 de la Ville d'Ottawa**

Numéro de dossier : ACS2023-PRE-GEN-0008

**Rapport présenté au Comité des finances et des services organisationnels le 7
novembre 2023**

et au Conseil le 22 novembre 2023

**Soumis le 27 octobre 2023 par Don Herweyer, Directeur général par intérim,
Direction générale de la planification, de l'immobilier et du développement
économique**

et Clara Freire, Directrice générale – Services sociaux et communautaires

**Personne ressource : Charmaine Forgie, Gestionnaire, Direction générale de la
planification, de l'immobilier et du développement économique**

Charmaine.forgie@ottawa.ca

Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend that City Council:

- 1. Receive the draft Affordable Housing Community Improvement Plan as detailed in Document 1;**
- 2. Direct staff to report back to Committee and Council in Q1 2024 with a finalized Affordable Housing Community Improvement Plan and by-law for approval;**
- 3. Approve a direction to permit all City of Ottawa Community Improvement Plans to be eligible to be combined with the proposed new and existing Community Improvement Plans, with a focus on Affordable Housing projects;**
- 4. Approve the continuation of the Montreal Road and Integrated Orléans Community Improvement Plan programs with revised criteria as described in this report and direct staff to bring back to Council in Q1 2024 corresponding by-law amendments for approval;**
- 5. Pause the Ottawa International Airport Community Improvement Plan program and consider the merits of the program in the next term of Council;**
- 6. Approve the extension of the Heritage Community Improvement Plan program until the end of this term of Council and direct staff to develop amending by-laws to the existing program to include revised criteria as described in this report;**
- 7. Approve a direction to restructure the Brownfield Redevelopment Community Improvement Plan program such that all new applications are only eligible for projects qualifying under the new Affordable Housing Community Improvement Plan when implemented and direct staff to bring back to Council in Q1 2024 corresponding by-law amendments for approval;**
- 8. Approve a direction that all in-stream applications for the Brownfield Redevelopment Community Improvement Plan, deemed complete prior to December 14, 2022, be cancelled and that any funding requests be**

resubmitted and evaluated based on the new restructured Brownfield Redevelopment policy;

9. Amend the existing brownfield application repayment provisions as detailed in this report.

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil municipal de :

1. recevoir le Plan d'améliorations communautaires (PAC) préliminaire pour le logement abordable, présenté en détail dans le document 1;
2. demander au personnel de soumettre au Comité et au Conseil, au cours du T1 2024, une version finale du Plan d'améliorations communautaires pour le logement abordable et d'un règlement, aux fins d'approbation;
3. approuver une directive qui rend tous les plans d'améliorations communautaires de la Ville d'Ottawa admissibles à une combinaison avec les plans d'améliorations communautaires existants et le nouveau PAC proposé, en favorisant les projets de logement abordable;
4. approuver la poursuite des programmes du Plan d'améliorations communautaires du chemin de Montréal et du PAC intégré d'Orléans, en appliquant les critères révisés décrits dans le présent rapport, et demander au personnel de soumettre au Conseil, au cours du T1 2024, les modifications des règlements correspondantes, aux fins d'approbation;
5. suspendre le programme du Plan d'améliorations communautaires de l'aéroport international d'Ottawa et en évaluer la valeur au cours du prochain mandat du Conseil;
6. approuver la prolongation du programme du Plan d'améliorations communautaires des biens patrimoniaux jusqu'à la fin du présent mandat du Conseil et demander au personnel d'élaborer des règlements de modification de ce programme pour y intégrer les critères révisés décrits dans le présent rapport;
7. approuver une directive qui restructure le programme du Plan d'améliorations communautaires pour le réaménagement des friches

industrielles afin que toutes les nouvelles demandes soient seulement admissibles à des projets répondant aux critères du nouveau Plan d'améliorations communautaires pour le logement abordable, lorsqu'il sera mis en œuvre, et demander au personnel de soumettre au Conseil, au cours du T1 2024, les modifications des règlements correspondantes, aux fins d'approbation;

- 8. approuver une directive visant à ce que toutes les demandes liées au Plan d'améliorations communautaires pour le réaménagement des friches industrielles, considérées comme réglées avant le 14 décembre 2022, soient annulées et que toutes les demandes de financement soient soumises à nouveau et évaluées selon la nouvelle politique restructurée de réaménagement des friches;**
- 9. modifier les dispositions de remboursement de la demande actuelle concernant les friches industrielles, comme le détaille le présent rapport.**

EXECUTIVE SUMMARY

Consistent with previous City Council decisions and directions, the City was tasked to review existing Community Improvement Plan (CIP) programs and bring forward the new Affordable Housing CIP for consideration by Council. A Community Improvement Plan (CIP) is a tool that allows a municipality to implement policy initiatives and direct incentives toward a specifically defined project area or initiative.

Each of the CIP programs outlined in this report was reviewed on its merits respective of Council strategic priorities. In particular, CIPs were evaluated with the Council affordable housing strategic priority in mind. The purpose of this report is to provide Council with an update on the CIP review and bring forward recommendations for consideration.

In order to align with 2023-2026 Council priorities, the City is recommending that staff finalize a new Affordable Housing CIP. The goal of the Affordable Housing CIP is to help increase the supply of new affordable rental housing units across the city. Tax Increment Equivalent Grants were determined to be the most attractive proposed incentive program to stimulate developer interest and are recommended as the lead incentive program to help achieve the City's affordable housing supply objectives. Other financial incentives such as fee reimbursements or waivers and low interest repayable loans were considered but are not recommended.

The City also reviewed the existing economic development focused CIP programs including the Montreal Road, Integrated Orléans, Ottawa International Airport and Heritage CIP programs. Through the review process, staff examined opportunities to align existing CIP program eligibility and criteria with the Term of Council affordable housing priority. Staff is recommending that the Montreal Road and Integrated Orléans CIP programs continue with revised criteria and an additional focus on incentivizing mixed-use projects to deliver new housing supply, that the Ottawa International Airport CIP is paused until the next term of Council, that the Heritage CIP program is extended with amendments to the program, and that the Brownfield Redevelopment CIP continue with a restructured framework that requires any new applications to be eligible under the new proposed Affordable Housing CIP.

The City also recommends enabling CIP program applicants to stack incentives, especially when coming forward with projects having an affordable housing component. Through initial analysis, there is sufficient tax uplift within private development to enable the stacking of several CIP programs through the uplift in property taxes. The process of stacking grant program incentives refers to the practice of combining multiple grants to support a single project or initiative. This approach is used to maximize private sector investment to achieve larger-scale impact. Grant program stacking can be an effective strategy for projects and initiatives that require additional incentives to achieve financial viability.

The implementation of a new Affordable Housing CIP aligns with 2023-2026 Term of Council priorities. The first priority, “A city that has affordable housing and is more liveable for all” is supported by the proposed changes to the Brownfields Redevelopment CIP which would focus on applications with an affordable housing component. The Economic Development CIPs support the Term of Council priority of “A city with a diverse and prosperous economy”. The Montreal Road and Integrated Orléans CIPs would encourage more mixed-use development by incentivizing the addition of new residential units which could also benefit from a further incentive under the new Affordable Housing CIP while also supporting economic development objectives related to employment and main street revitalization. The extension of the Heritage CIP would support the restoration and preservation of the city’s heritage assets and contribute to the liveability of the city.

For the purposes of this report, City staff have looked at a number of options for each of the existing Community Improvement Plan programs, including the following:

- Eliminating the program(s) altogether;

- Pausing the program(s) until the next Term of Council;
- Status quo – allowing the program(s) to remain as they are today;
- Continuing the program(s) with revised criteria;
- Allowing CIP program applications to be stackable with one another; and
- Encouraging the various CIP programs to focus on incentives to stimulate the delivery of new affordable housing stock to align with the Term of Council priority, “A city that has affordable housing and is more liveable for all”

Staff are proposing recommendations in this report to introduce the new Affordable Housing Community Improvement Plan that aligns with the Term of Council priority, allow CIP program applications to be combined, continue existing programs with revised criteria, and linking specific programs to the affordable housing incentives contained in a new Affordable Housing CIP.

RÉSUMÉ

Conformément aux décisions et aux directives précédentes du Conseil municipal, la Ville devait examiner les programmes actuels de Plans d'améliorations communautaires (PAC) et présenter un nouveaux PAC au Conseil pour examen. Un PAC est un outil qui permet à une municipalité de mettre sur pied des initiatives en matière de politiques et de définir des mesures incitatives visant une dimension d'un projet ou une initiative définie précisément.

Chacun des programmes de PAC mentionnés dans le présent rapport a été examiné quant à sa valeur en lien avec les priorités stratégiques du Conseil, notamment celle du logement abordable. Le présent rapport fournit au Conseil une mise à jour sur l'examen des PAC et formule des recommandations aux fins d'examen.

Afin de tenir compte des priorités 2023-2026 du Conseil, la Ville recommande que le personnel mette au point un nouveau PAC pour le logement abordable. Ce PAC devrait contribuer à augmenter l'offre de nouveaux logements abordables dans toute la ville. Il a été établi que les subventions proportionnelles à la hausse des impôts fonciers constituent le programme incitatif le plus attirant, parmi ceux proposés, pour susciter l'intérêt des promoteurs. Elles sont donc recommandées comme principal programme incitatif pour aider la Ville à atteindre ses objectifs d'approvisionnement en logements abordables. D'autres incitatifs financiers, comme l'exonération ou le remboursement de frais, et les prêts à faible taux d'intérêt, ont été envisagés, mais ne sont pas

recommandés.

La Ville a aussi examiné les programmes de PAC actuels axés sur le développement économique, y compris celui du chemin de Montréal, le programme intégré d'Orléans et les PAC de l'aéroport international d'Ottawa et des biens patrimoniaux. Le personnel a aussi passé en revue le PAC pour le réaménagement des friches industrielles. Dans le cadre du processus d'examen, le personnel a analysé les possibilités d'aligner les règles d'admissibilité et les critères des programmes de PAC actuels sur la priorité de logement abordable du mandat du Conseil. Le personnel recommande que le programme du PAC du chemin de Montréal et le programme du PAC intégré d'Orléans se poursuivent, mais qu'on y applique les critères révisés et qu'on mette davantage l'accent sur les projets polyvalents pour bonifier l'offre de logements, que le programme du PAC de l'aéroport international d'Ottawa soit suspendu jusqu'au prochain mandat du Conseil, que le programme du PAC des biens patrimoniaux soit prolongé, mais modifié, et que le programme du PAC pour le réaménagement des friches industrielles se poursuive, mais qu'on le restructure afin que les demandes actuelles et nouvelles respectent les règles d'admissibilité du nouveau PAC pour le logement abordable proposé.

La Ville recommande aussi de permettre aux personnes qui déposent une demande dans le cadre d'un programme de PAC d'accumuler les incitatifs, surtout lorsqu'elles présentent des projets ayant une composante de logement abordable. L'analyse initiale révèle que la marge de manœuvre foncière dans le développement privé serait suffisante pour qu'on autorise l'accumulation de plusieurs programmes de PAC, moyennant une hausse des impôts fonciers. Le processus d'accumulation de programmes de subventions incitatifs réfère à la pratique qui consiste à combiner plusieurs subventions pour appuyer un projet ou une initiative unique. Cela maximise les investissements du secteur privé dans des projets de plus grande envergure. L'accumulation de subventions peut s'avérer une stratégie efficace pour favoriser la réalisation de projets et d'initiatives, lorsque des incitatifs supplémentaires sont requis afin d'assurer la viabilité financière.

La mise en œuvre d'un nouveau PAC pour le logement abordable tient compte des priorités du mandat du Conseil pour 2023-2026. La priorité « Une ville comptant des logements abordables et où il fait bon vivre » est appuyée par les changements proposés au PAC pour le réaménagement des friches industrielles qui favoriseraient les demandes ayant une composante de logement abordable. Les PAC de développement économique appuient la priorité « Une ville à l'économie diversifiée et prospère ». Le PAC du chemin de Montréal et le PAC intégré d'Orléans encourageraient la réalisation

de projets plus polyvalents, en stimulant l'ajout de nouvelles unités résidentielles pouvant être assorties d'un incitatif supplémentaire en vertu du nouveau PAC pour le logement abordable, tout en respectant les objectifs de développement économique liés à l'emploi et à la revitalisation de la rue principale. La prolongation du PAC des biens patrimoniaux favoriserait la restauration et la préservation de biens patrimoniaux municipaux et contribuerait à la qualité de vie à Ottawa.

Aux fins du présent rapport, le personnel de la Ville a analysé différentes options pour chacun des programmes actuels de PAC. Parmi celles-ci, notons :

- Abolir le programme;
- Suspendre le programme jusqu'au prochain mandat du Conseil;
- Statu quo – conserver le programme dans sa forme actuelle;
- Poursuivre le programme, mais en appliquant des critères révisés;
- Autoriser l'accumulation de plusieurs demandes au titre du programme;
- Encourager le programme à proposer des incitatifs pour stimuler la création de nouveaux logements abordables, afin de tenir compte de la priorité du mandat du Conseil « Une ville comptant des logements abordables et où il fait bon vivre ».

Le personnel propose des recommandations dans le présent rapport pour lancer le nouveau Plan d'améliorations communautaires pour le logement abordable qui tient compte de la priorité du mandat du Conseil, pour autoriser la combinaison des demandes dans le cadre des programmes de PAC, pour poursuivre les programmes actuels en appliquant des critères révisés et pour lier des programmes précis à des incitatifs de logement abordable prévus dans le nouveau PAC pour le logement abordable.

BACKGROUND

Community Improvement Plans

Community Improvement Plans (CIPs) set a framework for revitalization, redevelopment and renewal of an area. The Municipality has the authority to implement CIPs under Section 28 of the *Planning Act* and Section 365.1 of the *Municipal Act*.

Motion [2022 - 04/20](#), approved by Council on December 14, 2022, suspended the Brownfield Redevelopment CIP program pending a program evaluation and directed

that work on an affordable housing CIP continue and that staff report back to Council on the merits of implementing an affordable housing CIP. The Motion also noted previous Council direction to staff to review existing CIP programs and further directed that any recommendations consider the current legislative and financial climate.

This report outlines staff recommendations for each of the following CIP programs: Affordable Housing (new), Economic Development (Montréal Road, Integrated Orléans, Ottawa International Airport), Heritage, and Brownfield Redevelopment.

DISCUSSION

Affordable Housing Community Improvement Plan

Goal and Objectives

The goal of the Affordable Housing CIP is to increase the supply of new affordable rental housing units throughout the City of Ottawa by minimizing financial barriers.

The objectives of the Affordable Housing CIP are as follows:

1. Facilitate the development of affordable rental housing by providing financial support;
2. Increase the access and supply of new affordable rental housing units in Ottawa as per the objectives of the 10-Year Housing and Homelessness Plan;
3. Assist in the achievement of the Official Plan's target that 20% of new housing units in Ottawa are affordable;
4. Support the diversification of affordable housing units; and
5. Reinforce the provision of affordable housing as a City priority.

Affordability Target

Renter incomes in Ottawa are predominantly lower than those of the overall population, with approximately 23% of tenant households in core housing need, compared to less than 5% of owner households. Further, the latest 2022 CMHC Rental Market Report indicates unfavorable trends, including falling vacancy rates (2.2%) and rising average market rents (\$1,479, being the average for all units from studio to 3 or more bedrooms). The affordable rental housing stock is limited with vacancy rates below 1%. While affordable homeownership remains important, addressing the immediate and pressing need for affordable rental housing is the focus of the Affordable Housing CIP.

This CIP will incentivize the creation of affordable rental units starting at Average Market Rent (AMR) to 80% of AMR and less, with tiered incentives depending on level of affordability. These rent levels target affordability for households starting in the moderate-income deciles. Stacking of the program may result in deeper levels of affordability, particularly for non-profit housing developments.

The below table summarizes the affordability thresholds for households with low- and moderate- incomes. The “Yes” and “No” cells indicate whether the housing option is affordable, based on rent representing 30% of before-tax income, to a household falling into the associated renter income decile.

Table 1: Renter Affordability at AMR and 80% of AMR by Income Deciles

Renter Income Deciles		Maximum Affordable Rent	Average Market Rent			
			Studio	1 Bedroom	2 Bedroom	3 Bedroom +
			\$1,121	\$1,348	\$1,628	\$1,768
Low Deciles	\$23,600	\$590	NO	NO	NO	NO
	\$34,200	\$860	NO	NO	NO	NO
1-3	\$46,000	\$1,150	YES	YES (at 80%)	NO	NO
Moderate Deciles	\$58,300	\$1,460	YES	YES	YES (at 80%)	YES (at 80%)
	\$70,700	\$1,770	YES	YES	YES	YES
4-6	\$85,100	\$2,130	YES	YES	YES	YES

Source: Ministry of Municipal Affairs and Housing Renter Household Incomes and Affordable Rents, 2022. Household incomes estimated based on Consumer Price Index (Ontario) and 2020 reported incomes from Statistics Canada Census of Population, 2021.

Project Workplan

The Affordable Housing CIP workplan was divided into three phases:

- Phase one: conduct background research, analyze six available incentive tools as well as host the first round of stakeholder consultation events. This phase was completed in March 2023 and further detailed in Document 2 – Affordable Housing Community Improvement Plan Background and Options Report

Summary. A summary overview of Ontario Affordable Housing CIPs is also attached as Document 3.

- Phase two: prepare the draft Affordable Housing CIP, investigate the three shortlisted incentive programs, host the second round of stakeholder consultation events. Phase completed in August 2023. Details on incentives considered but not recommended can be consulted in Document 4.
- Phase three: finalize the Affordable Housing CIP and by-law for consideration at Committee and Council. The Project Team anticipates this phase will conclude in Q1 2024.

Stakeholder Consultation

Community and stakeholder engagement is embedded in the Affordable Housing CIP process through the three phases of the project workplan. The consultants prepared a detailed stakeholder engagement plan that included recurring meetings with City staff, a Key Advisory Group made up of members from the private and not-for-profit sectors, and the public. Ongoing communication and project updates continue to be accessible to the public via the City's Engage Ottawa online platform. In total, over 50 individuals participated in consultation events and surveys.

The first round of consultation events occurred on December 5, 2022, in the form of a Key Advisory Group meeting, as well as a Public Open House. The purpose of these events was to share the preliminary findings from the Background Review and Financial Assessment, and to obtain feedback on the potential areas of focus, priority locations, and possible incentives. Following the in-person events on December 5, the materials from the Public Open House were published on the *Engage Ottawa* Affordable Housing CIP web page with an accompanying survey for members of the public to review and provide their input. All input received was summarized and incorporated into the consultants' *Background and Options Report*, which informed the shortlisting of incentive programs.

The second round of consultation events occurred throughout the months of July and August 2023, to help inform the selection of incentives to be included in the Affordable Housing CIP. With the Key Advisory Group, a survey was conducted with members, and a meeting was hosted on July 25, 2023, with a follow-up session on August 4, 2023. A second Public Open House was held on July 27, 2023, with presentation materials posted to *Engage Ottawa* with an accompanying survey open until August 24, 2023. The purpose of these events was to obtain feedback on the proposed shortlisted

incentive programs to assist in the selection of the final Affordable Housing CIP program and associated criteria.

The third and final round of consultation will occur during the statutory public meeting anticipated in Q1 2024, when the final Affordable Housing CIP and By-law will be brought to Planning and Housing Committee and Council for approval.

Summary of Key Findings

The key findings from Phase one – Background Research and Analysis, were as follows:

1. Align Affordable Housing CIP programs with existing funding programs. This applies to both the definitions and criteria used for other programs as well as ensuring that the incentives proposed are not redundant.
2. Create Affordable Housing CIP programs targeted to both developers and homeowners as both Purpose Built Rental and Accessory Dwelling Units ("ADUs") are desirable.
3. The Tax Increment Equivalent Grant (TIEG) incentive is relatively more attractive to developers given ease of integration into proformas as well as low-interest loans, given current interest rates. Other CIP incentives that scored high were fee waivers and reductions.
4. Consider tiered incentives depending on level of affordability. Tiering incentives may correspond to the level of affordability, or the proportion of affordable units provided in a development.
5. Potential focus areas include lands designated Hubs and Corridors in the Official Plan, as well as suburban areas.

After completing Phase one, three incentives, being Fee Waivers, TIEGs and ADU Rebates, were shortlisted and further explored. The key findings from Phase two of the workplan were as follows:

1. Consider priorities regarding the allocation of funding as it relates to the target level of affordability. I.e., Private developers – who can provide a lot of units with more market affordability (AMR) – or non-profits – who can provide fewer units but with deeper affordability (80% AMR).

2. Program success is dependent on program implementation. Developers are looking for an application process that is easy and reliable, and that does not become politicized or a competition.
3. The Accessory Dwelling Unit program should be reconsidered as the market already favours the delivery of ADUs. While ADUs are identified as a component of improving housing affordability in the Official Plan and 10-Year Housing & Homelessness Plan, the administrative requirements may be too onerous and outweigh the benefits of a new program.
4. Tax Increment Equivalent Grants are the most attractive proposed incentive program for developers. While the fee waivers were of interest to developers, ultimately, they represent a small amount of total project cost. TIEGs are easy to integrate into proformas and are a consistent and stable source of funding that can increase the viability of rental projects.

Based on background research, stakeholder feedback, internal discussions, and City staff expertise, the Project Team is recommending a Tax Increment Equivalent Grant (TIEG) incentive program that is predictable, easy to access and targets the delivery of rental units starting at AMR to 80% of AMR and less, with tiered incentives depending on level of affordability.

Tax Increment Equivalent Grant (TIEG) Incentive Program

TIEGs are a CIP incentive that have an impact on a project's financial viability. TIEGs entail leveraging the projected future uplift in property tax revenue resulting from a development, as a tax refund in the form of a conditional grant to the developer to help finance the development. This is especially useful for improving cashflow for rental projects which can help to reduce the principal balance of the mortgage over the first several years, creating long-term financial benefits. It can also permit organizations to access larger mortgages and reduce equity requirements, including capital funding that would be required by the City. The TIEG is one of the most commonly used incentives for CIPs as the municipality can use future property tax revenue to invest in the community today.

For predictability, the TIEG is proposed to be offered at a fixed rate of between \$6,000 and \$8,000 per affordable unit per year, depending on level of affordability, over a 20-year period. This term aligns with common mortgage renewal windows, CMHC National Housing Strategy (NHS) programs, and the City's Action Ottawa program. The total TIEG amount will be capped at the total property tax increase resulting from the

development. The intent is for the TIEG to be issued only once property taxes have been paid in full, post-construction.

Program Eligibility Criteria

The following general program eligibility criteria are proposed to encourage optimal participation in the Affordable Housing CIP.

Table 2: Program Eligibility Criteria

Criteria	Eligibility	Rationale
Geographic Area	City-wide	Research identified interest in both high-density and suburban areas. Given the unfavourable construction market, it was determined that incentives should initially apply city-wide.
Tenure	Rental Condominiums and Purpose-Built Rental	Rental housing is in greatest need, and funds should be focused on this tenure model. Rental units from both the primary and secondary rental markets are eligible.
Housing Type	All	A diversity of affordable housing forms should be encouraged to support mixed communities.
Housing Providers	Private and Non-Profit	CIPs are typically utilized to stimulate private sector investment. However, the TIEG can benefit non-profits as well.
Proportion of Affordable Units	20% minimum (total and by unit type)	Determined to be appropriate through the financial assessment and in line with the target established in the Official Plan.
Number of Affordable Units	5 unit minimum	A minimum is required for administrative efficiencies.
Level of Affordability	AMR to 80% of AMR and less	Consistent with current city programs and able to target affordability for moderate-income households.

Duration of Affordability	20 years	Consistent with the City's Action Ottawa affordable housing guidelines and CMHC National Housing Strategy programs.
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Value Analysis

The financial assessment for the City of Ottawa Affordable Housing CIP determined how integrating affordable units into different development scenarios would impact a private developer's project viability. The estimated cost to the City to offset a developer's revenue loss thereby incentivizing an affordable unit through a TIEG incentive, is summarized in Table 3. It is important to note that the financial assessment does not determine the overall viability of constructing the modelled development scenarios. Rather, it examines the revenue losses due to the price difference between affordable units provided through the CIP and the market value of those units.

Table 3: TIEG Incentive Required to Offset Revenue Loss

Tax Increment Equivalent Grant	Cost per Affordable Unit per Year		
	High-rise	Stacked Dwelling	Townhouse
91% to 100% AMR	\$7,020	\$6,610	\$5,210
81% to 90% AMR	\$7,950	\$7,635	\$6,215
80% AMR or below	\$8,880	\$8,660	\$7,220

Based on the average of the above costs per unit and for ease of calculations, a TIEG between \$6,000 and \$8,000 per affordable unit per year, depending on level of affordability, for the duration of 20-years is proposed, up to the total property tax increment resulting from the development.

Table 4: TIEG per Affordable Unit

Level of Affordability relative to Average Market Rent (AMR)	TIEG Per Affordable Unit Per Year	Total TIEG Amount Per Unit (20 years)
91% to 100%	\$6,000	\$120,000

81% to 90%	\$7,000	\$140,000
80% or below	\$8,000	\$160,000

In terms of value for money, the City investment required to support the delivery of one non-profit affordable housing unit rented at 80% of AMR through the City's existing Action Ottawa program is currently averaging \$200,000 in capital grants plus \$12,000 in fee waivers. By comparison, in order for the private and non-profit sector to be incentivized to deliver a comparable unit to be rented at 80% of AMR, the City is proposing to offer a TIEG incentive totaling \$160,000 per affordable unit, which would guarantee an affordable rent for a 20-year period, representing a relatively lower investment by the City. While the value for money appears to exist through this incentive, it is important to note that the Affordable Housing CIP incentive program would only ensure that rents remain at 80% of AMR for a 20-year period in the case of private developments, while non-profit developments generally remain affordable in perpetuity.

In addition to its actual value, the TIEG program can increase loan capacity and decrease equity requirements for development projects. More specifically, over the duration of 20 years, the TIEG will reduce a development's operating expenses which may result in more operating income available for financing. This will improve project viability, especially for non-profit developments. Providing a TIEG financial incentive over a 20-year period also reduces upfront capital funding pressures on the City and has the potential to accelerate construction starts. That is, instead of requiring a capital funding commitment in the amount of \$200,000 per unit prior to construction, a relatively small commitment of \$8,000 per unit per year is required post-construction.

Given the significant impacts of tax relief on project viability, Housing Services in, partnership with Finance and Corporate Services, are exploring Municipal Capital Facilities (MCF) status for all new non-profit developments with rents at AMR and below. By designating a property with MCF status, that property will have the benefit of being exempt from both the municipal and schoolboard portions of property tax. In the event that a non-profit development becomes eligible for MCF status, they will need to determine whether to seek a property tax exemption through the MCF By-law or a TIEG through the Affordable Housing CIP program. This work will be further detailed in a separate report to Committee.

Implementation Mechanism

The TIEG program is proposed to have an open intake window and accept applications on a first-come first-served rolling basis. To apply to the program, a project would need to be in the pre-construction stage, between Phase 3 of Pre-Consultation for Site Plan Control, or at permit submission for projects not requiring Site Plan Control, and prior to building permit issuance. As securing a TIEG to deliver affordable units is proposed to not be a competitive process, staff will only need to confirm that applications meet minimum eligibility requirements.

Contribution agreements between the City and the housing provider, which will outline the conditions for receipt of the TIEG, will be required. The TIEG is proposed to be issued once property taxes have been paid in full, post-construction. It is also proposed that housing providers may advertise units with rents between AMR and 81% of AMR to the general public. While units with rents at 80% of AMR or below, will be offered to tenants from the City's Below Market Rent (BMR) waitlist.

The TIEG program may be stacked with other government programs and funding (e.g. Canada Mortgage and Housing Corporation (CMHC), Federation of Canadian Municipalities (FCM) and Action Ottawa). The program may also be stacked with other City of Ottawa CIP programs, including the Montreal Road, Integrated Orléans, Brownfield Redevelopment, and Heritage CIP. Should private developers wish to meet the affordability definition of provincial legislation for the purpose of meeting the CIP requirements, they may also benefit from Bill 23 regulations once implemented, which would include Development Charge exemptions as well as Parkland and Community Benefit Charge reductions for affordable units. Non-profit developments are already exempt from these charges.

Further work is required to detail the administration of the program as well as to understand the associated operational pressures and staffing requirements. The City will also explore delegated authority for granting Affordable Housing CIP incentives, to avoid or minimize the need for every application to require Council approval. Final documents will include an implementation By-law, Administrative Guide, Application Forms, and Information Pamphlets.

Funding Source

The total TIEG incentive is proposed to be capped at the total tax increment for the development to ensure the program does not require an additional funding source. This may occur when a project significantly exceeds 20% of units as affordable. In the future,

should the program be extended to include affordable housing acquisitions and/or office conversions, an additional funding source may be required. Additional funding sources that may be explored include the CMHC Housing Accelerator Fund (HAF) or the Affordable Housing Capital Budget to be informed by the revised Housing Long-Range Financial Plan (LRFP) to be presented to Council in Q4 2023.

Stacking City of Ottawa Grant Programs

Stacking grant programs refers to the practice of combining multiple grants to support a single project or initiative. This approach is used to maximize financial resources and achieve larger-scale impact. Grant program stacking can be an effective strategy for projects and initiatives that require additional financial support. Stacking grant programs, or combining multiple City of Ottawa grants to support a single project or initiative, offers several benefits:

Increased Funding: Stacking allows organizations to access more financial resources than they could obtain from a single grant. This can significantly expand the budget available for a project.

Greater Impact: By having access to more funds, organizations can undertake larger and more ambitious projects, leading to a more substantial and far-reaching impact on their target beneficiaries or causes.

Flexibility: Stacking grants can provide flexibility in project implementation, allowing organizations to address multiple aspects or phases of a project more effectively.

Enhanced Sustainability: Stacking can help ensure the long-term sustainability of a project. By securing multiple grants, organizations can extend the project's lifespan and plan for ongoing support beyond the initial funding periods.

Innovation and Experimentation: With access to more resources, organizations can experiment with innovative approaches and solutions that might not have been feasible with a single grant.

Increased Visibility: Successfully stacked projects can attract attention, potentially attracting more development opportunities that support the City's priorities.

In summary, City staff are recommending a direction to allow all existing City of Ottawa CIP programs and any new CIP programs, including the Brownfields Redevelopment

Program, Affordable Housing CIP, Heritage CIP, and Economic Development CIP to include provisions to permit stacking benefits from more than one CIP with a funding cap of up to \$5 million for all the CIPs combined, to help encourage the creation of new affordable housing units. In all cases, the total aggregate grant would still not exceed the maximum amount and relevant percentage of eligible costs allowable as set out in that specific CIP program. Stacking grant programs can be a strategic approach for organizations to maximize their impact, secure diverse funding sources, and enhance the overall sustainability of their projects and initiatives. Overall, stacking grant programs can be a powerful tool to leverage multiple funding sources to make a more significant impact on a project or initiative.

Economic Development Community Improvement Plans

Council directed the Planning, Infrastructure and Economic Development Department (now the Planning, Real Estate and Economic Development Department) to undertake an analysis of Community Improvement Plans (CIPs) to determine the value and efficacy of the program as an economic development tool and report back to Committee and Council on future considerations for the Economic Development CIP program.

A Community Improvement Plan (CIP) is an economic development tool, allowed under the Planning Act of Ontario, which permits a municipality to designate a Community Improvement Plan Project Area to facilitate private sector investment in areas requiring improvement to land, assets, and/or infrastructure.

The Community Improvement Plan Program is a comprehensive initiative aimed at fostering economic development, enhancing community infrastructure, and revitalizing neighborhoods within the city.

Staff completed a review of existing and expired CIPs (eight in total, including seven Economic Development programs and the Heritage CIP) to determine their effectiveness and intended economic and other beneficial impacts. A detailed review of Ottawa CIP programs and a scan of similar programs in other Ontario municipalities can be reviewed in Document 5 attached to this report.

The Economic Development CIP program has contributed to an increase in the commercial contribution to municipal property taxes through increased property assessment resulting from investment in development and redevelopment projects. CIP financial incentives can impact investor decision-making by improving the investment threshold to advance projects on the edge of viability and directing that investment to areas of the City requiring renewal or having as yet unrealized development potential.

For further information on Economic Development CIP Program Performance and Financial Review, please see Document 6.

While the program has had some positive impact on economic development and certain aspects of community infrastructure, issues related to public perception of the program have recently emerged. By maintaining a continued focus on main street revitalization and employment creation and further incentivizing more residential and mixed-use development, the program can continue to support economic development priorities while also supporting new housing supply. Implementing the recommended strategy to stack incentive programs, for example by allowing an applicant with a mixed use development to access additional incentives under the Affordable Housing CIP, will support Council priorities and help improve community awareness and understanding of program objectives.

Recommendation 4: The City is recommending the continuation of the Montreal Road and Integrated Orléans Community Improvement Plan programs with revised criteria, including an increased incentive if a project includes 10 or more residential units. Staff is directed to report back to Council in Q1 2024 with updated Montreal Road and Integrated Orléans Community Improvement Plan programs and associated by-law amendments for approval.

Recommendation 5: The City is recommending the Ottawa International Airport Community Improvement Plan program be paused and the merits of the program be reviewed during the next Term of Council. Given the shift to prioritize projects with affordable housing components, it is appropriate to pause this program and evaluate its potential impact moving forward to ensure resources are effectively allocated.

The following describes necessary foundational changes to how the Economic Development CIP program is administered to maximize its success and achieve best results moving forward.

1. To ensure the City realizes the benefit of its investment, Council approved Economic Development CIP applications should receive project Site Plan Control and a demolition/building permit within 18 months, or the CIP Agreement between the City and the applicant will be terminated. Staff will explore the merit of removing CIP program term limits and utilizing Term of Council reporting to determine specific Economic Development CIP program effectiveness and whether a program(s) should be modified or cancelled.
2. When new CIPs are under consideration, staff will establish clear program

objectives and carefully evaluate the amount of opportunity available within the proposed CIP area, as well as the likelihood that an incentive program would trigger wanted development within the parameters set forth in the proposed Economic Development CIP program. Proposed CIPs will be better integrated with Official Plan policies and other planning related initiatives i.e., Secondary Plans. Additionally, CIPs will include clear program performance metrics to ensure they can be better measured against stated objectives.

3. A marketing strategy will be developed to promote and raise awareness of the CIP program and its benefits. In addition, staff will solicit feedback from successful program applicants, as well as those who have opted not to pursue a CIP incentive, to better understand any program barriers or limitations impacting uptake.
4. Staff will conduct a detailed review of the CIP program every four years, reporting back to Committee and Council within the 6-month period following each municipal election. This review will include an analysis of program ROI including a reconciliation of current and anticipated CIP grant funding commitments.

In keeping with these recommendations, amendments to Economic Development CIP program eligibility criteria, incentive structure, administration, performance measures and reporting are proposed to position the program to better realize program intent.

Specific additional changes are recommended to the general criteria for the Montreal Road and Integrated Orléans Community Improvement Plan programs. The proposed criteria changes are described below and more fully described in Document 7:

- Montreal Road Community Improvement Plan
 - The applicant must demonstrate that the redevelopment will result in a minimum increase of \$250,000 in the assessed value of the property
 - Annual Tax Increment Equivalent Grant (TIEG) equal to 50 per cent of municipal property tax increase attributable to the redevelopment
 - Where zoning permits, mixed-use developments with ground floor commercial will be required to be a minimum of four (4) storeys
 - Projects must demonstrate, through a CIP application pre-consultation with Development Review, consistency with the policy intent of Section 2.1 "General Policies" of the Montreal Road District Secondary Plan

- Section 2.1 Affordable Housing Development Supplementary Benefit will be removed and replaced with a new Housing incentive as outlined in the note below
- The TIEG grant increases to 75% of municipal property tax increase attributable to the redevelopment if the project includes one or more of the following: Housing (minimum of 10 new residential units), support for Cultural Activities and Artists (minimum of 300 square metres dedicated to arts and cultural activities), support for Social Enterprises (minimum of 300 square metres dedicated to social enterprise)
- Maximum cumulative grant over 10-year period is the lessor of \$5,000,000 or 50 per cent (50%) of total eligible project costs
- The existing CIP stacking provision will be replaced with the following:
 - The Montreal Road CIP may be combined with any other CIP program, including the Brownfields Redevelopment Program, Affordable Housing CIP, and Heritage CIP to encourage the creation of new affordable housing units. The total aggregate grant would still not exceed five million dollars (\$5,000,000) or fifty per cent (50%) of eligible costs for the project
- Integrated Orléans Community Improvement Plan
 - Remove Planning Fee Grant
 - Remove Building Permit Fee Grant
 - Annual Tax Increment Equivalent Grant (TIEG) equal to 50 per cent of municipal property tax increase attributable to the redevelopment
 - The TIEG grant increases to 75% of municipal property tax increase attributable to the redevelopment if the project includes a minimum of 10 new residential units
 - Maximum cumulative grant over 10-year period is the lessor of \$5,000,000 or 50 per cent (50%) of total eligible project costs
 - Projects must demonstrate, through a CIP application pre-consultation with Development Review, consistency with the policy intent of Section 5.3 of the Orléans Secondary Plan

- All existing references to Affordable Housing will be removed
- The following CIP stacking provision will be added:
 - The Integrated Orléans CIP may be combined with any other CIP program, including the Brownfields Redevelopment Program, Affordable Housing CIP, and Heritage CIP to encourage the creation of new affordable housing units. The total aggregate grant would still not exceed five million dollars (\$5,000,000) or fifty per cent (50%) of eligible costs for the project

If approved by Council, staff anticipate bringing the corresponding revised by-laws to Council for approval in Q1 2024.

Heritage Community Improvement Plan

The Heritage CIP Program was approved by City Council in January 2020 as a three-year pilot intended to assist in the restoration and conservation of heritage resources through the development process and as part of a package of initiatives to assist in combatting vacancy issues with heritage buildings and ongoing demolition by neglect.

Unfortunately, with the onset of the pandemic only two months later, it is difficult to gauge the success of the pilot program given challenges in availability of skilled trades, increase in labour costs, shortage of materials and other financial factors over the past several years. Only two applications have been approved; one project is complete (280 O'Connor Steet), the other has yet to begin construction (35 William Street). Three other applications have been submitted but have not yet been deemed complete due to the current pause in the program. It is unclear if the program is achieving its goals of spurring development of important heritage properties city-wide, as only one of the landowners of properties on the City's Heritage Watch List (35 William Street) of endangered designated properties have taken advantage of this program.

Heritage Planning staff consulted with the Built Heritage Committee (BHC) at its May 9, 2023, meeting on the recommendations included in this report related to the heritage funding programs. Members of the Committee provided feedback and asked questions about the options presented. Members expressed support for funding for heritage conservation projects citing the urgent state of repair for buildings located in their communities, with others supporting continuing the Heritage CIP for at least another two years to truly understand whether the program is achieving its goals.

Recommendation 6: City staff recommend that Council approve the extension of the

Heritage Community Improvement Plan program until the end of this term of Council and direct staff to develop amending by-laws to the existing program to include revised criteria, to allow for time to determine if the program is successful in achieving its goals.

From the analysis of the pilot program, staff have identified several amendments that should be made to the existing program if the pilot is extended:

- Require that applications for the Heritage CIP be submitted and considered concurrently with an application for heritage permit under the Ontario Heritage Act;
- Require that in order to be eligible for the CIP, the highest standards of heritage conservation work must be met and demonstrated in the application;
- Prioritize projects that also achieve sustainability goals such as deconstruction, material salvage and re-use, or green building retrofits;
- Require that unless a building permit is issued and work has commenced within 18 months of signing the agreement, the agreement is expired. A mechanism to extend this timeline in extraordinary circumstances (i.e., pandemic) should be included; and
- Require that projects increase the number of housing units on a site.

Heritage staff will also examine linking the Heritage CIP to projects that create residential units and incentivize a heritage property owner to make that residential product affordable through also applying to the Affordable Housing CIP. In this case a Heritage property owner can receive further grant funding by leveraging both the Heritage and Affordable Housing CIP programs to make projects more attainable.

An amendment to the Heritage CIP by-law will be prepared to implement the changes outlined above and brought forward to Council for approval. Until the new by-law is approved, staff recommend that new applications for the program be paused.

Brownfield Redevelopment Community Improvement Plan (BRCIP)

Brownfields are abandoned, vacant, or underutilized properties where past actions have resulted in actual or perceived environmental contamination. The original Brownfield Redevelopment Community Improvement Plan (BRCIP) was adopted by Council on April 27, 2007, and amended by Council on May 12, 2010, and [October 14, 2015](#). On December 14, 2022, Council [suspended the Brownfield Redevelopment CIP program](#)

for any new applications or applications that have yet to be considered by City Council pending a full evaluation of the program.

Since the program inception in 2007, brownfield applications have prompted the creation of 120,000 square metres of office space, 180,000 square metres of commercial space, and thousands of permanent employment opportunities. From a residential perspective, the program assisted with the development of 18,000 new residential units and the development of new complete communities and urban destinations such as Zibi and Greystone Village. Furthermore, the total construction value for the projects is estimated at over \$5.5 billion, with the City collecting over \$13 million in building permit fees and \$124 million development charge revenues.

On the funding side, a total of 69 applications were approved by Council and the total approved funding is \$161 million comprised of \$91.3 million through property tax uplift funding and \$69.7 million through development charges reduction. The total actual funding provided to-date is \$34 million. The actual funding is a lagging indicator because funding is only provided post construction through the uplift in property taxes. Full Brownfield Redevelopment program details and review can be consulted in Document 8 attached to this report.

Recommendation 7: City staff are recommending restructuring the Brownfield Redevelopment Community Improvement Plan such that all new applications are only eligible to projects qualifying under the new Affordable Housing Community Improvement Plan when implemented and direct staff to bring back to Council in Q1 2024 corresponding by-law amendments for approval.

The goal of the Brownfield CIP is to help applicants to overcome the impediments to redevelopment due to site contamination, leading to environmental, economic, and social benefits for the neighbourhood and the City overall.

The cost and delay associated with brownfield remediation is an issue facing many redevelopment projects as the City proceeds with its vision to achieve more growth by intensification than by greenfield development by the end of its current Official Plan planning horizon of 2046. Many of the City's target area of intensification such as Hubs, Mainstreets and Protected Major Transit Station Area include lands with varying degree of contamination. Some of these lands remain vacant due to the high cost and uncertainties associated with site remediation which makes it difficult to support economically viable redevelopment projects.

One of the key questions that staff explored as part of the program review is whether the same developments on brownfield sites would have occurred without the support of the brownfield grant funding. Although it is impossible to conclude whether a project would have proceeded in lieu of the funding, a review was completed using the ratio of grant funding to the total construction cost associated with the project. The ratio is on average three percent and ranged between under one percent for some projects to over 20 percent for others. Given that construction cost is estimated at between 60 to 70 percent of the total project cost, it is a reasonable assumption that due to the significance of the grant funding in relation to the total project cost, some projects may have been delayed waiting for the right market condition and that the grant would have helped to promote the prompt development of underutilized parcels.

In addition, staff conducted a sensitivity analysis on what the impact is on property tax uplift if the projects are delayed by several years due to the absence of the funding. When comparing the annual tax increase, it takes just over two years of the property tax increase following project build out to fund the maximum brownfield grant approved by Council. Once the costs are fully funded, any additional tax increase represents a net benefit to City revenue. Therefore, the conclusion can be made that if the brownfield funding assisted with accelerating the development of projects by more than two years, the program is cost neutral or net positive to the City. Staff had also retained RCI Consulting to produce a Scoped Best Practice Review of Brownfield Incentive Programs in Ontario, the full report and findings can be found in Document 9. Ottawa was found to be the only municipality that caps the eligible cost based on 50 percent of remediation cost, whereas all other municipalities allow for 100 percent recovery.

The brownfield redevelopment obstacle affects all development projects whether the applicant is proposing market-rate or affordable housing units. In many ways, the impact to affordable housing projects is even greater as they typically have less access to financial capital and less ability to absorb this additional cost of redevelopment. As a result, this precludes the provider from many prime redevelopment locations centered around existing transit, services, and amenities.

In order to align with the Council strategic priority on affordable housing and the long-term goal of having neighbourhoods that are diverse, connected, accessible and affordable, staff is recommending receiving direction to restructure the Brownfield CIP in line with, complement to and in support of the Affordable Housing CIP and return to Committee and Council concurrently with a set of eligibility criteria, funding envelope and recovery mechanism in coordination with the Affordable Housing CIP.

Given both the Brownfield Redevelopment CIP and the preferred funding mechanism for the Affordable Housing CIP is through a TIEG program, the two programs are well situated to establish a coherent and comprehensive TIEG program to support affordable housing developments on brownfield sites. Based on preliminary analysis, there is sufficient tax uplift within private development to enable the stacking of several CIP programs through the uplift in taxes. Using an example of a private development with 250 proposed residential units, 20 percent classified as affordable units, and an annual property tax uplift of \$1 million, the anticipated annual Affordable Housing CIP grant can be in the range of \$300,000 to \$400,000 leaving \$600,000 to \$700,000 of available incremental tax increase that may be utilized by another CIP program. By allowing for the stacking of the Brownfield and Affordable Housing CIP, it helps to facilitate the prompt redevelopment of contaminated sites and assist in making viable centrally located, amenity rich brownfield sites for the provision of affordable housing units.

Another key consideration related to program stacking is the implication on for profit, private developers already planning to redevelop on a brownfield site. It incentivizes the provision of private affordable housing units as part of their development proposal, since doing so will allow them to access both the Brownfield and Affordable Housing CIP, creating a strong financial incentive to further implement the Council priority on affordable housing. By leveraging the Brownfield CIP program alongside the Affordable Housing CIP program, it will assist in further tipping the scale for private developers to consider affordable housing units as part of their proposal where otherwise it would not have been considered.

For the 2023 program update, staff is proposing to make the following changes to the existing program criteria:

- a) Eliminate the development charge deferral
- b) Eliminate the municipal leadership strategy fund associated with the brownfield program
- c) Removal of priority area designations
- d) Consolidate the various components into a single tax increment funding program that is funded through the uplift in property taxes post development
- e) Cap the maximum cumulative grant for each project to the lesser of \$5,000,000 or 50% of total eligible project costs

- f) Applications shall receive Site Plan control approval and a building permit within 18 months of Council approval of the application.

The program will focus on the core mandate of remediation and eliminate eligibility for any other on-site improvements costs. Similar to Economic Development CIPs, Brownfield Redevelopment CIP applications shall receive Site Plan Control approval and a building permit within 18 months of Council approval of the application, or the Brownfield Redevelopment CIP between the City and the applicant will be terminated.

An amendment to the Brownfield Redevelopment CIP by-law will be prepared to implement the changes outlined and brought forward to Council for approval. Until the new by-law is approved, and the Affordable Housing CIP is finalized, staff recommend that any new applications for the program be paused.

Recommendation 8: City staff recommend that all in-stream applications for the Brownfield Redevelopment Community Improvement Plan, deemed complete prior to December 14, 2022, be cancelled and that any funding requests be resubmitted and evaluated based on the new restructured Brownfield Redevelopment policy.

On December 14, 2022, City Council suspended the Brownfield Redevelopment CIP program for any new applications or applications that have yet to be considered by City Council pending a full evaluation of the program.

At the time, there were ten applications submitted but have not yet been before committee and Council for approval. Eight of the applications were “deemed complete”, meaning that staff has had an opportunity to review the package and confirmed the estimated funding met the Brownfield program eligibility criteria and policy at the time. However, Council is the ultimate approval authority for Brownfield Redevelopment applications, and this was communicated to all the applicants. One project located at 2 Montreal Road and 3 Selkirk Street was exempted and has since received Council approval on March 22, 2023. The remaining seven applications have a total funding request of approximately \$20 million. The requested funding would all be in the form of tax uplift.

Having consideration of the proposed new criteria and eligibility requirements of the restructured Brownfield Redevelopment CIP program, the current Term of Council priority which focuses on affordable housing units, as well as the current economic climate, staff are proposing that the seven ‘deemed complete’ applications be permitted to revise their existing applications based on the new criteria and the affordable housing requirement and any such applications be prioritized to come forward after the

Brownfield Redevelopment and Affordable Housing CIP programs are finalized and the corresponding by-laws are in effect. Any funding requests are to be resubmitted and evaluated based on the new restructured Brownfield Redevelopment CIP policy and the final Affordable Housing CIP and by-law which is expected to come forward in Q1 2024.

Two of the existing Brownfield Redevelopment applications at 861 Clyde Avenue and 2 Robinson Avenue have proposed affordable housing components within the developments. The two proposed projects have estimated funding requests of approximately \$3 million (861 Clyde Avenue) and \$7 million (2 Robinson Avenue) respectively and are anticipated to generate approximately \$7.2 million of property tax uplift per year.

For reference, the seven projects that were previously deemed complete are: 200 Baribeau Street, 70 Nicholas Street, 126 York Street and 151 George Street, 861 Clyde Avenue, 1050 Somerset Street, 1619 to 1655 Carling Avenue, and 2 Robinson Avenue. In total, these seven applications have a total of 4,176 residential housing units. All seven applications have an estimated combined property tax uplift of approximately \$11 million of new property tax per year post full construction.

The table below shows the proposed unit output for each of the applications that are currently suspended.

Project	Proposed Unit Output
200 Baribeau Street	85
70 Nicholas Street	287
126 York Street and 151 George Street	349
861 Clyde Avenue	1,400
1050 Somerset Street	195
1619 to 1655 Carling Avenue	420
2 Robinson Avenue	1,440

Until the new Affordable Housing CIP and by-law come into effect, staff are recommending that all existing applications be cancelled, and resubmitted under the

revised Brownfield Redevelopment and new Affordable Housing CIPs policies and criteria.

Recommendation 9: City staff recommend amending the existing Brownfield Redevelopment Community Improvement Plan application repayment provisions.

Under the existing program, prior to receiving the annual brownfield grant payment, one of the criteria is confirmation that the property taxes have been paid in full on the redeveloped property. This criterion was put in place because the program funding is based on the uplift in property taxes post development, therefore the annual tax must be paid before the grant can be provided. However, an unanticipated issue arose for condominium developments where the developer no longer maintains ownership post transfer. For projects with hundreds of residential units, one unit's lack of annual property tax payment is prohibiting the developer from meeting the obligation set forth from the brownfield approval and agreement and causing significant delay in brownfield funding.

Therefore, staff recommend Council approve an amendment to existing brownfield applications impacted from this provision such that if the development is within the sole ownership of the original developer, the full property taxes continued to have to be paid prior to issuance of grant payment. In the instances where the land has been transferred to individual owners, the payment can be made pro-rated based on the total amount of property taxes paid for that given year. In practice, this means that if an applicant is eligible to receive 85 percent of tax uplift for the given year and that 99 percent of the units have paid their taxes, they would receive 85 percent uplift based on the total taxes collected through the units that have paid. The units that have not made the annual tax payment would be excluded in the brownfield funding calculation. This resolves the administrative issue associated with payment while still protecting the intent of the program, which is to be funded through uplift in property taxes. Applicants can only apply for grant funding once in a given year and the remaining unpaid tax uplift will not be recoverable in future years.

FINANCIAL IMPLICATIONS

Recommendations 1 and 2: There are no financial implications associated with receiving the draft Affordable Housing Community Improvement Plan. Financial implications will be included in the report back to Committee and Council in Q4 2023 with a finalized Affordable Housing CIP and by-law for approval. The Affordable Housing CIP is proposing a development incentive via a Tax Increment Equivalent

Grant (TIEG) program to private and not for profit housing developers. The TIEG program is proposed for a 20-year term that will use the future property tax gains generated by a development to provide a grant to the developer. Grants are estimated to be between \$6,000 and \$8,000 per year for each affordable unit to a maximum value that will not exceed the total annual property tax increment resulting from the development.

Recommendation 3: Community Improvement Plan grant funding can be combined with any other Community Improvement Plan programs. The maximum grant funding in any given year cannot exceed 100 percent of the property tax uplift. In all cases, the total aggregate grant would still not exceed the maximum amount and relevant percentage of eligible costs allowable as set out in that specific CIP program.

Recommendation 4, 6: The report outlines amendments to the Integrated Orleans CIP, Montreal CIP and the extension and amendments to the Heritage CIP Program. All grant requests will be subject to Council approval with financial analysis and implications included in the associated report. Operating pressures for each program will be brought forward through the annual budget process in the anticipated year(s) of payout and funded through the incremental taxes generated. Actual payments will be reviewed at the end of each tax year to confirm the actual benefit of the development and to calculate the actual payment to the developer.

Recommendation 5: The Ottawa International Airport Economic Development Community Improvement Plan has no approved applications to date and the program will be paused.

Recommendation 7: The Brownfield Redevelopment Community Improvement Plan will be restructured as outlined in Document 8. Applications for the Brownfield Redevelopment Community Improvement Plan will be on hold until the Affordable Housing Community Improvement Plan is approved by Committee and Council. New Brownfield Redevelopment Community Improvement Plan applications are only eligible to projects qualifying under the new Affordable Housing Community Improvement Plan. All grant requests will be subject to Council approval with financial analysis and implications included in the associated report. Operating pressures will be brought forward through the annual budget process in the anticipated year(s) of payout and funded through the incremental taxes generated. Actual payments will be reviewed at the end of each tax year to confirm the actual benefit of the development and to calculate the actual payment to the developer.

Recommendation 8: The applications deemed complete prior to December 14, 2022, will be cancelled, and need to be resubmitted and evaluated based on the new restructured Brownfield Redevelopment policy once the Affordable Housing Community Improvement Plan is approved by Committee and Council.

Recommendation 9: If approved, an update to all existing and future applications will allow applications where land has been transferred to individual owners, the payment can be made on a pro-rated basis on the total amount of property taxes paid for that given year. Applicants can only apply for grant funding once in a given year and the remaining unpaid tax uplift will not be recoverable in future years.

LEGAL IMPLICATIONS

As stated in the report, an approval under a community improvement plan only exists where an application has been considered and approved by Council. Thus there are no legal impediments to adopting the recommendations in this report. The proposed modifications to the Community Improvement Plans will not be a final decision of Council until the required public meeting has been held.

COMMENTS BY THE WARD COUNCILLOR(S)

This section does not apply to City-wide items.

ADVISORY COMMITTEE(S) COMMENTS

N/A

CONSULTATION

There was no public consultation for this report.

ACCESSIBILITY IMPACTS

There are no accessibility implications.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications.

ENVIRONMENTAL IMPLICATIONS

The approval of the continuation of the Brownfield Redevelopment Community Improvement Plan can help ensure that contaminated sites are properly remediated

prior to development. The remediation and redevelopment of brownfield sites assist in meeting the Environmental Strategy goal of clean air, water and earth.

ECONOMIC IMPLICATIONS

Community Improvement Plans are the only programs that permit the City to offer financial incentives under section 106, the anti-bonusing provisions, of the Ontario Municipal Act. These programs are widely utilized by municipalities across Ontario.

Since 2009, Economic Development CIPs have played a role in the City's economic development efforts as a means to increase revenues derived from commercial property taxes. CIPs have been used as a mechanism to stimulate private sector investment, support heritage conservation and restoration, and encourage redevelopment, property upgrades and urban renewal in targeted areas. CIPs have supported business and investment attraction, employment, and the local economy generally through the purchase of goods and services during construction.

Ottawa operates in a competitive environment for business, investment and talent attraction and retention. CIPs help to make Ottawa a more compelling option for investors, developers, and decision-makers.

The Economic Development CIP program has achieved some success over the past 10 years. Tax and other revenue to the City directly attributable to the CIP program will increase by an estimated net \$33,070.257 after the payment of CIP incentive grants to program applicants. This total includes net-tax revenue, building charges, other developments fees, and application fees.

Moreover, available data from existing CIPs suggests that the program has resulted in approximate private sector investment of \$185,629,110 (where data was available) and has supported the creation of approximately 950 new FTE jobs.

Continuation of the Economic Development CIP program as an economic development tool to support economic priorities, will continue to stimulate and accelerate development, redevelopment, and property renewal in targeted areas across the City, resulting in new businesses, increased employment, and corresponding increases in municipal property taxes to support City priorities and service delivery to residents.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications.

RURAL IMPLICATIONS

There are no rural implications.

TERM OF COUNCIL PRIORITIES

This report considers the following Term of Council priorities:

- A city that has affordable housing and is more liveable for all
- A city that is green and resilient
- A city with a diversified and prosperous economy

SUPPORTING DOCUMENTATION

Document 1 - Affordable Housing Community Improvement Plan

Document 2 – Affordable Housing CIP Background and Options Report Summary

Document 3 - Overview of Ontario Affordable Housing CIPs

Document 4 - Other Incentives Considered but Not Recommended

Document 5 - Detailed Review of Economic Development CIP Programs and Jurisdictional Scan

Document 6 - Economic Development CIP Program Performance and Financial Review

Document 7 - Recommended Changes to Economic Development CIP Programs

Document 8 – Brownfield Program Details and Analysis

Document 9 - Final Ottawa Scoped Brownfield Report

DISPOSITION

Planning, Real Estate and Economic Development to make the necessary modifications to the Brownfield Redevelopment and Economic Development Community Improvement Plans, all application forms, program guides and to the program description on Ottawa.ca.