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March 22, 2024

Dear Premier Ford, Minister Bethlenfalvy and Mayor Sutcliffe,

Please find enclosed the proposed terms for an agreement between the Province of Ontario and the City of Ottawa. This agreement is intended to help accelerate the city's economic recovery and growth given the unique challenges that Ottawa faces as Ontario's second largest city, its uniquely large geographical area, and its role as the nation's capital.

The proposed agreement includes provincial supports for the City, as well as commitments the City has agreed to make to the province.

In addition, the agreement outlines areas where federal cooperation is required, particularly with respect to shelters and related supports for refugees and asylum claimants, and to help Ottawa manage the unique challenges arising from managing protests and demonstrations.

Provincial supports are subject to the conditions, Transfer-Payment Agreements, approvals, and other terms outlined in the agreement.

We thank you for the opportunity to develop a plan to advance these shared priorities in our nation's capital and seek your concurrence with these terms.

Sincerely,

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Greg Orencsak

*Deputy Minister  
Ontario Ministry of Finance*



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Wendy Stephanson

*City Manager  
City of Ottawa*

Endorsed by:



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Premier Doug Ford

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Minister Peter Bethlenfalvy

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Mayor Mark Sutcliffe

Cc: Michelle E. DiEmanuele, Secretary of the Cabinet  
Martha Greenberg, Deputy Minister, Ministry of Municipal Affairs and Housing  
Doug Jones, Deputy Minister, Ministry of Transportation  
Mario Di Tommaso, Deputy Minister, Community Safety, Ministry of the Solicitor General  
Jennifer Block, Deputy Minister (A), Ministry of Economic Development, Job Creation  
and Trade  
Cyril Rogers, Chief Financial Officer and City Treasurer  
Isabelle Jasmin, Deputy City Treasurer

## Ontario-Ottawa Agreement through the Ottawa Consultation Mandate

The terms of this agreement are subject to Ontario Treasury Board / Management Board of Cabinet approval and to Transfer-Payment Agreements between Ontario (*the Province*) and Ottawa (*the City*) – without prejudice and where appropriate Ottawa City Council and/or any City budget approval.

### Section 1 – Ottawa’s Unique Challenges

Through the Province’s discussions with Ottawa, the City has outlined a range of challenges it faces as the nation’s capital, including Ottawa’s unique national security issues, implications related to the significant presence of the federal public sector, and its role serving geographically and economically as an important gateway to Quebec and Eastern Canada.

- Ottawa’s downtown core has been significantly impacted by the change in commuting patterns of the federal public service and private sector since the pandemic, including a corresponding decrease in economic activity. This, accompanied by heightened social challenges the city faces, including increased homelessness and mental health issues, has dimmed the vibrancy and vitality of downtown Ottawa.
- To attract tourists and businesses back to the nation’s capital it is important for people to feel safe, particularly in the areas near Parliament Hill and key tourist areas downtown like the Byward Market, while ensuring a sense of safety for all of those who live and work in Ottawa.
- Ottawa is the second largest municipality in Ontario, serving a wide, interconnected geographic area with a growing population. Supporting infrastructure investments is crucial to meet the demands of a growing population, particularly around enabling infrastructure that is critical for economic growth and housing.

To assist Ottawa with its recovery and to support revitalization in the nation’s capital, the Province and the City are agreeing to commitments and supports that reflect three key shared themes:

- **Economic Recovery and Growth in the Nation’s Capital:** Advancing shared priorities that contribute to economic recovery and sustainable growth in the Nation’s Capital.
- **Ottawa’s Unique Challenges as the Nation’s Capital:** Acknowledging Ottawa’s unique role as the Nation’s Capital and second largest municipality in Ontario.
- **Shared Priorities and Federal Government:** Advancing key supports required of the federal government to support the revitalization and recovery of Ottawa, and calling on the federal government to meet its obligations in areas of shared priority.

## Section 2 – City Commitments

**Through this agreement, the City makes the following commitments to the Province:**

<b>Commitment (Theme)</b>	<b>Details</b>
<p><b>2.1 Develop modular home ownership sites on city surplus land</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Identify and lead the development of two ready surplus municipal sites for modular attainable home ownership by the end of 2025. The City shall cover all costs for site due diligence required to identify viable site selection. The City shall agree to further collaboration as the project advances on costs related site preparation, capital development and program administration.</p>
<p><b>2.2 Open up / provide municipal lands for housing development</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Take action to initiate and/or catalyze the use of deemed surplus lands for the purposes of building housing.</p> <p>b) Work with the province to align use of surplus (municipal, provincial and federal) land within the City of Ottawa to support shared housing priorities.</p>
<p><b>2.3 Strengthen Vacant Home Tax</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Work with the province to explore opportunities to help ensure availability of housing to residents, through tools such as the City's Vacant Home Tax and the provincial Non-Resident Speculation Tax.</p>
<p><b>2.4 Financial / Investment Partnerships</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Explore options for potential management of City reserve funds by the Investment Management Corporation of Ontario and for partnership with the Ontario Infrastructure Bank to deliver city infrastructure.</p>
<p><b>2.5 Shared Procurement Opportunities</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Explore where the City may be able to benefit from economies of scale by leveraging provincial procurement.</p>
<p><b>2.6 Maximize Non-Fare Revenue on Transit</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Commit to pursue and optimize non-fare revenue opportunities for all transit assets.</p>
<p><b>2.7 Respect for Taxpayers through Efficiencies and Value for Money</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) The Province and Ottawa are committed to advance the shared priority of efficient government that protects taxpayers and to implement measures that minimize the property tax burden on individuals and businesses. Ottawa will continue to implement and examine efficiency measures to achieve value-for-money, in alignment with the City's Service Review Program.</p>

Commitment ( <i>Theme</i> )	Details
<p><b>2.8 The Ottawa Hospital (TOH)</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) The City agrees to assign to the Province its rights to receive and retain the Consideration as set out in the Ottawa Hospital Riverside Agreement.</p> <p>b) Provide a commitment the City will work with the hospital to expedite the implementation of the new Ottawa Civic Hospital Project and support efforts between partners that would result in efficiencies in implementing the project.</p>
<p><b>2.9 Plan for Public Safety in Downtown Core</b></p> <p><i>(Unique Challenges)</i></p>	<p>a) Submit a plan within 120 days to improve the safety for residents, tourists and businesses in Ottawa’s downtown and transit system. The plan could include a definition of downtown core, and must include an increased uniformed police presence in downtown core (e.g., number of officers on patrol) and alternate crisis response approaches.</p>
<p><b>2.10 Joint Advocacy for Federal Support</b></p> <p><i>(Shared Priorities with Federal Government)</i></p>	<p>a) Work with the province to secure federal supports on shared priorities, as outlined in section 5 of this agreement.</p> <p>b) The City acknowledges that the Province will not provide further compensation for the federal decision not to remit full payment owed to Ottawa at the regulated PILT rate.</p> <p>c) Jointly, with the Province, seek payment from the federal government at the regulated PILT rate, and a 10-year PILT deal to provide stability to the City while the federal government disposes of inventory.</p>
<p><b>2.11 Building Housing</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Work towards achieving at least 100% of Provincial housing targets in 2024 and 2025 in accordance with the funding criteria of the Building Faster Fund.</p> <p>b) Pending completion of 3.5 (b) <i>Ottawa Road 174 Ownership 3-Stage Phased Plan</i>, in the event that an asset transfer is considered, the City will commit to using the financial benefits realized from the asset transfer to support and enable recovery and growth, such as housing.</p>

### Section 3 – Provincial Financial Supports

**Through this agreement, the Province commits to the following financial supports to the City, subject to agreements reflecting the noted conditions:**

#### **Operating Support Over Three Years**

Operating Support (3 Year)	Conditions / Details	Total (\$M)
<b>3.1 Ottawa Road 174 Maintenance (27 km of Highway 174)</b>  <i>(Economic Recovery / Growth)</i>	Capped contribution for operating expenses incurred up to a maximum of \$3M annually for up to 3 years for maintenance, while 3.5b is underway.	9
<b>3.2 Economic Recovery / Downtown Ottawa.</b>  <i>(Economic Recovery / Growth)</i>	Contribution towards downtown revitalization efforts including through the City's economic development strategy and action plan. Includes support for <i>Invest Ottawa</i> .	20
<b>3.3 Public Safety</b> Alternative Mental Health Response, Direct Policing, Cybersecurity / Transit Security  <i>(Unique Challenges)</i>	Conditional on the 120 day plan being developed and approved, and which includes increased number of uniform police officers in Byward Market and on the transit system, and establishment of a police neighbourhood operations centre in the vicinity to address revitalization and community safety concerns.  Conditional (\$20M of total funding) on federal operating funding support for National Protests, Event Response and Public Safety outlined in section 5.1.	48
<b>3.4 Shelters and Homelessness Support</b>  <i>(Unique Challenges / Shared Federal Advocacy)</i>	Conditional (\$80M in respect of 2024 and 2025) on federal operating funding support for refugee and asylum seekers for eligible costs as outlined in section 5.3	120
<b>Operating Subtotal (3 year)</b>		<b>197</b>

## Capital Support Up to 10 Years

Capital Support (Up 3 or 10 Years as noted)	Conditions / Details	Total (\$M)
<p>3.5</p> <p><b>a) Ottawa Road 174 (27 km of Highway 174)</b> <i>(Economic Recovery / Growth)</i></p> <p><b>b) Ottawa Road 174 Ownership 3 Stage Phased Plan</b> <i>(Economic Recovery / Growth)</i></p> <p><i>Note: provincial land ownership obligations to be assessed for potential federal labour code or Occupational Health and Safety Act implications</i></p>	<p>a) Capped capital contribution of a maximum of \$47M over three years (starting in 2024) representing 100% of City's estimate for planned capital projects (re: slope stability and resurfacing) to be reimbursed for expenses incurred, while 3.5b is underway.</p> <p>b) <b>Stage 1 – Operational Assessment:</b> Province to undertake a review of operational implications related to the ownership of Highway 174, in partnership with the City. <b>Stage 2 – Due Diligence and Financial Assessment:</b> Including, but not limited to, an assessment of condition of asset and required standards, ownership demarcation, utility costs, federal regulatory implications, legal, and corridor management controls. Financial review to include valuation of road infrastructure and related future costs. <b>Stage 3 – Consideration / Implementation Phase</b> Identification of implementation considerations and options. Subject to conditions in 2.11(b).</p> <p>If applicable, City and Province to coordinate on-going maintenance and rehabilitation projects during any potential transition period with cost-sharing agreements that appropriate costs for LRT benefits to City, and benefits to roadway assets to the Province. Assets and associated property to be transferred to the province at no cost, understanding that some property on which LRT is situated would become provincial property subsequently leased to the City at no cost.</p>	<p>47</p> <p>Subject to outcome of 3-stage Phased Plan</p>
<p><b>3.6 Building for Economic Growth, Recovery and Renewal of Major Connecting Routes</b> <i>(Economic Recovery / Growth and Unique Challenges)</i></p>	<p>Up to \$181M for various transportation priorities to advance economic growth and connectivity to support the movement of people, goods and services throughout the surrounding City of Ottawa region. Includes:</p> <ul style="list-style-type: none"> <li>• <b>Hwy 416/Barnsdale</b> – First Stage of Construction for Phased Interchange; \$5M for interchange planning and design over 3 years, starting in 2024 and maximum of \$46M for the first stage of construction for a phased interchange project (up to 10 years, commencement TBC). Implementation of ultimate configuration to be determined by technical need.</li> <li>• Up to \$80M for 1/3 of eligible capital costs for <b>Kanata North Transitway</b>, subject to the following conditions: <ul style="list-style-type: none"> <li>○ City submit a project business case, aligned to Ottawa's transportation priorities, including details on operational affordability/feasibility for approval by the Ministry of Transportation</li> <li>○ 1/3 matching federal funding commitment (i.e., \$80M) as outlined in section 5.7</li> <li>○ Confirmation of municipal capital funding in-plan for the project</li> <li>○ Should the federal government not provide matching funds by Spring, 2025, the City would have the flexibility to repurpose \$80M for other transportation infrastructure priorities subject to approval by the province.</li> </ul> </li> </ul>	<p>181</p>

Capital Support (Up 3 or 10 Years as noted)	Conditions / Details	Total (\$M)
	<ul style="list-style-type: none"> <li>• Up to \$50M to repair and upgrade rural roads and related infrastructure outside of Ottawa's city centre to advance economic growth and connectivity to support the movement of people, goods and services throughout the surrounding region, subject to:               <ul style="list-style-type: none"> <li>○ Business case approval by the Ministry of Transportation, aligned to Ottawa's transportation priorities. Business case to include:                   <ul style="list-style-type: none"> <li>▪ Prioritization criteria and anticipated outcomes that are in line with improving connections to downtown Ottawa and overall mobility across the City</li> <li>▪ Potential for cost sharing with federal government and/or developers</li> </ul> </li> </ul> </li> </ul>	
3.7 <b>Building Faster Fund</b> (Economic Recovery / Growth)	The City will receive \$37.5M based on 2023 performance. 2024 and 2025 amounts are conditional on working towards the achievement of 100% of housing targets the City has pledged to achieve by 2031 as outlined in the Building Faster Fund.	118 (Over 3 years)
<b>Capital Subtotal (Over 10 years)</b>		<b>346</b>
<b>Total (Operating and Capital)</b>		<b>543*</b>

\*Note: does not include potential outcome of 3.5(b) Ottawa Road 174 Ownership 3-Stage Phased Plan.



## Section 4 – Provincial Non-Financial Supports

Through this agreement, the Province commits to the following non-financial support to the City:

Commitment ( <i>Theme</i> )	Details
<p>4.1 <b>Building Height Restrictions</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Reinstate modifications to the City’s Official Plan, through Bill 162 – the <i>Get it Done Act, 2024</i> to grant greater height permissions along certain main streets, corridors and hubs in certain parts of the city, as requested by the City. Ongoing review of planning policies and legislation may provide further direction related to heights in some areas.</p>
<p>4.2 <b>Alternative Opportunities for Debt Financing</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Explore leveraging the provincial cost of borrowing to reduce debt financing costs for the City.</p>
<p>4.3 <b>Ontario Infrastructure Bank Opportunities</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Explore, with the City, partnership with the Ontario Infrastructure Bank, where appropriate, to deliver City infrastructure.</p>
<p>4.4 <b>Waiver of 3-Year Appeal Period</b> (City-initiated zoning amendments)</p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) In order to deliver much needed housing, the Province will explore potential changes to limit third-party appeals of city initiated zoning amendments.</p>
<p>4.5 <b>Development Charges</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) In order to deliver much needed housing, the Province will consider options to enable Ottawa to extend its existing DC by-laws without having to prepare a new background study and undertake most of the procedural requirements normally associated with passing a new DC by-law.</p>
<p>4.6 <b>Debt funding flexibility</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Explore options for increasing the maximum allowable term for municipal debt and extending bond forward agreements from one to five years.</p>
<p>4.7 <b>Police at Construction Sites</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Province to clarify requirements under <i>Highway Traffic Act</i> for police at construction sites.</p>
<p>4.8 <b>ICIP Barrhaven Town Centre</b></p> <p><i>(Economic Recovery / Growth)</i></p>	<p>a) Explore Ottawa’s request for a timeline extension for the Barrhaven ICIP project from March 31, 2027 to March 31, 2029, which would also require federal approval.</p>

## Section 5 - The Federal Government's Role in Supporting the Nation's Capital

As the Nation's Capital, the federal government has a critical role in supporting the City of Ottawa. Ottawa is committed to working with the Province to engage the federal government to meet their obligations in the following areas:

Area of Federal Action ( <i>Theme</i> )	Federal Action Required	Federal Obligation (\$M)
<p><b>5.1 Support for National Protests, Event Response and Public Safety</b></p> <p><i>(Unique Challenges, Shared Federal Advocacy)</i></p>	<p>Support for Ottawa's unique and excess costs relating to managing protests and events in the Nation's Capital <b>(\$60M in funding)</b>.</p>	60
<p><b>5.2 Federal Payment-in-Lieu of Property Taxation (PILT)</b></p> <p><i>(Shared Federal Advocacy)</i></p>	<p>The federal government to pay PILTs at the rate regulated by the province (province-wide application). The revenue implication from the Federal Government not paying at regulated rate is <b>~\$20M province-wide annually, beginning in 2021. For Ottawa the annual revenue implication is \$12M.</b></p> <p>The federal government to discuss a ten-year plan to provide stability for Ottawa, given the large federal government real estate presence in Ottawa.</p>	12 (Ottawa annually)
<p><b>5.3 Refugee and Asylum Seekers Support</b></p> <p><i>(Unique Challenges, Shared Federal Advocacy)</i></p>	<p>Ongoing commitment for asylum seeker housing needs, including:</p> <ul style="list-style-type: none"> <li>• extension to the Interim Housing Assistance Program (IHAP) beyond March 2024 <b>(estimated to be \$99M in total for 2023-2025)</b> for continued operation of federally funded hotels housing asylum seekers.</li> <li>• <b>\$129M (\$115 operating/ \$14M capital) over ten years</b> to operate a permanent newcomer reception centre and scattered transitional housing units.</li> </ul>	228
<p><b>5.4 Affordable Housing</b></p> <p><i>(Unique Challenges, Shared Federal Advocacy)</i></p>	<p>Funding to address housing and the infrastructure deficit in water and wastewater so the City can support new housing.</p>	67
<p><b>5.5 Housing Reaching Home Funding Stream</b></p> <p><i>(Unique Challenges, Shared Federal Advocacy)</i></p>	<p>Funding to help address homelessness for <b>2024-2026</b>.</p>	16

<p><b>5.6 Office to Residential Conversions</b></p> <p><i>(Unique Challenges, Shared Federal Advocacy)</i></p>	<p>Funding to support economic recovery and resilience for Ottawa's downtown core should the federal government dispose of inventory.</p>	<p>30</p>
<p><b>5.7 Kanata North Transitway</b></p> <p><i>(Economic Recovery / Growth, Shared Federal Advocacy)</i></p>	<p>Commitment to 1/3 matching funding as outlined in 3.6.</p>	<p>80</p>
<p><b>Federal Total</b></p>		<p>493</p>