

Document 4: Other Incentives Considered but Not Recommended

The Project Team explored six incentives for the Affordable Housing CIP. These incentives and associated costs are outlined below:

- Fee waivers;
- Fee reimbursements;
- Grants;
- Low interest repayable loans;
- Tax Increment Equivalent Grants (TIEG); and
- Accelerated approvals.

Table 1: Summary of Cost of Each Incentive per Affordable Unit

Incentive	Cost per Affordable Unit		
	High-rise	Stacked Dwelling	Townhouse
Fee waivers - AMR	\$42,000	\$49,000	\$122,000
Fee waivers - 80% AMR	\$95,000	\$99,000	\$173,000
Fee reimbursements - AMR	\$49,400	\$57,600	\$143,500
Fee reimbursements - 80% AMR	\$111,800	\$116,500	\$203,500
Grants	Same as waivers		
Low interest repayable loan - AMR	\$280,000	\$326,700	\$813,300
Low interest repayable loan - 80% AMR	\$633,300	\$660,000	\$1,153,300
TIEG - AMR (20 years)	\$140,400	\$132,200	\$104,200
TIEG - 80% AMR (20 years)	\$177,600	\$173,200	\$144,400
Accelerated approvals	Increased staffing costs		

As the Project Team proceeded through the development of the draft Affordable Housing CIP, appropriate incentives were narrowed down. To inform staff recommendations on the selection of incentive programs, the findings of the Background and Options Report, the Financial Analysis Report, stakeholder consultations, and consultant recommendations were thoroughly considered. The rationale for only recommending the TIEG incentive is below:

Fee Waivers, Reimbursements, and Grants

While targeting an affordability level of 80% AMR, the cost of providing fee waivers or grants would range between \$95,000 and \$173,000, and this range increases to between \$111,800 and \$203,500 in the case of fee reimbursement, due to additional carrying costs. The upper limit of these per unit costs is comparable to the per unit capital grant the City provides to non-profits through Action Ottawa, which is approximately \$200,000 per unit. These incentives would also not benefit non-profit

housing developments as they are already exempt or receive waivers from development fees/charges.

Stakeholder consultations revealed that fees and charges ultimately represent a small proportion of total project costs, and it would be more favourable to provide financial incentives that target a project's operational budget. Considering the potentially low impact of development fee waivers, reimbursements, or grants as well as the administrative requirements of waiving or reimbursing a proportion of fees based on number of affordable units delivered, these incentive programs were not recommended for the Affordable Housing CIP.

Low Interest Repayable Loans

Low interest loans are valuable to developers as they reduce construction loan interest costs. To offset the cost of providing affordable units at 80% AMR, loans would need to range between \$633,300 to \$1,153,300 per affordable unit. This incentive is not financially viable for the City as it would require a significant increase in the municipal budget. The cost, although repaid after a few years, is also three to five times more than the City's current capital contribution per affordable unit. Finally, there is risk associated with developers having difficulty securing a mortgage post-construction as alternative financing would be more expensive. This incentive program was not recommended for the Affordable Housing CIP.

Accelerated Approvals

Reducing approval timelines by six months equates to \$90,326 for a high-rise development, \$61,558 for a stacked dwelling, and \$56,255 for a townhouse development. The cost to the City would only include increased staffing requirements to process development applications. Nonetheless, given the recent changes to the City's approvals process triggered by Bill 109, it was deemed prudent to not commit to additional accelerated approvals. Additionally, the City's High Social Impact Project procedures, which apply to projects identified as having high social impact, such as non-profit affordable housing, are already prioritized and have an accelerated approvals process. The implications of Bill 109 and the resulting new planning approvals processes have triggered the need to review and revise the High Social Impact Project procedures to ensure affordable housing projects will continue to be expedited. This incentive program was omitted from the Affordable Housing CIP as it is intended to be applied more broadly to all affordable housing projects.