

Subject: 2023-2026 Affordable Housing Capital Strategy and Update

File Number: ACS2023-CSS-GEN-011

Report to Planning and Housing Committee on 6 September 2023

and Council 13 September 2023

Submitted on August 25, 2023 by Clara Freire, General Manager, Community and Social Services Department

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Ward: Citywide

Objet : Stratégie et compte rendu : investissement pour le logement abordable 2023-2026

Numéro de dossier : ACS2023-CSS-GEN-011

Rapport présenté au Comité de la planification et du logement

Rapport soumis le 6 septembre 2023

et au Conseil le 13 septembre 2023

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That Planning and Housing Committee recommend Council approve:

- 1. The allocation of \$66,629,914 by the Director of Housing Services to support affordable housing projects through conditional capital contributions between the City and each housing provider as detailed below, with the funds comprised of \$16,000,000 in City capital approved by**

Council in the 2023 City Budget, \$18,553,914 federal Rapid Housing Initiative (round 3) funding, \$5,926,000 in 2023-2024 Ontario Priorities Housing Initiative funding, \$24,150,000 in 2023-2024 provincial Priority Projects for Municipalities funds, and \$2,000,000 previously intended for a Request for Proposals for private sector developers,

- a. Up to \$24,150,000 from the provincial Priority Projects for Municipalities be allocated to Ottawa Community Housing Corporation for 715 Mikinak Road, and that \$9,150,000 of City capital funding that had been allocated to the project in prior years be reallocated to support the Integrated Transition to Housing Strategy as described in Recommendation 1(h);**
- b. Up to \$2,128,000 be allocated to Nepean Housing Corporation for the completion of the affordable housing project at 1 Dunbar Court;**
- c. Up to \$18,553,914 of Rapid Housing Initiative (Round 3) funds be allocated to Ottawa Salus Corporation for the construction of 54 supportive housing units at 56 Capilano Drive;**
- d. Up to \$7,045,073 be allocated to a contingency budget to support projects currently under development that require additional funding as described in Document 1;**
- e. Up to \$600,000 from the Ontario Priorities Housing Initiative (OPHI) be allocated towards the continuation of the Ontario Renovates program;**
- f. Up to \$606,075 to permit an eight-month extension of the short-term interest-free repayable loan provided to the African Caribbean Association of Ottawa through the 2021 Capital Plan for their project at 881-883 Pinecrest Road;**
- g. Up to \$1,500,000 to permit up to a three-year extension of the short-term interest free repayable loan provided to Holland Properties through the 2019 Capital Plan for 161 Presland Road,**
- h. Up to \$21,196,852, of which \$9,150,000 is from the reallocation of the Mikinak project and the 2023-2024 Ontario Priorities Housing Initiative (OPHI) funding, be allocated to a strategic acquisition and**

**renovation related to the Integrated Transition to Housing Strategy;
and**

- i. That any remaining or additional funding that becomes available in 2023 be allocated as contingency to projects currently underway and requiring additional funding for completion, or to priority projects included in Document 2.**
- 2. The Term of Council spending plan in the amount of \$50,717,800, which is made up of \$45,000,000 City capital (\$15M annually from 2024 to 2026) subject to annual City budget approval and \$5,717,800 Ontario Priorities Housing Initiatives (2024-2025), be allocated by the Director, Housing Services to support the following priority affordable housing projects as follows,**
- a. Up to \$32,420,946 be allocated equitably over 3 years to Ottawa Community Housing Corporation for Rochester Heights Phase 2 (818 Gladstone Ave), to leverage projected CMHC Co-investment Forgivable Loan funding and Repayable Loan financing towards the 273 –unit project, notwithstanding that the proposed weighted average rents will be approximately 95% of Average Market Rent (AMR) instead of the usual 80% as otherwise required under Action Ottawa and provincial capital funding programs.**
 - b. Up to \$15,000,000 be allocated equitably over 3 years to Multifaith Housing Initiative for LeBreton Flats, to leverage CMHC Co-investment funding of \$15,733,540 towards the 133-unit affordable rental project;**
 - c. Up to \$600,000 from the OPHI 2024-2025 be allocated towards the Ontario Renovates program;**
 - d. Up to \$2,696,852 from the OPHI 2024-2025 be allocated to Ottawa Salus Corporation to fully fund the construction of 54 supportive housing units at 56 Capilano Drive as further described in Recommendation 1(c); and**
 - e. That any remaining or additional funding that becomes available for the period 2024-2026, excluding Housing Accelerator Funding, be allocated to priority projects listed in Document 2.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité de la planification et du logement recommande au Conseil d'approuver ce qui suit :

- 1. L'allocation, par le directeur des Services de logement, de 66 629 914 \$ en soutien aux projets de logements abordables au titre d'ententes de contributions conditionnelles aux immobilisations conclues entre la Ville et les fournisseurs de logements, comme expliqué ci-dessous, allocation comprenant 16 000 000 \$ en fonds d'immobilisations municipaux approuvés par le Conseil dans le budget 2023, 18 553 914 \$ en fonds fédéraux au titre de l'Initiative pour la création rapide de logements (troisième phase), 5 926 000 \$ en fonds de l'Initiative liée aux priorités de l'Ontario en matière de logement 2023-2024, 24 150 000 \$ en fonds provinciaux au titre des projets prioritaires pour les municipalités 2023-2024, et 2 000 000 \$ précédemment destinés au lancement d'une demande de propositions auprès de promoteurs du secteur privé :**
 - a) au plus 24 150 000 \$ des fonds provinciaux au titre des projets prioritaires pour les municipalités doivent être attribués à la Société de logement communautaire d'Ottawa pour le 715, chemin Mikinak, et les 9 150 000 \$ provenant des fonds d'immobilisations de la Ville qui avaient été alloués au projet dans les années précédentes doivent être réaffectés à la Stratégie de la transition intégrée avec le logement, comme il est expliqué à la recommandation 1h);**
 - b) au plus 2 128 000 \$ doivent être alloués à la Société de logement de Nepean pour l'achèvement du projet de logements abordables au 1, cour Dunbar;**
 - c) au plus 18 553 914 \$ de la troisième phase de l'Initiative pour la création rapide de logements doivent être alloués à la Corporation Salus d'Ottawa pour la construction de 54 logements avec services de soutien au 56, promenade Capilano;**
 - d) au plus 7 045 073 \$ doivent être versés dans un fonds de prévoyance pour les projets en cours nécessitant des sommes supplémentaires, comme il est indiqué dans le document 1;**

- e) au plus 600 000 \$ provenant de l'Initiative liée aux priorités de l'Ontario en matière de logement doivent servir à la poursuite du programme Rénovations Ontario;
 - f) au plus 606 075 \$ doivent servir à prolonger de huit mois le prêt remboursable à court terme sans intérêt accordé à l'association africaine et caraïbéenne d'Ottawa au titre du Plan d'immobilisations 2021 pour son projet aux 881 et 883, chemin Pinecrest;
 - g) au plus 1 500 000 \$ doivent servir à prolonger de trois ans le prêt remboursable à court terme sans intérêt accordé à Holland Properties au titre du Plan d'immobilisations 2019 pour le 161, chemin Presland;
 - h) au plus 21 196 852 \$, dont 9 150 000 \$ provenant du projet Mikinak et de l'Initiative liée aux priorités de l'Ontario en matière de logement 2023-2024, doivent servir à une acquisition stratégique et à des rénovations dans le cadre de la Stratégie de la transition intégrée avec le logement;
 - i) toute somme restante ou supplémentaire devenant disponible en 2023 doit être allouée, sous forme de réserve, aux projets en cours nécessitant plus d'argent pour leur achèvement ou aux projets prioritaires indiqués dans le document 2.
2. Le plan de dépenses du mandat du Conseil, qui totalise 50 717 800 \$, soit 45 000 000 \$ en fonds d'immobilisations de la Ville (15 M\$ par an de 2024 à 2026), sous réserve de l'approbation annuelle du budget municipal, et 5 717 800 \$ provenant de l'Initiative liée aux priorités de l'Ontario en matière de logement (2024-2025), qui doit être utilisé par le directeur des Services du logement en soutien aux projets prioritaires de logements abordables, comme suit :
- a) au plus 32 420 946 \$ doivent être alloués équitablement sur trois ans à la Société de logement communautaire d'Ottawa pour la deuxième phase du projet Rochester Heights (818, avenue Gladstone) afin d'obtenir un prêt-subvention et un prêt remboursable de la SCHL pour un projet de 273 logements, même si les loyers moyens pondérés proposés correspondront à environ 95 % du loyer moyen

du marché au lieu des 80 % habituels, comme l'exigent Action Ottawa et les programmes provinciaux de financement des immobilisations;

- b) au plus 15 000 000 \$ doivent être alloués équitablement sur trois ans à l'Initiative multiconfessionnelle sur l'habitation des plaines LeBreton afin d'obtenir un co-investissement de 15 733 540 \$ de la SCHL pour le projet de 133 logements locatifs abordables;**
- c) au plus 600 000 \$ provenant de l'Initiative liée aux priorités de l'Ontario en matière de logement 2024-2025 doivent servir au programme Rénovations Ontario;**
- d) au plus 2 696 852 \$ provenant de l'Initiative liée aux priorités de l'Ontario en matière de logement 2024-2025 doivent être alloués à la Corporation Salus d'Ottawa pour financer entièrement la construction de 54 logements avec services de soutien au 56, promenade Capilano, comme il est décrit à la recommandation 1c);**
- e) toute somme restante ou supplémentaire devenant disponible pour la période 2024-2026, à l'exclusion des fonds pour accélérer la construction de logements, doit être alloué aux projets prioritaires indiqués dans le document 2.**

EXECUTIVE SUMMARY

The intent of this report is to outline a strategy that will further the objectives of the 10 Year Housing and Homelessness Plan by allocating funding to the construction of new affordable housing, while stabilizing existing projects that are currently under construction.

While planning the 2023 affordable housing capital strategy, it became evident that the annual capital allocation would not be sufficient. This report recommends a full term of council spending plan and presents a larger picture of the investments required between 2023 and 2026 to ensure that planned, shovel-ready projects significant to the achievement of the 10-Year Housing and Homelessness Plan objectives can be started despite a capital shortfall. The recommended investments outlined in the report take into consideration current trends in the housing and homelessness sector, current trends in the residential construction industry, as well as the Council-approved 2031 Municipal Housing Pledge.

Recommendation 1 seeks authority to allocate funding using available 2023 capital, which totals \$66,629,914. This funding is made up of \$16 million in 2023 City capital, \$18,553,914 in federal Rapid Housing Initiative Round 3 funding, \$5,926,000 in provincial Ontario Priorities Housing Initiative funding, \$24.15 million in provincial 2023-2024 Priority Projects for Municipalities funding, and \$2 million of the 2022 capital funding allocation that was intended to be used for a Request for Proposals targeted to private sector developers that was canceled via Council motion.

Recommendation 2 seeks approval for investments from the 2024 to 2026 capital budgets and assumes a \$15 million capital contribution per year from the City budget, in accordance with the Housing Services Long Range Financial Plan. In addition, the confirmed Ontario Priorities Housing Initiative funding for 2024-25 will be \$5,717,800, providing a total available funding envelope of \$50,717,800 for the remaining three years of this term of Council.

This is the first time Housing Services is presenting a term of Council capital strategy. The intention is to provide our not-for-profit partners with a clear commitment of capital funding towards significant projects that can be delivered during this term of Council, and to allow them to secure their National Housing Co-Investment funding and financing with Canada Mortgage & Housing Corporation (CMHC) in the near term.

Projects recommended to receive funding through this capital strategy include Ottawa Community Housing Corporation's 271-unit development at 715 Mikinak Road, Nepean Housing Corporation's 31-unit development on Dunbar Court, Ottawa Salus' 54-unit supportive housing development at 56 Capilano Drive, Ottawa Community Housing Corporation's 273-unit development at 818 Gladstone Avenue (Rochester Heights Phase 2), and Multifaith Housing Initiative's 133-unit development at LeBreton Flats. Additionally, some projects previously funded through Rounds 1 and 2 of the Rapid Housing Initiative need additional funding and this report seeks approval for a contingency budget to ensure these projects can be fully funded and completed as planned. Document 1 to this report includes detailed information about projects requiring contingency funding. The investments outlined in this report will help ensure that **408** units currently underway can reach completion in the next 12 to 18 months. Further, it will commit funding towards construction of **54** new supportive housing units as well as a strategic acquisition that is expected to deliver transitional and supportive housing units in the short- and medium/long-term.

On July 12, 2023, Council approved the Integrated Transition to Housing Strategy, which has a significant emphasis on transitioning individuals who are homeless from the shelter system into transitional or permanent housing with the necessary supports.

Recommendation 1 includes a proposed investment of \$21,196,852 for a strategic acquisition and renovation of a facility that will increase the number of new supportive housing units available for individuals who are chronically homeless. Furthermore, Document 2 to this report outlines other supportive housing projects consisting of **572** units that should be prioritized for funding this term of Council and that will support the Integrated Transition to Housing Strategy. Should funding for all projects outlined in Document 2 be secured, Document 4 contains a list of affordable and supportive housing projects that are currently unfunded, but which are advanced in the development pipeline, representing an opportunity to deliver another **1,224** new units should there be any remaining or additional funding that becomes available for the period 2024-2026.

The full Term of Council spending plan recommendations within this report will provide financial support towards affordable units targeting both low- and moderate-income individuals and households, supportive housing units, and accessible units for Ottawa residents.

RÉSUMÉ

Le présent rapport décrit une stratégie qui favorisera l'atteinte des objectifs du Plan décennal de logement et de lutte contre l'itinérance en affectant des fonds à la construction de logements abordables, tout en stabilisant les projets en cours.

Lors de la planification de la stratégie d'investissement pour le logement abordable de 2023, il est clairement ressorti que le budget annuel de dépenses en immobilisations ne suffirait pas. On recommande dans le présent rapport un plan de dépenses pour la durée du mandat du Conseil et dresse un portrait global des investissements nécessaires entre 2023 et 2026 pour réaliser les projets planifiés, prêts à démarrer et importants pour atteindre les objectifs du Plan décennal malgré un manque d'immobilisations. Les investissements recommandés tiennent compte des tendances actuelles dans le secteur du logement et de la lutte contre l'itinérance, de celles de l'industrie de la construction résidentielle et de la Garantie municipale du logement 2031 approuvée par le Conseil.

La première recommandation porte sur l'autorisation d'allouer les fonds d'immobilisations disponibles en 2023, qui totalisent 66 629 914 \$. Cette somme

comprend 16 M\$ en fonds d'immobilisations municipaux pour 2023, 18 553 914 \$ en fonds fédéraux au titre de la troisième phase de l'Initiative pour la création rapide de logements, 5 926 000 \$ en fonds provinciaux de l'Initiative liée aux priorités de l'Ontario en matière de logement, 24,15 M\$ en fonds provinciaux au titre des projets prioritaires pour les municipalités 2023-2024, et 2 M\$ de fonds d'immobilisations de 2022 destinés au lancement d'une demande de propositions auprès de promoteurs du secteur privé, mais qui a été annulé par motion du Conseil.

La deuxième recommandation porte sur l'autorisation d'utiliser des sommes du budget des immobilisations 2024-2026 et suppose une contribution aux immobilisations de 15 M\$ par an provenant du budget municipal, conformément au plan financier à long terme des Services de logement. En outre, le financement confirmé de l'Initiative liée aux priorités de l'Ontario en matière de logement pour 2024-2025 sera de 5 717 800 \$, ce qui porte l'enveloppe de financement disponible à 50 717 800 \$ pour les trois années restantes de l'actuel mandat du Conseil.

C'est la première fois que les Services de logement présentent une stratégie d'investissement pendant un mandat du Conseil. L'objectif est de démontrer à nos partenaires sans but lucratif un engagement de financement des immobilisations clair pour les projets importants pouvant être réalisés durant l'actuel mandat et de leur permettre d'obtenir rapidement un co-investissement national pour le logement et du financement de la Société canadienne d'hypothèques et de logement (SCHL).

Les projets recommandés comprennent la construction de 271 logements par la Société de logement communautaire d'Ottawa au 715, chemin Mikinak, la construction de 31 logements par la Société de logement de Nepean au 1, cour Dunbar, la construction de 54 logements avec services de soutien par la Corporation Salus d'Ottawa au 56, promenade Capilano, la construction de 273 logements par la Société de logement communautaire d'Ottawa au 818, avenue Gladstone (deuxième phase du projet Rochester Heights), et la construction de 133 logements au titre de l'Initiative multiconfessionnelle sur l'habitation sur les plaines LeBreton. En outre, certains projets financés précédemment aux phases 1 et 2 de l'Initiative pour la création rapide de logements ont besoin de financement supplémentaire, et le présent rapport vise à obtenir l'approbation d'un fonds de prévoyance pour que ces projets puissent être entièrement financés et réalisés. Le document 1 détaille les projets nécessitant un financement d'urgence. Les investissements décrits aux présentes garantiront que les **408** logements en construction seront prêts dans les 12 à 18 prochains mois. Ils financeront aussi la construction de **54** logements avec services de soutien et une

acquisition stratégique devant permettre de construire des logements de transition et en milieu de soutien à court, moyen et long terme.

Le 12 juillet 2023, le Conseil a approuvé la Stratégie de la transition intégrée avec le logement qui met fortement l'accent sur le déplacement des personnes sans abri du réseau de refuges vers des logements de transition ou permanents offrant les services de soutien nécessaires.

La première recommandation comprend un investissement proposé de 21 196 852 \$ pour une acquisition stratégique et la rénovation d'une installation en vue de bonifier l'offre de nouveaux logements avec services de soutien aux personnes en situation d'itinérance chronique. De plus, le document 2 décrit d'autres projets de logements de ce type, dont **572** logements devant être financés en priorité durant l'actuel mandat du Conseil qui vont dans le sens de la Stratégie de la transition intégrée avec le logement. Si le financement de tous les projets décrits dans ce document est obtenu, le document 4 contient une liste de projets logement abordables et avec services de soutien actuellement non financés, mais dont la phase préparatoire est avancée, ce qui représente potentiellement **1 224** nouveaux logements s'il reste de l'argent ou si des fonds supplémentaires sont disponibles pour la période 2024-2026.

L'ensemble des recommandations du plan de dépenses pour la durée du mandat du Conseil contenues dans le présent rapport visent à financer les logements abordables destinés aux personnes et ménages à revenu faible ou modeste, les logements avec services de soutien et les logements accessibles aux résidentes et résidents d'Ottawa.

BACKGROUND

This background section presents details on the current housing-related policy framework, connects this report to the other housing-related initiatives underway in the city, and presents current housing and homelessness data and construction trends. An update on all projects and initiatives that are receiving capital funding approved through the 2022 Capital Strategy Report (ACS2022-CSS-GEN-011) is provided in Document 3.

10-Year Housing and Homelessness Plan & Housing Services Long Range Financial Plan

The affordable housing capital strategy for 2023-2026 has been developed with the intention of furthering the implementation of the 10-Year Housing and Homelessness Plan 2020-2030. The 10-year Housing and Homelessness Plan (10-Year Plan), which is

scheduled to be updated in 2024, is a legislated requirement under the *Housing Services Act, 2011*. The plan identifies current and future housing needs and housing priorities, potential solutions and sets targets and objectives. One of the objectives is to increase the affordable housing supply by creating 5,700 to 8,500 affordable housing options over the ten-year period, including both housing benefits and new units through capital projects.

As a means of delivering the new affordable units contemplated in the 10-Year Plan, in 2021, Council approved the city's first Housing Services Long Range Financial Plan (LRFP). The LRFP outlines the capital funding required for affordable housing between 2021 and 2030 based on the targets established in the 10-Year Plan, with a target of approximately 500 new affordable housing units per year. The Plan assumes an investment of \$600 million over 10 years divided equally between the three levels of government is needed to meet the targets in the 10-Year Plan, which translates into \$20 million per year for each level of government.

The LRFP represents Council's commitment to invest \$15 million of City capital, plus \$5 million in fee relief annually, increasing to \$6 million in 2031, toward the development of affordable housing while establishing how that commitment will be funded. In addition to being tax-supported, the contribution is funded through development charge revenues, through a portion of the revenues received from the sale of City-owned surplus land, as well as through revenue from the new Vacant Unit Tax.

With planned annual funding of \$20 million from each level of government, the total of \$60 million for the delivery of 500 units implies an average subsidy of approximately \$120,000 per unit. This is intended to allow not for profit housing providers to leverage minimal equity and favourable financing rates, typically through CMHC financing programs, and deliver units at rents that are less than 80% of average market rent (AMR) as determined by CMHC on an annual basis.

Since approval of the LRFP in 2021, the economic impacts of the global pandemic have caused construction costs and financing rates to increase significantly, such that delivery of these same units is requiring, on average, a funding subsidy of approximately \$200,000 per unit. In addition, funding from other levels of government has been inconsistent. As a result, the City's \$15 million capital contribution is no longer sufficient to deliver the affordable housing targets set out in the 10-Year Plan. Financial Services staff have committed to undertaking a refresh of the Housing Services LRFP in advance of the 2024 budget deliberations.

This capital strategy report and spending recommendations contribute towards meeting the objectives of the 10-Year Plan by proposing spending on capital projects that will deliver new affordable and supportive housing in various areas of the city. Staff are recommending projects based on current planned funding and have included a list of projects that should be prioritized in the event that additional funding becomes available in Document 2.

Action Ottawa

The Action Ottawa program is the City's housing implementation initiative that is used to assist not-for-profit developers to build new affordable rental housing for moderate and low-income households. The Action Ottawa guidelines were originally created in 2003 and set out as-of-right and discretionary incentives together with additional resources of capital grants in the form of forgivable loans, and in some cases, city-owned lands.

Over the last 20 years, specific aspects of the City's program have changed, such as the amount of funding allocated towards capital projects on a per-unit basis, to keep up with the changes to funding program requirements and to remain current with the changes that have occurred in the housing market over the last two decades. However, the original intent of the program - to support affordable and supportive housing providers by bundling multiple incentives and financial capital to assist with affordable housing delivery - remains in place.

Housing Services staff will be updating the Action Ottawa program this term of council. The update will review all aspects of the program including affordability measures and thresholds, land contribution incentives and fee and development charge waiver incentives to ensure alignment with current legislation, including changes resulting from the enactment of Bill 23.

Housing Pledge

In November 2022, the government of Ontario's Bill 23, *More Homes Built Faster Act, 2022* received royal assent. As a result, the City of Ottawa was assigned a housing target by the Province of 151,000 new homes by the end of 2031. In March 2023, Council approved the 2031 Municipal Housing Pledge ([ACS2023-PRE-EDP-0009](#)), tied to the target established by the provincial government that outlines tools and strategies the City intends to use to achieve the housing target.

One of the key action categories in the Housing Pledge relates to the City forming strategic partnerships with housing developers and providers to build affordable housing and contribute to the City's housing target set by the province, as well as the targets established in the 10-Year Housing and Homelessness Plan. Many strategic partnerships are already underway and include Housing Services maintaining a strong pipeline of affordable housing projects by allocating pre-development funding to the not-for-profit housing sector, advocating for, and leveraging capital funding from other levels of government to build new affordable and supportive housing, working with the Corporate Real Estate Office to advance the Affordable Housing Land and Funding Policy, and working with Planning on the implementation of the High Social Impact Project program, as set out in [Report ACS2021-PIE-PS-0016](#), to prioritize affordable housing through the development approvals process.

To advance the goal of creating new affordable housing units, the Housing Pledge suggests the development of a strategy for the disposal of municipal surplus lands that have the potential to be developed for housing. The Housing Pledge outlines that staff have identified sixteen municipally owned parcels that have the potential to deliver up to 1,800 new affordable housing units. Housing Services is actively working with the Corporate Real Estate Office and Planning, Real Estate and Economic Development (PRED) to devise an effective strategy for Council consideration. Some of these properties that can meet timelines required by the program will be included in the Housing Accelerator Fund's "vacant City land initiative" that will be considered by Council in Q4, 2023.

Current Housing and Homelessness Data

As part of its development of an annual Affordable Housing Capital Strategy, Housing Services considers current market conditions based on Statistics Canada data, Canada Mortgage and Housing Corporation's (CMHC) market reports, locally derived data from the Centralized Wait List, as well as feedback from the not-for-profit and private housing sectors through various working groups and committees, including the Housing System Working Group and the Accessibility Advisory Committee.

Current economic factors are causing further stress on the rental market. Average market rents are increasing, while vacancy rates are on the decline. CMHC's most recent annual Rental Market Report observed a 3.6 per cent increase in average market rents for purpose-built rentals in 2022, bringing the average up to \$1,479 per month.

Table 1 compares average market rents to renter household incomes in Ottawa. The renter incomes are broken down into deciles, with each decile representing ten per cent of Ottawa's renter households, starting with the lowest earning households in decile 1, through to the highest earning households in decile 10. Deciles 1 to 3 are identified as low-income earning households, deciles 4 to 6 are identified as moderate-income earning households, and deciles 7 and above are identified as high-income earning households. Affordability is based on a household paying 30 per cent of gross income towards housing costs. The 10-Year Plan seeks to deliver affordable rental housing to both low- and moderate-income earning groups, with no more than 30 per cent of gross household income going towards housing costs.

Table 1 identifies that low-income households cannot afford any unit types at average market rent, except studio units. Also, larger units including two-bedroom and three-bedroom units are not affordable to either low-income or the low end of the moderate-income earning households. It should be noted that the income data shown in Table 1 is based on 2020 reported incomes from the 2021 Census that have been projected forward. Income data from 2020 is unique in that it includes short-term pandemic relief benefits such as the Canada Emergency Response Benefit (CERB). This has caused the 2023 projected incomes to be notably higher than actual, meaning that affordability of average market rent is being overstated in Table 1. Staff are reviewing the extent of the impact of these pandemic benefits and seeking opportunities to account for this data anomaly in future projections.

Newly constructed market-driven rental units are typically renting at up to 1.6 to 1.7 times average market rents. Comparatively, average market rent is significantly more affordable and has been considered the top end of what is considered as 'affordable housing' for rents in Ottawa. With average rent increases outpacing household income growth in recent years, reviewing current measures of affordability this term of council as part of the Action Ottawa program update, including use of average market rent as an affordability marker, will be important to ensure capital investment in affordable housing continues to benefit those households most in need.

Table 1 – Renter Household Income Deciles and Average Market Rents (2021-2023)

Renter Income Deciles	Maximum Affordable Rent	Average Market Rent and Determination of Affordability				
		Studio	1 Bedroom	2 Bedroom	3 Bedroom +	Average
	2021	\$1,000	\$1,244	\$1,514	\$1,850	\$1,402
	2022	\$1,059	\$1,280	\$1,550	\$1,881	\$1,442
	2023	\$1,122	\$1,347	\$1,625	\$1,947	\$1,510
Low Income Deciles 1-3 (\$46,000 and less)	\$590	NO	NO	NO	NO	NO
	\$860	NO	NO	NO	NO	NO
	\$1,150	YES	NO	NO	NO	NO
Moderate Income Deciles 4-6 (\$58,300 to \$85,100)	\$1,460	YES	YES	NO	NO	NO
	\$1,770	YES	YES	YES	NO	YES
	\$2,130	YES	YES	YES	YES	YES
High Income Deciles 7-10 (\$100,500 and over)	\$2,510	YES	YES	YES	YES	YES
	\$3,040	YES	YES	YES	YES	YES
	\$3,920	YES	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

The vacancy rate was 2.1 per cent in 2022, which is a decline from the vacancy rate in October 2021 of 3.4 per cent, and represents a return to pre-pandemic levels. Vacancy rates for apartments in the lowest rent ranges, being \$1,200 and below, are hovering between 1.2 to 1.5 per cent. For apartments rented at \$1,350 and above, the observed vacancy rate is 2.6 per cent, which is much lower than the 4.9 per cent vacancy rate in 2021.

The Social Housing Registry of Ottawa continues to administer the City of Ottawa's Centralized Wait List for eligible individuals and families seeking rent-g geared-to-income (RGI) and below market rental housing (BMR). In 2022, the Social Housing Registry received over 3,875 new applications for RGI and BMR units; however, the total number of households on the Centralized Wait List declined by 8.6 per cent between 2021 and 2022.

As of December 31, 2022, there were 11,065 households on the Centralized Wait List, which is a reduction from December 31, 2021, of 1,041 households. While a total of approximately 1,651 households were provided affordable housing options through either RGI housing or housing subsidies between December, 2021 and December, 2022, the Centralized Waitlist was reduced only by 1,041 households. It is important to note that the creation of new affordable housing units does not necessarily reduce the waitlist for RGI units. Households waiting for RGI housing can elect to accept a below-market rent unit while remaining on the waitlist for an RGI unit which, depending on income, could result in a deeper subsidy.

Within the group of 1,651 households that were provided affordable housing options between December, 2021 to December, 2022, 1,230 households moved from the Centralized Wait List into RGI housing whereby tenants pay no more than 30% of their household income on rent and the City pays the difference directly to the landlord. An additional 421 households were provided housing benefits to help subsidize their rent payments.

Supportive Housing

Supportive housing is deeply affordable housing combined with on-site supports for the households. The provision of supportive housing is an important component for ending chronic homelessness as it allows people living with mental health and/or addiction issues and other debilitating illnesses or conditions to access the supports they need, while living in a stable and safe environment. For decades, despite investments in subsidized and affordable housing, the supports to enable people experiencing homelessness to retain housing and stabilize their lives were lacking.

Over the past decade, Council has recognized the gap in services for people experiencing long-term homelessness, people living with a disability or mental health and/or addiction issues, and has made strategic investments in housing and homelessness initiatives, including capital for new supportive housing.

Since 2006, 650 supportive units/beds have been created across the city as we see a shift away from the traditional shelter model. An additional 180 supportive units are currently under construction and anticipated to be completed in 2023 or 2024. An additional 54 supportive housing units will soon be under construction by the end of this year with recently awarded funding from CMHC's Rapid Housing Initiative (RHI) Round 3. Once the supportive housing units that are currently under construction and/or funded in 2023 are complete, the number of supportive housing units will, for the first time ever, exceed the number of shelter beds for single individuals.

A key objective of the City's 10-Year Housing and Homelessness Plan is that 10 per cent of new affordable housing units will be supportive housing units. Since 2020, 1,341 new units have been funded (excluding units in receipt of pre-development funding), of which, 250 are supportive units, meaning over 18% of new units funded are supportive housing units. The City has exceeded the 10-Year Plan's target for supportive housing due to the availability of pandemic-related funding over the past three years, including the federal Rapid Housing Initiative and provincial Social Services Relief Fund which targeted the construction of new housing that focuses on the most vulnerable populations.

While we have been successful in funding the construction of these new supportive housing units, the limited operating funding available to support ongoing operations and essential supports tied to these projects will make it difficult to continue to deliver new supportive housing in the future without commitments from other levels of government for the necessary ongoing financial support.

On July 12, 2023, Council approved the Integrated Transition to Housing Strategy ([ACS2023-CSS-GEN-006](#)), which has a significant emphasis on transitioning individuals who are homeless from the shelter system into transitional or permanent housing with the necessary supports.

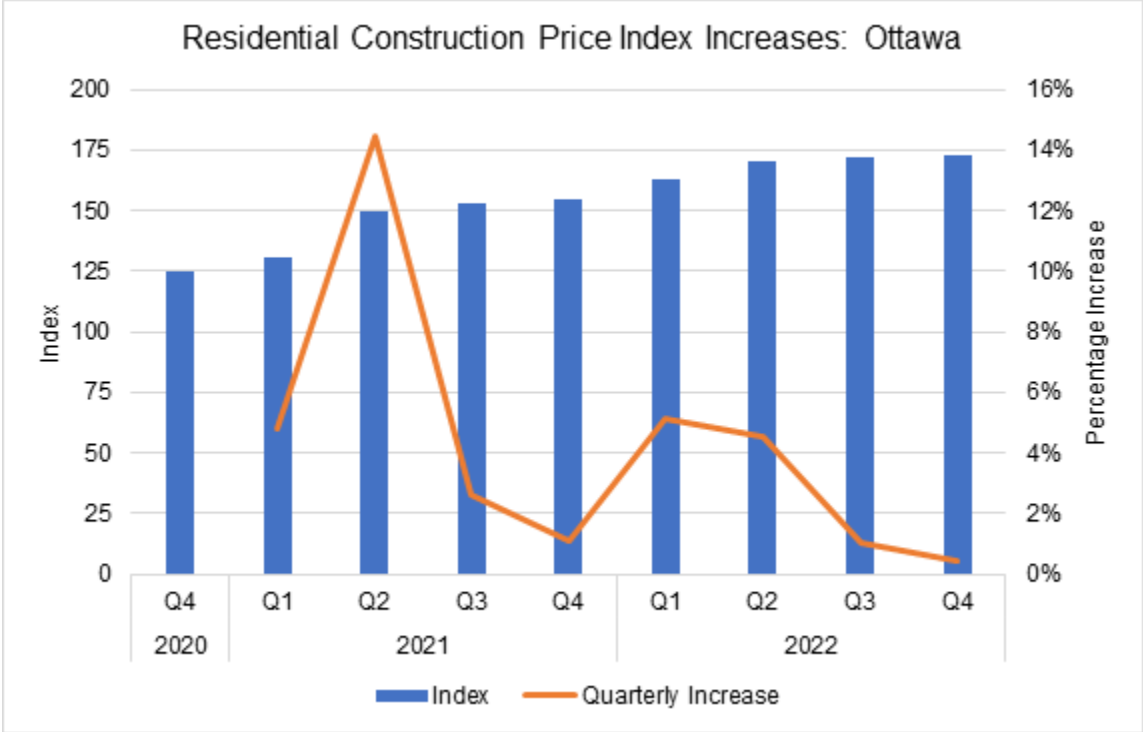
Challenges within the Construction Industry

Supply chain challenges and cost escalations in the residential construction industry, which were triggered by the COVID-19 pandemic, continue to impact the ability of our not-for-profit partners to deliver affordable housing projects within original timelines and budgets.

According to Statistics Canada, the cost of residential construction increased in Ottawa in the fourth quarter of 2022 by 11.4 per cent as compared to the fourth quarter of 2021. Since the beginning of 2020, Statistics Canada reports that residential construction

costs have increased by 51 per cent in Ottawa, with 39 per cent of this increase occurring in 2021 and 2022 combined. Although construction costs are not showing any signs of returning to pre-pandemic levels, the rate of increase has slowed significantly, with a marginal increase in the last two quarters of 2022.

Figure 1 – Residential Construction Price Index Increases



According to the Altus Group *2023 Canadian Cost Guide*, the construction cost of a mid-rise apartment building up to 12 storeys is up to \$355 per square foot. These figures are a baseline, which do not include site/parking costs, land costs or other soft costs such as legal and consulting fees and municipal fees and charges. Although Altus Group does not suggest year-to-year cost comparisons, the costs reported this year are notably higher than those reported in 2021 and 2022.

The 2022 Affordable Housing Capital Strategy and Update report ([ACS2022-CSS-GEN-011](#)) approved by Council on June 22, 2022, allocated a capital contingency of \$13,346,000 to manage the construction cost escalations and ensure projects already underway were able to continue construction. The construction cost escalations continue to have a significant impact as we plan for and fund future projects. These impacts will be considered through the upcoming refresh of the Housing Services Long Range Financial Plan.

Interest Rate Increases

The Bank of Canada has raised interest rates at a record pace in nine months. Since March 2022, the interest rate has been consistently increasing, rising rapidly to 4.75 per cent on June 7, 2023. Interest rates are expected to keep rising in 2023. The high interest rate, coupled with steep inflation rates, signals that the cost of constructing new units will be significantly higher than only a few years ago.

Many current and upcoming affordable housing projects within the Housing Services portfolio rely on financing to fund a portion of the capital construction expenses, and these projects are being significantly impacted by interest rate increases. Given the increased costs of borrowing through both private bank loans and loans through the National Housing Co-Investment Fund, affordable housing providers can borrow significantly less money, creating a funding gap, in turn requiring larger grant contributions for projects to remain viable.

Interest rate increases have a direct impact on the cost to construct new affordable housing. These changes, coupled with the inflationary pressures, will be considered in the update to the Housing Services LRFP.

Rapid Housing Initiative Round 3

As part of the 2022 affordable housing capital strategy, Council delegated authority to the Director of Housing Services to allocate additional provincial and/or federal funding that was made available under various programs including the federal Rapid Housing Initiative so long as the allocation is in keeping with the goals outlined in the 10-Year Housing and Homelessness Plan.

In November 2022, the City received notice from CMHC that Ottawa was allocated funding under Round 3 of the Rapid Housing Initiative's Cities Stream. The allocation, which totals \$18,553,914, was announced publicly in February 2023. These funds will go towards a supportive housing project that will provide 54 individuals who are currently living in shelters and physical distancing centres with a permanent place to live. This project is in alignment with a March 8, 2023 Council [motion](#) that directed staff to explore supportive housing options using the Rapid Housing Initiative Round 3 funding.

In terms of project selection process under the Rapid Housing Initiative, staff released a Request for Expressions of Interest in December 2022 to the not-for-profit sector to identify proponents with projects that met the requirements of the Rapid Housing

Initiative funding. Staff received 13 submissions, of which four met the minimum requirements of the Rapid Housing Initiative program and were determined by staff to be feasible and far enough along in the pre-development process to meet the expediency requirements under the Rapid Housing Initiative.

Under Rapid Housing Initiative Round 1, Ottawa was eligible to submit projects under both the Cities Stream and the Projects Stream, which is a competitive stream of the program. Under Rapid Housing Initiative Round 2, CMHC limited Ottawa's eligibility for submission of projects under the Cities Stream only and projects that were previously submitted through the Round 1 Projects Stream were considered for funding under the Round 2 Projects Stream. Under Round 3, Ottawa was eligible to submit new projects under both streams.

Projects to be considered for funding were submitted to CMHC on March 15, 2023. Three projects were submitted under the competitive Projects Stream and we were advised by CMHC in July 2023 that these projects were unsuccessful. The previously referenced supportive housing project was submitted under the Cities Stream and was approved by CMHC.

Housing Accelerator Fund

In March 2023, CMHC launched the Housing Accelerator Fund with \$4 billion in funding from the 2022 federal budget. The program's goal is to accelerate the supply of housing while enacting transformational change within the local government's authority regarding land use planning and development approvals until 2026. The Housing Accelerator Fund provides incentive funds to local governments to invest in action plans, development of new housing, including affordable housing, as well as community-related infrastructure that supports housing. Its primary objective is to create a greater supply of housing at an accelerated pace and enhance certainty in the approvals and building processes. The funding is intended to foster the development of communities that are affordable, inclusive, equitable, and climate resilient.

The City's Planning, Real Estate and Economic Development Department is the lead on this initiative. Staff submitted the action plan and proposed initiatives for CMHC's consideration on June 14, 2023. On July 12, 2023, a report ([ACS2023-PRE-GEN-007](#)) was brought to Council recommending the approval of the City's Housing Accelerator Fund Action Plan. If successful, it is expected that the City will sign a contribution agreement with CMHC before the end of July, with the first installment of funding anticipated in September 2023.

The City's draft action plan included the following priorities:

1. Optimize the amount of funding we qualify for; and
2. Take direction from the Mayor's Housing Action Plan and the City's Housing Pledge.

Staff identified seven initiatives that are in line with the Mayor's Housing Action Plan and the City's Housing Pledge that are likely to yield new permits before September 1, 2026. Complementary initiatives that can increase the proportion of affordable housing units constructed are also included, as these will boost funding under the funding criteria. These initiatives are aimed at developing long-term capacity or process improvement through internal investments and resource development of regulatory tools. Initiatives such as the Affordable Housing Community Improvement Plan and Office Conversions Strategy may require more substantive Housing Accelerator Funding, depending on how they end up being structured, as the intent is to flow more substantive capital towards programs that incentivize deeper levels of affordability in housing production.

While affordability is not the sole focus of the HAF program, an Affordable Housing Pipeline Strategy will be the primary focus of the HAF investment, as the success of this initiative to deliver housing within the required time period relies substantively on availability of HAF funding and will result in the improved delivery of affordable housing in the short-term. This initiative also supports the targets for affordable and supportive units established through the 10- Year Housing and Homelessness Plan and the Official Plan.

Priority Projects for Municipalities Funding

In September 2022, the Ministry of Municipal Affairs and Housing advised municipalities across the province about an opportunity to submit construction-ready priority projects to the Ministry for consideration for funding under the Priority Projects for Municipalities initiative for the 2023-24 fiscal year. The business cases were due on September 26, 2022, and the City submitted a business case for Ottawa Community Housing Corporation's project at 715 Mikinak Road. The business case sought an allocation of \$24 million for 138 of the 271 units under construction at 715 Mikinak Road. In May 2023, the City was advised that the business case was successful and \$24.15 million was allocated to 715 Mikinak Road.

Update on 2022 Funding and Projects

Council's approval of the 2022 Affordable Housing Capital Strategy and Update report authorized the allocation of \$33,746,000, including the annual municipal contribution of \$15 million, \$5.4 million in Ontario Priorities Housing Initiative Year 4 funding, \$12.5 million from a 2021 budget surplus, and \$846,000 from the housing reserve fund.

Document 3 provides an update on the projects and programs that are benefiting from the 2022 allocations. In addition to the 2022 allocation, an additional \$1,863,000 of unspent contingency from the 2021 capital budget was carried forward and allocated to projects in 2022. The total amount of funding allocated to projects in 2022 was \$35,609,000. At a high level, and as further detailed in Document 3, these projects are:

Address and Ward	Proponent	# of units	2022 Funding allocation
1 Dunbar Court – Ward 10	Nepean Housing Corporation	31	\$7,200,000
818 Gladstone Avenue – Ward 14	Ottawa Community Housing Corporation	73	\$10,000,000
216 Murray Street – Ward 12	Shepherds of Good Hope	48	\$6,000,000
494 Lisgar Street – Ward 14	John Howard Society of Ottawa	29	\$4,290,555.60
289 Carling Avenue – Ward 17	John Howard Society of Ottawa	40	\$1,200,000
2980 Colonial Road – Ward 19	Cumberland Housing Corporation	15	\$922,265.30
3380 Jockvale Road – Ward 3	Ottawa Community Housing Corporation	32	\$513,460.80
3865 Old Richmond Road – Ward 8	Anglican Diocese of Ottawa	35	\$1,250,000

Address and Ward	Proponent	# of units	2022 Funding allocation
254 & 256 St-Denis Street – Ward 12	Gignul Non-profit Housing	12	\$1,032,718.30
Ontario Renovates			\$1,200,000
Private sector RFP	To be reallocated through 2023 capital strategy		\$2,000,000
	Total	315	\$35,609,000

DISCUSSION

The purpose of this report is to bring forward the proposed spending for the City’s 2023 affordable housing commitment of \$16 million, combined with the \$5,926,000 from Year 5 (2023-2024) of the Ontario Priorities Housing Initiative, the 2023-2024 allocation of provincial Priority Projects for Municipalities funding in the amount of \$24,150,000, the Round 3 Rapid Housing Initiative funding of \$18,553,914, and a reallocation of \$2 million from the 2022 affordable housing capital budget.

Recommendation 1 sets out the recommended spending plan for the total 2023 funding envelope of \$66,629,914 which will ensure that 408 units currently underway can reach completion in the next 12 to 18 months, including projects funded under previous rounds of RHI which require additional contingencies as outlined in Document 1. Further, it will commit funding towards construction of 54 new supportive housing units as well as a strategic acquisition that is expected to deliver transitional and supportive housing units in the short- and medium-term.

This report also seeks Council approval to commit the funding allocations, subject to annual City budget approval, for the remaining three years of this term of Council (2024-2026) as set out in Recommendation 2. Council’s support to fund projects with these future funding envelopes is needed now in order for the housing providers to secure their necessary financing through CMHC and will allow 460 new units to commence construction in early 2024.

Document 2 summarizes projects recommended to be funded during this term of Council as well as projects that should be prioritized for funding should there be remaining or additional funds that become available. This list of 572 units prioritizes the funding of supportive housing projects, in keeping with the recent Council approved Integrated Transition to Housing Strategy. Should funding for all projects outlined in Document 2 be secured, Document 4 contains a list of affordable and supportive housing projects that are currently unfunded, but which are advanced in the development pipeline, representing an opportunity to deliver another 1,224 new units should there be any remaining or additional funding that becomes available for the period 2024-2026.

The full term of council spending plan recommendations will provide financial support towards affordable units targeting both low- and moderate-income individuals and households, supportive housing units, and accessible units for Ottawa residents.

2023 Proposed Spending – Recommendation 1

The 2023 spending recommendations are expected to support a minimum of 408 units that have previously received funding and require additional funding to be completed, 54 new supportive housing units, and a strategic acquisition that could deliver 90 new supportive housing units in the short-term and will support the City's Integrated Transition to Housing Strategy for the significant delivery of transitional and supportive units over time.

Staff are also recommending the continued allocation of funds towards the Ontario Renovates Program, as well as an extension of short-term loans to two affordable housing providers while they work to secure their long-term financing.

Should certain projects not require the entirety of their planned allocation, staff will allocate the remaining or any additional funding towards contingency for projects currently underway, or towards the priority projects identified in Document 2.

To ensure stability for housing projects currently underway, Housing Services recommends that the **\$66,629,914** capital budget for 2023 be allocated as follows:

1 (a) Up to \$24,150,000 from the provincial Priority Projects for Municipalities be allocated to Ottawa Community Housing Corporation (OCHC) for 715 Mikinak Road, and that \$9,150,000 of City capital funding that had been allocated to the project in prior years be reallocated to support the Integrated Transition to Housing Strategy.

OCHC is currently constructing a large development at 715 Mikinak Road, which is comprised of 271 affordable units across three buildings. The City has invested a significant amount of capital funding into this project, with \$10.3 million allocated in 2019 and an additional \$7 million in 2021. In addition to City capital funding, the project is supported with Ontario Priorities Housing Initiative funding totaling \$2.62 million.

At this point, the project requires an additional \$15 million to achieve completion in early 2024. As a result of allocating the new \$24,150,000 provincial funding, \$9,150,000 of previously allocated municipal capital funds can be reallocated to the Integrated Transition to Housing Strategy outlined below.

Total funding contributions for delivery of the 271 units under our updated funding proposal will be \$13,199,847 million from the City, which includes nearly \$5 million in development charge waivers, \$8.3 million from OCHC, \$26,774,608 million in provincial funding, and \$73,395,700 million in CMHC Co-Investment financing.

The current target population for the project is low to moderate income households, with 42 of those households being low-income and having a developmental delay or disability and/or being an older adult. In addition to this target population, staff are recommending that a minimum of 20 units be offered to Indigenous households to align with the 10 -Year Plan's goal of creating more housing for Indigenous households.

1 (b) Up to \$2,128,000 be allocated to Nepean Housing Corporation for the completion of the affordable housing project at 1 Dunbar Court.

In 2022, Council approved a total allocation of \$7.2 million to Nepean Housing Corporation for the development of 31 affordable units at 1 Dunbar Court. Nepean Housing was previously allocated a total of \$385,000 in pre-development funding to support the necessary planning approvals for the proposed development, which included a zoning by-law amendment and site plan control application. Construction of the project began in summer 2023.

In response to requests from private sector developers seeking support from the City to strengthen their applications to the CMHC under its National Housing Strategy funding and financing programs, staff recommended that \$2 million be allocated through an RFP process to provide private sector developers with financial incentives to deliver affordable rental units in conjunction with National Housing Strategy programs. This allocation was approved as part of the 2022 capital strategy, but an RFP was not released. On December 14, 2022, Council approved motion no. [2022-04/20](#), which recommended that the affordable housing private sector RFP be canceled in light of the government of Ontario enacting Bill 23, the *More Homes Built Faster Act, 2022* and Bill 109, the *More Homes for Everyone Act, 2022*, both of which propose extensive changes to several Acts and regulations, including the *Development Charges Act, Planning Act, and Municipal Act*.

Staff recommend that Council approve the reallocation of the \$2 million from the 2022 capital budget in addition to \$128,000 from the 2023 capital budget to Nepean Housing Corporation's project at 1 Dunbar Court to ensure the project remains viable and can be completed as planned.

1 (c) Up to \$18,553,914 of Rapid Housing Initiative (Round 3) funds be allocated to Ottawa Salus Corporation for the construction of 54 supportive housing units at 56 Capilano Drive.

Through Round 3 of the RHI Cities Stream, the City of Ottawa was allocated \$18,553,914 to deliver a minimum of 48 new affordable units. Following a Request for Expressions of Interest process, and in consideration of a motion approved by Council directing staff to explore supportive housing options to be funded with the RHI Cities Stream funding, staff submitted a 54-unit supportive housing project which has received approval from CMHC. Of the 54 units, 48 are intended to be funded through the RHI Round 3 allocation (\$18,553,914). The remaining 6 units are recommended to be funded with City capital in 2024.

The total project cost is just over \$26 million, meaning there is a funding gap. The proponent intends to contribute \$4 million in equity towards the project, leaving a required City investment of \$2.7 million in 2024 to cover construction costs for all 54 units, as well as development charges and permit fees. The proponent intends to permanently maintain deeply affordable rents at the ODSP maximum shelter allowance of \$522 per month for all 54 units.

1 (d) Up to \$7,045,073 be allocated to a contingency budget to support projects currently under development that require additional funding as described in Document 1;

Contingency spending made up a significant portion of the 2021 and 2022 capital budget allocations. In 2021, \$4,122,451 was allocated to a contingency budget and \$13,346,000 was allocated in 2022. These contingency budgets have been fully allocated to projects currently under construction.

Projects underway that need additional funding this year include 216 Murray Street, 44 Eccles Street, and 254 and 256 St-Denis Street, all of which are partially funded with federal RHI and are ineligible for third-party financing. Contingency funding for both 216 Murray Street and 254 and 256 St-Denis Street has been provided through the 2022 contingency budget, but the projects require additional support from the 2023 capital budget to reach completion. All three projects are intended to be completed in 2024. Information related to the additional contingencies required for these projects is further outlined in Document 1.

In addition to the projects identified above and in Document 1, staff expect that other ongoing projects may require additional funds to manage increasing project costs. Opportunities to share these cost overruns with other levels of government are being encouraged where possible.

1 (e) Up to \$600,000 of the Ontario Priorities Housing Initiative funding be allocated towards the continuation of the Ontario Renovates program.

For 2023, staff recommend allocating up to \$600,000 of the 2023-24 Ontario Priorities Housing Initiative funding towards Ontario Renovates, with up to \$300,000 of that allocation to be made available to not-for-profit landlords for essential repairs and accessibility modifications, and up to \$300,000 to be made available to the existing Ontario Renovates program (seniors, persons with disabilities and landlords of units with affordable rents that need accessibility modifications).

Community Housing is not included in this year's proposed allocation since funding can be accessed through the City's Housing and Homelessness Investment Plan and the Canada-Ontario Community Housing Initiative, which provides a combined \$16,139,062 towards repairs, retrofit and accessibility modifications for Community Housing in 2023.

Staff are proposing that the qualifying income guidelines for households be increased to align with provincial guidelines as set out in Table 2. Further, staff are recommending that these amounts, which currently date back to 2016, be increased on a yearly basis in accordance with the provincial guidelines, such that this program continues to be accessible to households in the 30th income percentile and below.

Table 2: Maximum Qualifying Income for Ontario Renovates

Household size	Current Income Maximum Guidelines for 2016	Proposed maximum Income Guidelines 2023
1 person	\$36,075	\$40,000
2 persons	\$44,160	\$53,400
3 persons	\$53,610	\$65,400
4- persons	\$64,320	\$78,400
5 persons	\$72,510	\$88,400
6 persons	\$81,435	\$99,350
7 persons or more	\$88,900	\$109,000

The program will continue to provide up to \$5,000 in grants for accessibility modifications and up to \$15,000 in forgivable loans for essential repairs and/or accessibility modifications to eligible seniors and homeowners with disabilities. The program also provides up to \$15,000 per unit in forgivable loans for accessibility modifications to private landlords, and up to \$15,000 per unit in forgivable loan for both essential repairs and accessibility modifications to not-for-profit landlords. The Director of Housing Services has delegated authority to approve, on an exceptional basis, loans of up to \$24,999 per unit where circumstances warrant a larger loan for reasons related to health and safety.

1 (f) Up to \$606,075 to permit an eight-month extension of the short-term interest-free repayable loan provided to the African Caribbean Association of Ottawa through the 2021 Capital Plan for their project at 881-883 Pinecrest Road,

and

1 (g) Up to 1,500,000 to permit up to a three-year extension of the short -term interest free repayable loan provided to Holland Properties through the 2019 Capital Plan for 161 Presland Road.

In 2019, Council approved repayable short-term loan contributions whereby the City provided funds to affordable housing projects under development to bridge the gap between construction and long-term financing ([ACS2019-CSS-GEN-0008](#)).

Staff are recommending the extension of the short-term loans to two affordable housing providers while they work to secure their long-term mortgage financing.

The first project is by the African Canadian Association of Ottawa (ACAO) who was selected through the Black-led Family Rental Housing RFP in 2021 for their proposal to acquire and operate two family sized affordable rental units at 881 and 883 Pinecrest Road. This pilot RFP was intended to target Black-led organizations to build capacity in the not-for-profit housing sector. ACAO received \$350,000 in forgivable loan funding through the Ontario Priorities Housing Initiative and was to secure the balance of the purchase price from a lender. Being a relatively new organization with limited assets, ACAO has experienced difficulties in securing a loan for the balance of the purchase price.

A short-term repayable loan agreement was entered into with ACAO in February 2022, setting out that the 18-month loan was intended to provide them with an opportunity to secure favourable long-term financing. The loan period will expire in August 2023 and ACAO continues to face challenges in securing financing.

To date, ACAO has explored funding options to secure long-term financing, and has determined that the property does not qualify for financial assistance through Canadian Mortgage and Housing Corporation (CMHC) or Infrastructure Ontario (IO). Only new projects exceeding five (5) units qualify for CMHC financial assistance, while Infrastructure Ontario does not finance existing debt. Currently, financing rates offered by private lenders are not viable, given the rent revenues available to offset mortgage payments. Staff recommend an eight-month extension to provide this new housing provider additional time to review their options and see if borrowing rates will improve such that acceptable mortgage financing from a private institution can be secured. Staff will provide an update in next year's capital strategy report and, if required, an alternative option to address this funding consideration will be presented at that time.

The second loan is for the property at 161 Presland Road. The project is an existing rental apartment building that was acquired by Holland Properties in 2019. Home for

Good funding has been allocated towards the project for delivery of 30 units geared towards individuals exiting homelessness. This building was fully occupied when acquired, and units are being occupied by program-eligible clients through attrition. The Home for Good funding will only be available to the provider once the 30 program units are occupied by eligible tenants. A short-term repayable loan was provided in 2019 by the City as bridge funding until the 30 program units were occupied and the Home for Good funding began to flow. Tenant turnover has been slower than expected, largely because of factors associated with the pandemic, and occupancy of the program units is taking longer than anticipated. For this reason, staff are seeking Council approval to extend the timeframe for this repayable loan for an additional 2.5 years to March 2026, when previously the repayable loan was intended for up to an 18-month term. To date, 14 of the 30 program units have been occupied by program-eligible tenants.

1 (h) Up to \$21,196,852, of which \$9,150,000 is from the reallocation of the 715 Mikinak Road project and the 2023-2024 Ontario Priorities Housing Initiative funding, be allocated to a strategic acquisition related to the Integrated Transition to Housing Strategy;

On April 13, 2022, Council approved the “Respite Services Sustainability Plan” report ([ACS2022-CSS-GEN-002](#)) which directed staff to conduct a review of the single adult community shelter requirements and develop a longer-term plan. Staff have undertaken the review and brought a report entitled the Integrated Transition to Housing Strategy to Committee and Council in June and July 2023, respectively ([ACS2023-CSS-GEN-006](#)).

The priority and long-term (5+ years) focus of the Strategy is the creation of a new Supportive Housing Community Hub, which will focus on transitions to housing and will be integrated with the homelessness, housing, and social services systems.

In the short- to medium-term, one of the priorities is to create transitional and supportive housing units through the acquisition of a private market facility to transition people experiencing homelessness out of the shelter system and into permanent housing. Staff recommend that Council approve an allocation of up to \$21,196,852 to acquire a facility/property which is intended to be developed into supportive housing. The site has the potential to help facilitate the co-location of community and health services, the development of a range of new housing options, and offer options for systems and resource coordination in the long-term.

The site could also provide an opportunity to address urban Indigenous specific housing and homelessness needs and priorities through a partnership with the Ottawa

Aboriginal Coalition (OAC) and urban Indigenous community service providers. The intention is to engage the OAC in support the development and implementation of initiatives identified as part of the Indigenous Housing and Homelessness Strategy (currently under development).

To inform the design and services on-site, an extensive analysis, including a business case and financial strategy development process will be developed in consultation with the housing and homelessness service sector over the coming years.

1 (i) That any remaining or additional funding that becomes available in 2023 be allocated to projects currently underway and requiring additional funding for completion, or to priority projects included in Document 2.

In the event there is unallocated or additional funding in 2023, staff are seeking delegated authority to the Director, Housing Services, to allocate that funding to support projects currently under development that require additional funds to reach completion, or to the priority projects listed in Document 2.

Document 2 identifies priority projects and initiatives recommended for funding this term of Council if additional funds become available. Due to the limited funding available relative to the number of projects that are seeking funding, staff have undertaken an assessment to prioritize projects and initiatives for any available funding. There are many factors that determine priorities, including the considerations listed below in no particular order.

- Projects that have already received funding and require additional funding to achieve completion. This includes RHI-3 funded projects that have not yet been confirmed by CMHC;
- Projects that support the Integrated Transition to Housing Strategy;
- Projects that offer greater value for money based on the amount of the funding requested versus units delivered with rents that are at AMR or less;
- Projects providing deeper affordability should have higher priority for funding;
- Projects focused on priority client groups, including Indigenous peoples, large families, seniors, etc.;
- Projects that are shovel-ready, or close to shovel-ready status.

Document 2 provides a table of the prioritized projects as well as detailed summaries for each project. The summaries identify which of the above considerations factored into the prioritization of each project, as well as any other aspects that were given consideration that may be supplementary to the typical considerations noted above.

Document 4 contains a list of additional affordable and supportive housing projects that are currently unfunded, and which represent an opportunity to deliver another 1,224 new affordable and supportive housing units. It is estimated that construction of these “pipeline” units would require an investment of approximately \$244,800,000 from all three levels of government. Opportunities to fund these projects, as well as those listed in Document 2, should be considered in the context of the update to the Long Range Financial Plan later this year, as well as when new funding sources become available, including the Housing Accelerator Fund, should the City be successful in its application. Many of the projects listed in Documents 2 and 4 will be considered for funding through the City’s “Affordable Housing Pipeline Initiative” that was put forward as part of its Housing Accelerator Fund Action Plan.

The Term of Council spending plan in the amount of \$50,717,800, which is made up of \$45,000,000 City capital (2024 to 2026) and \$5,717,800 Ontario Priorities Housing Initiatives (2024-25), subject to annual City budget approval, be allocated by the Director, Housing Services to support the following priority affordable housing projects as follows,

By way of this report, staff are recommending funding 818 Gladstone (OCHC), Multifamily Housing Initiative at LeBreton Flats, Ottawa Salus Corporation, as well as the typical annual allocation towards the Ontario Renovates program.

2 (a) Up to \$32,420,946 be allocated equitably over 3 years to Ottawa Community Housing Corporation for Rochester Heights Phase 2 (818 Gladstone Ave), to leverage projected CMHC Co-investment Forgivable Loan funding and Repayable Loan financing towards the 273 –unit project, notwithstanding that the proposed weighted average rents will be approximately 95% of Average Market Rent (AMR) instead of the usual 80% as otherwise required under Action Ottawa and provincial capital funding programs.

Rochester Heights Phase 2, located at 818 Gladstone Avenue, is in the late stages of pre-development and OCHC is planning to start construction later in 2023. This project, which will deliver 273 new units (241 apartment units and 32 townhouse units), is receiving financing and grant funding through the National Housing Co-Investment

program. The latest estimated total project cost for Rochester Heights Phase 2 is \$149 million. The City has contributed \$13.2 million towards the project to date and a further City investment of \$32,420,946 is recommended during this term of council to further contribute to the construction of the project. It is expected that additional funding will be required to fully fund the construction completion of the project. The amount of this allocation will be dependent on final negotiated construction costs and prevailing interest rates at the time the financing agreement with CMHC is finalized. Based on current cost estimates and interest rates, approximately \$10 million in additional funding will be required beyond the allocation recommended through this report.

CMHC's Co-Investment funding requires that a minimum of 30 per cent of project units have rents set below 80 per cent of Median Market Rent (MMR). For Rochester Heights Phase 2, OCHC is meeting this requirement, with 30 per cent of units (82 units) proposed at 80 per cent or less of MMR. Comparing this level of affordability to the renter household income deciles shown in left two columns of Table 1, the bachelor units will be affordable to low income earning households in the third income decile and above and the one- and two-bedroom units will be affordable to moderate income-earning households in the fourth income decile and above. The three-bedroom units are affordable to moderate income-earning households with incomes at or above the fifth income decile. The \$13.2 million in municipal capital funding that has been allocated to this project to date supports 73 of the 82 units proposed at this level of affordability.

Of the remaining units that would be supported through the proposed \$32.4 million allocation, 9 are proposed to be affordable at less than 80% of MMR and the remaining 191 units are proposed to be set at Average Market Rent (AMR). Comparing AMR to the renter household income deciles shown in the left two columns of Table 1, the bachelor and one-bedroom units will be affordable to moderate income earning households in the fifth income decile and above, the two-bedroom units will be affordable to moderate income earning households in the fifth decile and above, and the three-bedroom units will be affordable to moderate income earning households within the sixth income decile or above. A weighted average rent of approximately 95 per cent of AMR is being achieved across all 273 units. While the rents are higher than the usual 80% weighted average, staff consider the investment from the City to be acceptable, given the funding that is currently available. New funding opportunities will continue to be pursued to assist in improving affordability of the units.

At staff's request, OCHC has undertaken a supplementary analysis to determine what the additional capital cost would be to convert the affordability level of the 82 units from less than 80% of MMR to 80 per cent of AMR. In the context of this project at 818

Gladstone Avenue, 80 per cent of AMR is slightly more affordable than the proposed less than 80% of required through Co-Investment and aligns with the affordability definition used most through the City's Action Ottawa funding program. It is also expected that the Bill 23 development charge relief, once implemented, will be based on affordable housing being defined as 80 per cent of AMR. Alignment with this definition would ensure OCHC receives the provincially mandated fee relief. An additional \$2 million capital investment would be required to make this change.

OCHC has also undertaken an analysis to determine the capital cost of improving the affordability of the 191 AMR units to 80 per cent of AMR. An additional capital investment of approximately \$17 million would be required for all 273 units to be offered at 80 per cent of AMR.

2 (b) Up to \$15,000,000 be allocated equitably over 3 years to Multifaith Housing Initiative for LeBreton Flats, to leverage CMHC Co-investment funding of \$15,733,540 towards the 133-unit affordable rental project;

In January 2022, the National Capital Commission (NCC), in partnership with CMHC, announced that Dream LeBreton was selected as the successful proponent to develop the first phase of the Building LeBreton project. In partnership with Multifaith Housing Initiative (MHI), Dream LeBreton will be building an integrated community with 604 new rental housing units, of which 31 per cent will be accessible, and 41 per cent will be affordable. Of these affordable units, 133 will be owned and managed by MHI and rented at 59 per cent of median market rent in perpetuity, and 117 units will be owned by Dream LeBreton and rented at 79 per cent of median market rent for 55 years.

The project is intended to be construction ready in early 2024 and ready for occupancy in 2026. In order to ensure the project is viable, MHI requires a \$15 million investment from the City between 2024 and 2026. In addition to the capital investment, additional support in the form of development charge waivers and exemptions may be required. The provincial Bill 23, *More Homes Built Faster Act, 2022* may provide as of right fee relief for this project. Once the full provisions of Bill 23 come into effect, staff will have a better understanding of the fee relief required for this project.

2 (c) Up to \$600,000 of the Ontario Priorities Housing Initiative funding be allocated to the continuation of the Ontario Renovates program.

Staff recommend Council approve an allocation of \$600,000 in 2024 from the Ontario Priorities Housing Initiative to be used for the continuation of the Ontario Renovates program. OPHI funding for future years (2025 and 2026) has not been confirmed.

2 (d) Up to \$2,696,852 from the OPHI 2024-2025 be allocated to Ottawa Salus Corporation to fully fund the construction of 54 supportive housing units at 56 Capilano Drive.

Recommendation 1 of this report allocates \$18,553,914 to this RHI 3 project for the delivery of 48 of 54 supportive housing units. This additional OPHI allocation is needed in 2024 to fund the remaining 6 units.

2 (e) That any remaining or additional funding that becomes available for the period 2024-2026 be considered by Council through future Affordable Housing Capital Strategy reports.

In 2019, Housing Services began allocating capital funding to not-for-profit housing providers to undertake pre-development activities, allowing them to advance housing proposals through the planning approvals process. This pre-development funding helps to establish a pipeline of construction-ready affordable housing developments that are also investment-ready when funding becomes available from all levels of government. In 2019, up to \$2 million was approved for this predevelopment fund and a further \$2 million was approved in 2020. The pre-development funding allocated to date is supporting approximately 376 units. In addition to the projects that have received pre-development funding from the City, Housing Services staff, in consultation with not-for-profit housing providers, have identified several other projects that will be investment-ready in the near term.

Document 4 outlines these projects that have either received City pre-development funding or have been identified by staff as being in the development pipeline and nearing a shovel-ready or investment-ready state. However, this is not an exhaustive list and other project proposals exist within the affordable housing sector and would require funding from the City and other levels of government to be fully realized.

Additional affordable housing development opportunities can be advanced by conveying available City owned land to our not-for-profit housing partners. However, land alone is not sufficient, as capital funding is also required to bring the land to a shovel ready state and to subsidize the construction of any new affordable units.

Should funding become available under this recommendation, staff are seeking authority to allocate funds firstly to priority projects identified in Document 2 and then to the pipeline projects listed in Document 4. Council authority will be sought separately to allocate HAF funding to the projects on these lists.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the report recommendations.

LEGAL IMPLICATIONS

There are no legal impediments to the implementation of the report recommendations.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report.

CONSULTATION

Housing Services staff have consulted internally and with external stakeholders on the targets and outcomes that will be achieved if the report recommendations are approved. Internal consultation was undertaken through meeting with the Affordable Housing Capital Plan Steering Committee on July 14th. This committee is chaired by the General Manager of CSSD and has representation by Housing Services, Finance, PRED, CREO and OCHC. The Housing System Working Group, which consists of external stakeholders and representatives of the not for profit and private development housing sectors, was also consulted regarding the recommendations in this report.

ACCESSIBILITY IMPACTS

Visitable and accessible dwelling units are a requirement under the Ontario Building Code, Canada Mortgage Housing Corporation National Housing Strategy programs, provincial funding programs, and the City's Action Ottawa program. Any Request for Proposals or Contribution Agreement associated with a funded project discussed in this report will include requirements for visitable and accessible units.

The 10-Year Housing and Homelessness Plan aims for 10 per cent of all new affordable units to be accessible. Projects constructed under the RHI program will achieve at least 15 per cent accessible units.

CLIMATE IMPLICATIONS

Projects funded with the capital allocations outlined in this report are designed with high performance building standards. The development at 715 Mikinak Road will meet the standards and performance criteria of Leadership in Energy and Environmental Design (LEED), WELL Building Standard (WELL), Passive House PHIUS+ and Net Zero Carbon, without seeking formal certification.

DELEGATION OF AUTHORITY IMPLICATIONS

The following existing authorities, as set out under the Delegation of Authority By-law No. 2023-67, will be exercised to implement the report recommendations:

- Schedule D: Community and Social Services Department
- Schedule B: Finance and Corporate Services Department The exercise of delegated authority shall be reported to the appropriate Standing Committee at least once in each calendar year.

ECONOMIC IMPLICATIONS

The allocation of capital funding to new affordable and supportive housing developments results in the creation of several new construction jobs within the city.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

Indigenous Policy Considerations

Over the past three years, funding has been distributed to support the development of Indigenous-specific housing and affordable housing projects that will prioritize Indigenous peoples experiencing homelessness. These developments include 216 Murray Street, 494 Lisgar Street, 254 and 256 St-Denis Street, and 2040 Arrowsmith Drive. Additionally, the project at 715 Mikinak Road is aiming to have 20 units dedicated to Indigenous households.

Previous funding commitments and allocations recommended in this report will assist in addressing the shortfall of Indigenous-specific housing in Ottawa and recognizes the need for tailored solutions to address Indigenous housing and homelessness.

Gender and Equity Implications

Many of the affordable and supportive housing units currently under construction and supported by capital funding outlined in this report are targeted to women experiencing or at risk of homelessness. Under the RHI program, a minimum of 25 per cent of units are required to be targeted to women. The project at 44 Eccles Street being constructed by Cornerstone Housing for Women will provide 46 women experiencing homelessness a permanent place to live.

TERM OF COUNCIL PRIORITIES

This report supports the 2023-2026 Term of Council priority to create a city that has affordable housing and is more livable for all by allocating funding to increase affordable housing options across the city to ensure residents have access to safe, adequate, and affordable housing.

SUPPORTING DOCUMENTATION

Document 1 – Municipal Funding Pressures for Projects Underway – Contingency funding

Document 2 – Priority Projects for funding

Document 3 – Update on 2022 projects

Document 4 - Pipeline of Near-term Investment-Ready Projects

DISPOSITION

The allocations will advance the objectives of the 10 -Year Housing and Homelessness Plan by creating affordable units and rental affordability for residents.

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

Document 1

2023 Contingency Funding Allocations – Recommendation 1

Projects currently under development that require additional funding and are recommended to receive funding from the contingency budget referred to in Recommendation 1:

216 Murray Street (Shepherds of Good Hope)

Shepherds of Good Hope is currently constructing a mid-rise mixed-use building with 48 supportive units and a low-barrier drop-in program and a community soup kitchen. The building will be staffed 24 hours per day and will be supported by Ottawa Inner City Health to offer health and wellness programs.

The City allocated a total of \$10,856,622 in Rapid Housing Initiative Round 1 funding and \$313,730 in capital funds for the purpose of covering non-exempt development changes and planning and permit fees in 2020. An additional \$2,521,389 in Rapid

Housing Initiative Round 2 funding, \$4,696,940 in Social Services Relief Fund Round 4 funding, and \$1,123,688 in City capital was allocated to the project in 2021. Due to construction cost increases and a delay to the project resulting from an appeal of the zoning by-law amendment required to facilitate the development of the project to the Ontario Land Tribunal, Shepherds of Good Hope has experienced significant increases to the capital budget. Through fundraising efforts, Shepherds of Good Hope intends to cover \$4 million of the shortfall. The City has allocated \$6 million from the 2022 contingency budget and there remains a \$1.8 million funding gap, which staff recommend be covered by a 2023 contingency budget.

The project is currently under construction and is anticipated to be completed by fall 2024.

44 Eccles Street (Cornerstone Housing for Women)

The Cornerstone Housing for Women project at 44 Eccles Street requires an additional \$3.4 million to support the 46-unit supportive housing project through to completion. This project is a conversion of an existing office building, which meant that the extent of the required renovations could not be fully costed until the interior demolition had begun. Additional costs have been identified because of asbestos abatement requirements as well as environmental remediation and upgrades to the building's hydro service to the building. As with other Rapid Housing Initiative projects, financing is not permitted by the program, and the additional capital is therefore required to ensure the project remains viable. Staff are working with the housing provider to find opportunities for savings within the project budget to offset the additional financial pressures. This project is expected to be complete in early 2024.

254 and 256 St-Denis Street (Gignul Not-for-Profit Housing)

Gignul Not-for-Profit Housing was allocated funding under Rapid Housing Initiative Round 2 to construct two 6-unit stacked townhomes for a total of 12 units intended for Indigenous households at 254 and 256 St-Denis Street in Vanier.

Due to construction cost increases and unexpected costs associated with the reconstruction of a city-owned retaining wall on the adjacent property that will be impacted by the excavation for the development, there is a funding shortfall of \$1,715,000 for the project. A portion of this (\$1,032,718) is being covered with the 2022 contingency budget and staff are recommending that the remaining shortfall of \$682,282 be covered with the proposed 2023 contingency budget.

Construction of the project is underway and is expected to be complete in early 2024.

Document 2 - 2024-2026 Funding Allocations – Recommendation 2

Projects that have been identified as priority projects and are recommended for a commitment to be funded during this term of Council, to be funded with available funding from the 2024-2026 capital budgets, and/or which should be prioritized for funding should there be remaining or additional funds that become available through the LRFPP refresh, or through another funding source per Recommendation 2:

Project Address and Provider	# of units	Funding Pressure	Timing of Construction Start
Recommended for funding with current available funds:	460	\$50,117,798	
818 Gladstone Avenue / Rochester Heights Phase 2 – Ottawa Community Housing Corporation	273	\$32,420,946	2024-2026
LeBreton– Multifaith Housing Initiative	133	\$15,000,000	2024-2026
56 Capilano – Salus (RHI3) (Supportive Housing)	54	\$2,696,852	2024
Recommended for funding with future available funds:	572	\$122,579,054	
Integrated Transition to Housing Strategy – strategic acquisition renovation and pre-development funding (Supportive Housing)	90 +	\$6,000,000	2024-2026
818 Gladstone Avenue / Rochester Heights Phase 2 – Ottawa Community Housing Corporation	N/A (see above)	\$10,000,000 to fully fund the project + \$17,000,000 to deepen affordability	2024-2026

Project Address and Provider	# of units	Funding Pressure	Timing of Construction Start
1083 Merivale Road – Shepherds of Good Hope (Supportive Housing)	70	\$14,000,000	2024-2026
214-216 Somerset Street East – Ottawa Community Housing Corporation (Supportive Housing)	24	\$4,800,000	2024-2026
933 Gladstone Avenue – Ottawa Community Housing Corporation	338	\$57,200,000	2024-2026
2040 Arrowsmith Drive – Wigwamen Incorporated	50	Up to \$20,000,000	2024-2025

818 Gladstone Avenue – Rochester Heights Phase 2 (Ottawa Community Housing Corporation)

In 2020, \$2 million was allocated towards 818 Gladstone Avenue in support of their CMHC National Housing Co-Investment Funding application. A further \$10 million was allocated in 2022. At the time of the initial investments, it was known that additional municipal capital funding would be required to support this project in subsequent years to make this project viable. The recommended investment of \$32.4 million from this term of council capital budget brings the total municipal capital investment in this project to \$162,637 per unit.

818 Gladstone Avenue is identified as a priority within the table above to receive an additional \$10,000,000 (approximate) to fully fund the project and \$17,000,000 which would support significantly deeper affordability for this project. Where currently the project is providing 82 units at 79 per cent of median market rent, and 191 units at average market rent, the additional capital would allow all 273 units to achieve affordability at 80 per cent of average market rent. This equates to an additional \$98,900 per unit in municipal capital investment, for a total of \$261,537 per unit.

Lebreton Library Parcel – Multifaith Housing Initiative

Multifaith Housing initiative (MHI) requires a minimum of \$15 million from the City to support 133 units which are integrated into the Dream Lebreton project at 665 Albert Street. Affordability will be set at 59 per cent of Median Market Rent, which represents deeply affordable rents.

The proposed per unit municipal capital investment is \$112,000, which in combination with the units being deeply affordable, represents excellent value-for-money. The Dream Lebreton project is a large project with a total of 601 units, and this capital support is required to ensure the city's affordability goals are being met.

Recently, Multifaith Housing Initiative has indicated that additional funding is needed, and is seeking additional funding from other levels of government to ensure the project can be fully funded and advance early in 2024.

Rapid Housing Initiative Round 3

Through Round 3 of the RHI Cities Stream, the City of Ottawa was allocated \$18,553,914 to deliver a minimum of 48 new affordable units. Following a Request for Expressions of Interest process, and in consideration of a motion approved by Council directing staff to explore supportive housing options to be funded with the RHI Cities Stream funding, staff submitted a 54-unit supportive housing project to be developed by Ottawa Salus Corporation for approval by CMHC. Of the 54 units, 48 are intended to be funded through the RHI Round 3 allocation and the remaining 6 units will be funded with another source of capital funding.

The total cost for this project is just over \$26 million. With the proponent intending to contribute \$4 million in equity towards the project, there remains a funding gap that will require a City investment of approximately \$2.7 million to cover construction costs for all 54 units, as well as development charges and permit fees. Salus intends to permanently maintain deeply affordable rents at the ODSP maximum shelter allowance of \$522 per month for all 54 units.

The project submit under the Cities Stream has been identified as a priority for funding, as the City and CMHC have an agreement that requires the delivery of 54 units with the Round 3 allocation and without additional funding from the City budget, we will be unable to deliver these units. The project is intended to provide permanent and supportive housing to individuals who are currently homeless, serving a priority population within the city. The recommended \$2.7 million in funding translates to \$50,000 in municipal capital investment per unit, which will be offered at the deepest

levels of affordability, which represents excellent value for money from a city investment perspective.

2040 Arrowsmith Drive (Wigwamen Incorporated)

Through the 2021 Affordable Housing Capital Strategy ([ACS2021-CSS-GEN-007](#)), Council approved an allocation of \$5 million and land for the development of affordable housing at 2040 Arrowsmith Drive, which is a City-owned parcel that is currently occupied by the Gloucester Emergency Food Cupboard. A Request for Proposals was issued in January 2022 and the successful proponent was Wigwamen Incorporated. The proposed development consists of a six-storey mixed-use building with 50 affordable housing units for Indigenous seniors and a new space for the Gloucester Emergency Food Cupboard on the ground floor.

Over the past year, staff have been working with Wigwamen and the project team to advance the project. In February 2023, the associated Site Plan Control and Zoning Amendment applications were submitted to the City. The project is expected to be construction ready by fall 2023 but additional funding is required before construction can begin.

Staff have submitted the project to the RHI Round 3 Projects Stream and if successful, the full cost associated with the housing component of the project will be covered. In the event the project is not successful through the RHI program, staff recommend future funding sources be allocated to the project to ensure it can be constructed as planned. Without RHI funding, there is a funding gap of approximately \$15 to \$20 million. Staff are working with other levels of government to leverage additional funding for both the Gloucester Emergency Food Cupboard component and the housing component.

The project at 2040 Arrowsmith Drive has been identified as a priority project as it has received \$5 million in capital funding plus City-owned land from the 2021 budget and Wigwamen is actively working to bring the project to a construction-ready state, and anticipate being able to obtain a building permit by fall 2023. The project is intended to provide housing to Indigenous elders and represents a For-Indigenous By-Indigenous housing project. Additionally, the project is intended to provide a new space for the Gloucester Emergency Food Cupboard, which offers an essential service by providing food security to some of the most vulnerable people in the community. By expanding the space available to them, the Gloucester Emergency Food Cupboard can expand programming and further support to the surrounding community, including the future residents of the housing units on site.

933 Gladstone Avenue – Gladstone Village Phase 1 (Ottawa Community Housing Corporation)

In 2017, OCHC's Board of Directors approved the purchase of a 7.22-acre parcel of vacant land located at 933 Gladstone Avenue. The site is adjacent to the planned Corso Italia LRT station. OCHC plans to construct over 1,000 mixed-income units over up to five phases of development, with the greatest density around the LRT station. The overall construction cost will be over \$350 million.

As part of the 2020 Affordable Housing Capital Plan ([ACS2020-CSS-GEN-008](#)), Council approved an allocation of \$10 million to OCHC for their affordable housing projects at 818 Gladstone Avenue (Rochester Heights Phase 2) and 933 Gladstone Avenue (Gladstone Village). Of this \$10 million allocation, \$8 million was allocated to Gladstone Village and the remaining \$2 million was allocated to Rochester Heights Phase 2. In 2021, Council approved a reallocation of \$7 million from the 2020 capital funds for Gladstone Village Phase 1 to OCHC's project at 715 Mikinak Road, as the project was more advanced and in need of additional funding at that time, meaning the current funding available for Gladstone Village is \$1 million.

Phase 1 of the Gladstone Village development consists of an 18-storey high-rise building and a 9-storey mid-rise building connected by a three-to-five-storey podium. The total number of units in Phase 1 is 338, with a mix of unit sizes ranging from studio to 4-bedroom units and varying levels of affordability.

The latest estimated project cost for Gladstone Village Phase 1 is approximately \$160 million. OCHC has a financing agreement in place for the development based on estimated development costs in 2020. OCHC expects that this existing CMHC National Housing Strategy Co-Investment Fund financing agreement will be re-underwritten to include approximately \$97,200,000 of repayable and forgivable loan funding. A further investment of \$57,200,000 (a portion of which is development waivers) is required from the City this term of Council to ensure the project can be constructed as planned.

The project at 933 Gladstone Avenue provides good value for money to the City, as an investment of \$57.2 million for 338 units equates to a per unit contribution of just under \$170,000. Additionally, with capital funding from the City, OCHC can leverage more financing and funding from CMHC's Co-Investment Fund, which is required to make the project viable. The first phase of the project will provide a mix of unit sizes and will serve a wide range of demographics. The site is situated adjacent to a future O-Train station and will be beneficial to the surrounding community.

Document 3 - Project Updates from 2022 Capital Plan

Council's approval of the 2022 Affordable Housing Capital Strategy and Update report authorized the allocation of \$33,746,000, including the annual municipal contribution of \$15 million, \$5.4 million in Ontario Priorities Housing Initiative Year 4 funding, \$12.5 million from a 2021 budget surplus, and \$846,000 from the housing reserve fund. In addition to the 2022 allocation, an additional \$1,863,000 of unspent contingency from the 2021 capital budget was allocated to projects in 2022. The total amount of funding allocated to projects in 2022 was \$35,609,000. These projects are as follows:

1 Dunbar Court – Nepean Dunbar (Nepean Housing Corporation)

In 2022, Nepean Housing Corporation received a total allocation of up to \$7.2 million for their development of 31 units at 1 Dunbar Court. Of this \$7.2 million allocation, \$4.2 million came from Ontario Priorities Housing Initiative Year 4 funding and the remaining \$3 million from City funds. There is currently a \$2 million funding gap and staff recommend that Council approve a reallocation of funds from \$2 million that was allocated in 2022 to support a request for proposals (RFP) for private sector developers, as discussed below.

Nepean Housing was previously allocated a total of \$385,000 in pre-development funding to support them in obtaining all necessary planning approvals for the proposed development. Planning approvals were obtained in the fall of 2021.

The proposed development is comprised of a three-storey apartment building with 31 units and will replace an existing townhouse block on the site, which contains four units. Construction on the project started in summer 2023.

818 Gladstone Avenue – Rochester Heights Phase 2 (Ottawa Community Housing Corporation)

Rochester Heights Phase 2 is a 273-unit affordable housing project supported in part through the National Housing Co-Investment Fund. Ottawa Community Housing Corporation (OCHC) is proposing that 30 per cent of units be affordable at 79 per cent of Median Market Rent, and 70 per cent of units to be rented at Average Market Rent. \$12 million in municipal capital investment has been allocated to this project to date which specifically funds the 30 per cent of units at 79 per cent of Median Market Rent. Additional capital investment is required to fully fund this project. Further details and analysis on affordability and outstanding funding pressures for this project can be found

in the Discussion section of this report. OCHC is planning to break ground on this project later this year.

216 Murray Street (Shepherds of Good Hope)

Shepherds of Good Hope is currently constructing a mid-rise mixed-use building with 48 supportive units and a low-barrier drop-in program and a community soup kitchen. The building will be staffed 24 hours per day and will be supported by Ottawa Inner City Health to offer health and wellness programs.

The City allocated a total of \$10,856,622 in Rapid Housing Initiative Round 1 funding and \$313,730 in capital funds for the purpose of covering non-exempt development changes and planning and permit fees in 2020. An additional \$2,521,389 in Rapid Housing Initiative Round 2 funding, \$4,696,940 in Social Services Relief Fund Round 4 funding, and \$1,123,688 in City capital was allocated to the project in 2021. Due to construction cost increases and a delay to the project resulting from an appeal of the zoning by-law amendment required to facilitate the development of the project to the Ontario Land Tribunal, Shepherds of Good Hope has experienced significant increases to the capital budget. Through fundraising efforts, Shepherds of Good Hope intends to cover \$4 million of the shortfall. The City has allocated \$6 million from the 2022 contingency budget and there remains a \$1.8 million funding gap, which staff recommend be covered by a 2023 contingency budget.

The project is currently under construction and is anticipated to be completed by fall 2024.

494 Lisgar Street (John Howard Society of Ottawa)

The John Howard Society of Ottawa is currently constructing a 29-unit low-rise apartment building at 494 Lisgar Street in Centretown. The project was allocated \$13,916,362 under Rapid Housing Initiative Round 1 and \$624,125 in City capital funds to offset development charge costs. This project will provide supportive housing for women, with a focus on Indigenous women, and will provide tenants with 24 hour on-site supports with gender, trauma, and culturally responsive case management, and community development opportunities.

Construction of the project began in the summer of 2021 and the target completion date is fall 2023. Due to increases in construction costs, there is currently a budget shortfall of just over \$4.2 million and staff have allocated \$4,290,555.60 from the contingency

budget to ensure the project can be completed. An agreement for the additional funding was signed by the City and John Howard Society in February 2023.

289 Carling Avenue (John Howard Society of Ottawa)

John Howard Society of Ottawa recently completed construction on a 40-unit supportive housing development at 289 Carling Avenue with support from provincial Home for Good funding and City capital. The property was acquired by the City through the Surplus Federal Real Property for Homelessness Initiative and transferred to John Howard Society in 2020. The project was completed and occupied in December 2022.

Due to delays to the project because of challenges associated with obtaining a building permit, and increased construction costs, the construction financing for the project is higher than originally anticipated and John Howard Society requires additional capital funding in the amount of \$1.2 million to pay down their construction loan prior to converting it to long-term financing, which is coming from the 2022 contingency budget.

2980 Colonial Road (Cumberland Housing)

Cumberland Housing constructed a 15-unit addition to an existing apartment building for seniors that was completed in 2020. The project was funded under the provincial Social Infrastructure Fund and City capital. Once construction was substantially complete, the construction contractor for the project registered a lien on title in the amount of \$922,265.30 due to increased costs incurred during construction. A capital grant was provided to Cumberland Housing to cover the increased construction costs and pay the sum of the lien into court to have the lien vacated from title to allow Cumberland Housing to convert their construction loan to long-term financing and to meet the reporting requirements required for the provincial funding.

3380 Jockvale Road (Ottawa Community Housing Corporation)

OCHC was allocated an additional \$513,460.80 towards their 32-unit affordable housing project at 3380 Jockvale Road from the 2022 contingency budget. This funding covers the costs associated with servicing this greenfield site, including road construction and implementation of water, sanitary and stormwater servicing for the development parcel. The noted servicing costs are set out in a Cost Share Agreement between all owners benefitting from the services installed by Minto as part of the development of the adjacent Rivers Bend subdivision. OCHC and the City were aware of the Cost Share

Agreement from an early stage, but the final costs were not confirmed until recently and therefore was not included as part of the original project costs.

3380 Jockvale Road is a modular housing project which is receiving a combination of Rapid Housing Initiative funding, Social Services Relief Funding, and city capital. Construction is underway for this project and is anticipated to be complete in late 2023.

3865 Old Richmond Road (Anglican Diocese of Ottawa)

Christ Church Bells Corners and the Anglican Diocese are nearing completion of their 35-unit affordable housing project at 3865 Old Richmond Road. This project is receiving a combination of Ontario Priorities Housing Initiative funding, City capital and National Housing Co-Investment Funding. The project has been impacted by both COVID-19-related construction cost escalations, as well as additional unexpected costs resulting from recent changes to the Ontario Building Code requirements relating to ventilation and fire protection measures. These pressures have resulted in an additional funding pressure of \$1.5 million, \$250,000 of which will be covered by CMHC as part of the National Housing Co-Investment Funding component. The remaining \$1.25 million is being funded through 2022 contingency. This project is expected to be completed by summer 2023.

254 and 256 St-Denis Street (Gignul Not-for-Profit Housing)

Gignul Not-for-Profit Housing was allocated funding under Rapid Housing Initiative Round 2 to construct two 6-unit stacked townhomes for a total of 12 units intended for Indigenous households at 254 and 256 St-Denis Street in Vanier.

Due to construction cost increases and unexpected costs associated with the reconstruction of a city-owned retaining wall on the adjacent property that will be impacted by the excavation for the development, there is a funding shortfall of \$1,715,000 for the project. A portion of this (\$1,032,718.30) is being covered with the 2022 contingency budget and staff are recommending that the remaining shortfall of \$682,282 be covered with the proposed 2023 contingency budget.

Construction of the project is underway and is expected to be complete in early 2024.

Contingency Funding for Projects Underway

The COVID-19 pandemic caused significant disruptions within the residential construction industry and impacted the not-for-profit sector's ability to deliver affordable housing projects on time and on budget. In 2020, building material prices began to

increase significantly, which combined with supply chain issues greatly impacted the availability of building materials. As of 2021, our not-for-profit partners were reporting cost increases of at least 25 to 35 per cent compared to the beginning of 2020. Cost escalations accelerated at an even faster pace in 2022 and the not-for-profit sector continues to struggle with cost increases on projects currently under construction.

To ensure projects funded in previous years remain viable, Housing Services has had to include a contingency budget in the past two capital strategy reports. In 2021, Council approved a \$4 million contingency fund to manage cost escalations and the 2022 affordable housing capital strategy included \$13,346,000 in contingency funding that was allocated to support affordable housing projects under construction and at risk due to unforeseen cost escalations on an as-needed basis. Of the \$4 million allocated in 2021, there was \$1,863,000 unspent as of the end of 2021 so the total contingency budget for 2022 was \$15,209,000. These contingency funds have been completely allocated to projects currently underway.

Ontario Renovates

The 2022 Affordable Housing Capital Strategy and Update report approved the annual allocation of \$1,200,000 in Ontario Renovates funding for 2022-2023. As part of that report, Council also approved the expansion of eligibility for not-for-profit landlords.

Out of \$1.2 million, up to \$600,000 in form of forgivable loan was allocated to Community Housing providers to fund essential repairs and/or accessibility modifications. In addition, up to \$300,000 was allocated to not-for-profit landlords to fund essential repairs and/or accessibility modifications and the balance of the funding (\$600,000) continued to be allocated to seniors and persons with disabilities homeowners eligible for forgivable loan and/or grant for essential repairs and/or accessibility modification, and private landlords eligible for forgivable loan for accessibility modifications only.

The 2022 funding was allocated as follows, with \$9,000 or 0.75% going towards administrative costs:

Eligibility Group	Total Funding	Number of Units or projects	Average Funding per Unit
Seniors	\$109,000	9	\$12,000
Persons with Disabilities	\$142,000	10	\$14,200
Landlords (accessibility modifications)	\$90,000	11	\$8,180
Not-for-Profit Landlords (repair and accessibility modifications)	\$250,000	17	\$14,705
Community Housing Providers (repairs and accessibility modifications)	\$600,000	15 projects assisting 769 units	\$780

Request for Proposals for Private Sector Developers

In response to requests from private sector developers seeking support from the City to strengthen their applications to the CMHC under its National Housing Strategy funding and financing programs, staff recommended that \$2 million be allocated through an RFP process to provide private sector developers with financial incentives to deliver affordable rental units in conjunction with National Housing Strategy programs. This allocation was approved as part of the 2022 capital strategy but an RFP was never released, so the funds remained unspent.

On December 14, 2022, Council approved motion no. [2022-04/20](#), recommending that the affordable housing private sector RFP be canceled in light of the government of Ontario enacting Bill 23, the *More Homes Built Faster Act, 2022* and Bill 109, the *More Homes for Everyone Act, 2022*, both of which propose extensive changes to several Acts and regulations, including the *Development Charges Act, Planning Act*, and *Municipal Act*.

Document 4 - Pipeline of Near-Term Investment Ready Projects

Future affordable housing development opportunities present funding pressures of \$200,000/unit, for a total of \$244,800,000 for the construction of 1,224 units.

Project	# of units	Previous pre-development funding allocated
8 Withrow Avenue – Julian of Norwich	65	\$200,000 (2020)
2262 Braeside Drive – Ellwood House	38	\$100,000 (2020) \$200,000 (2022)
2865 Riverside Drive – St. Patrick’s Home	133	\$200,000 (2020) \$200,000 (2022)
82 Putman Avenue – CCOC	8	\$60,000 (2020)
171 Armstrong Street & 277 Carruthers Avenue – CCOC	11	\$60,000 (2020) \$100,000 (2022)
212-216 Carruthers Avenue - CCOC	10	\$60,000 (2020) \$100,000 (2022)
Ward 10 – Interval House	10	\$200,000 (2022)
2895 Riverside Drive – Youth Services Bureau	24	n/a
610 Donald Street – ACB Resource Centre	17	n/a
3380 Jockvale Road Phase 2 – OCHC	20	n/a
3405 Uplands Drive/Shearwater – OCHC	45	n/a

Project	# of units	Previous pre-development funding allocated
5581 Doctor Leach Drive – Rideau Non-Profit Housing	38	n/a
881 Broadview Avenue – Tamir Foundation	51	n/a
287-293 Loretta Avenue South – CCOC	43	n/a
121 Brae Crescent – Dream Legacy Foundation	3	n/a
Cambridge Street – Dalhousie Co-op	41	n/a
574 Bank Street – City of Ottawa/OCHC	Up to 20	n/a
1360 Ogilvie Road – Better Living Co-op	33	n/a
56 Capilano - Salus	4	n/a
Gladstone Village Ph2 - OCHC	250	n/a
Rochester Heights Ph3 – OCHC	200	n/a
200-201 Friel - OCHC	160	n/a
Ottawa Community Land Trust	Varied	n/a
Total	1,224	