



Office of the  
Auditor General  
City of Ottawa

# Audit of Affordable Housing

MARCH 2024



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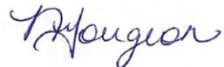
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## Acknowledgement

The team responsible for this audit was comprised of Cory Richardson and Siam Rahman from the Office of the Auditor General and independent consultants and housing experts (see [Appendix 1](#)), under the supervision of Joanne Gorenstein, Deputy Auditor General and my direction. My colleagues and I would like to thank those individuals who contributed to this project.

Respectfully,



Nathalie Gougeon, CPA, CA, CIA, CRMA, B.Comm

Auditor General

## Introduction

The Audit of Affordable Housing was included in the 2022-2023 Audit Work Plan of the Office of the Auditor General (OAG), approved by City Council on December 8, 2021.

## Background and Context

### Affordable Housing

Housing affordability has become a critical issue across many Canadian cities, including the City of Ottawa (the City). In January 2020, City Council declared a “housing and homelessness crisis and emergency” due to the increased and prolonged waitlist for affordable housing and the overcrowding of emergency shelters.

In March 2023, the City adopted a provincial housing target through Ottawa’s Municipal Housing Pledge, with the goal of building 151,000 new homes by 2031. This commitment was a requirement of the provincial government to access the Building Faster Fund moving forward. The 2023-2026 Term of Council Priorities<sup>1</sup>, approved in July 2023, stated that one of Council’s top priorities was “a city that has affordable housing and is more liveable for all”. Strategic Objectives 1 and 2 outline the need to:

- “increase housing options including below market and deeply affordable near transit, leverage City land and seek sustainable funding; and
- increase housing supply and support intensification”.

This signaled to stakeholders the City’s commitment to addressing affordable housing, aligning with the commitments of other levels of government.

Definitions of affordable housing vary depending on the context and the stakeholders involved, but typically range from: a housing unit that can be owned or rented by a household with shelter costs that are less than 30% of its gross income, up to the Average Market Rent (AMR), as determined by the Canada Mortgage and Housing Corporation (CMHC). The AMR is determined from CMHC’s Rental Market Survey as a representation of all rental units, by type, number of bedrooms, and location. This figure may not reflect the current rents being advertised in the City for new tenants.

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<sup>1</sup> <https://pub-ottawa.escribemeetings.com/filestream.ashx?DocumentId=136864>

Average Market Rents in Ottawa for 2022				
Bachelor	1 Bedroom	2 Bedroom	3 Bedroom +	Overall Average
\$1121	\$1347	\$1635	\$1769	\$1479

From the CMHC Urban Rental Market Survey, 2022<sup>2</sup>

Affordable housing is one part of the housing continuum within the City’s housing system that also includes emergency shelters, community housing, supportive and transitional housing, up to market-rate rental housing and home ownership. For a healthy housing system, there needs to be a range of different types of housing and supports within the community to meet the needs of residents. Refer to [Appendix 2](#) for further housing definitions.

## The City’s 10-Year Housing and Homelessness Plan

In 2010, Ontario launched the Long-Term Affordable Housing Strategy. As a result of this strategy, the *Housing Services Act, 2011* was introduced. This required Municipal Service Managers (in this case, the City) to develop and implement 10-Year Housing and Homelessness Plans by January 1, 2014. The City’s 10-Year Housing and Homelessness Plan<sup>3</sup> (the Plan) was implemented in 2014.

Service Managers are required to review their Plans and amend, as necessary, once every five years. The City performed its mid point review in 2019 and Council subsequently adopted the revised Plan on July 15, 2020. This revision identified the goal of creating 5,700 to 8,500 affordable housing *options* (new units and housing subsidies) between 2021 to 2030. The next refresh of the Plan is scheduled to occur in 2024-2025.

The Housing Services Long-Range Financial Plan<sup>4</sup> (LRFP) was approved in March 2021 to help achieve the goals set out in the Plan. It addresses two key components of the Plan – the funding required to maintain existing services and the funding required to meet the targets established by the revised Plan.

Per the LRFP, in order to reach the City’s goal to build 5,000 new affordable units from 2021 to 2030, the City would require \$188.4 million (33.3%) in City funding and \$376.7 million (66.7%) in federal and provincial funding. The City develops capital strategies<sup>5</sup> to allocate funding. In 2023, the City’s capital investment budget for affordable housing was \$16 million, up from previous years’ annual amount of \$15 million. Provincial funding was \$30.1 million and federal funding was \$24.2 million, respectively for 2023.

<sup>2</sup> <https://www.cmhc-schl.gc.ca/professionals/housing-markets-data-and-research/housing-data/data-tables/rental-market/urban-rental-market-survey-data-average-rents-urban-centres>

<sup>3</sup> <https://documents.ottawa.ca/sites/documents/files/housingplan20202030.pdf>

<sup>4</sup> <https://pub-ottawa.escribemeetings.com/filestream.ashx?documentid=49587>

<sup>5</sup> <https://pub-ottawa.escribemeetings.com/filestream.ashx?DocumentId=141842>

In addition to the capital budget, the City maintains a Housing Reserve Fund which contributes to capital projects. This fund can be used to finance new projects as well as for contingencies for existing developments in progress. The account is funded by land sale proceeds, City budget surpluses, base operating budget contributions, and more recently, the Vacant Unit Tax. For 2023, \$24.2 million (86% of the fund balance) is expected to be used from the fund, with \$11 million for capital projects and the remainder for contingencies.

With respect to increasing the supply of affordable housing, the Plan has the goal of adding 500 new affordable/supportive housing units annually, as articulated in the LRFP. The table below shows progress to date on the development of **new affordable housing units**:

	2020	2021	2022	2023*
New Affordable Units Completed	8	140	8	128
New Supportive Units completed	11	82	22	86
<b>Total New Units</b>	<b>19</b>	<b>222</b>	<b>30</b>	<b>214</b>

*\*2023 figures represent units completed as well as anticipated units. Figures from the Plan’s annual update report.*

Though the number of new units created is below the targets, progress has been made including the development of a pipeline of projects to be built in the short and medium term. However, without increases in capacity and funding from all levels of government, these targets may not be realistic given the current trends in the housing sector.

The Plan, including its targets and the associated financial estimates, were based on pre-pandemic assumptions. Economic forces such as increases in interest rates as well as worker and supply shortages have affected material, fuel, labour, and financing costs. In addition, new provincial and federal legislation continue to impact the processes involved in approving affordable housing developments. Such extreme changes in many of the factors used to develop the Plan resulted in a requirement for a review.

## Upcoming Changes

The LRFP is updated each term of Council to reflect new information such as changing policy priorities, adjusted costing, and new legislated requirements. Recognizing these significant changes, an update to the LRFP is underway. It is our understanding that the scope of the LRFP update will include reviewing the Plan’s affordable housing option targets, updating assumptions, considering the impact of new legislation and funding sources, as well as addressing the need for additional capital resulting from increased costs. This includes a 2024 increase of \$8.8 million from vacant unit tax and land sales. The full LRFP refresh is scheduled to be presented to Council in the second quarter of 2024. Additionally, we understand that the 10-Year Housing and Homelessness Plan will

be updated in 2024 and will incorporate the revised LRFP and other relevant changes. The updated Plan is expected to be released in 2025.

The federal (CMHC) Housing Accelerator Fund (HAF), which launched in 2023, is a \$4 billion initiative to create more supply of housing at an accelerated pace and enhance certainty in the approvals and building process. To optimize its funding eligibility, the City of Ottawa selected initiatives that will most likely yield additional permits in the three-year timeframe. These include programs and strategies aimed at streamlining projects, building project pipelines, offering incentives, and updating zoning requirements. The City's HAF application<sup>6</sup> was submitted in July 2023, though, at the time of the audit, the exact amount of funding had not been announced.

## Audit Objective and Scope

The objective of the audit was to assess whether the City has designed and implemented programs and structures to support its affordable housing objectives as outlined in the 10-Year Housing and Homelessness Plan.

The audit examined the policies, programs, tools and structures within the control of the municipality to **increase the stock of available affordable housing units** within the City of Ottawa up until July 30, 2023.

The scope of this audit did not include City activities or programs related to homelessness, emergency shelters, supportive housing or the administration of social housing or housing subsidies. Furthermore, the Social Housing Registry of Ottawa and the administration of the Centralized Waiting List were also outside of the audit's scope as these areas were audited by the Office in 2019. Refer to [Appendix 3](#) for additional details on the objective, criteria, and approach to the audit. This audit was conducted in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing<sup>7</sup>.

## Conclusion

Affordable housing has become a strategic priority for all levels of government and is one of the top priorities for this term of City Council. There has been, and continues to be, a significant amount of economic and legislative change across the industry and additional funding is expected from upper levels of government. This translates to a need to refresh goals and plans that were based on outdated assumptions.

The City has not met its new affordable housing unit goals in recent years, primarily due to funding availability from all levels of government and the capacity challenges in the

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<sup>6</sup> <https://pub-ottawa.escribemeetings.com/filestream.ashx?DocumentId=135497>

<sup>7</sup> <https://www.theiia.org/globalassets/site/standards/mandatory-guidance/ippf/2017/ippf-standards-2017-english.pdf>

housing development sector. Despite this, the City has structures, programs and tools in place to progress this portfolio. Leading practices compared to peer municipalities are in place. For example, the City's Housing Services has strong working relationships with non-profit developers and has available programs such as pre-development funding to help get projects started. Further, the City identifies surplus land with an affordable housing lens and uses its separate legal entity to allow for agile transactions.

Given the pace of change across the industry, the City is responding by reviewing and renewing strategies, plans and approaches. Our audit identified opportunities to strengthen and formalize the existing structures and improve the tools and reporting in place to set the City up to meet the challenge of creating more affordable housing. This includes implementing a cross-functional oversight body to prioritize affordable housing developments as well as allowing flexibility on planning requirements. Further, there is an opportunity to increase capital funding from existing City resources. Finally, timely tracking and reporting of progress will help ensure transparency and improved decision-making.

## Audit Findings and Recommendations

### 1. Governance of the Affordable Housing Portfolio

#### 1.1 The governance structure for the oversight and management of the affordable housing portfolio is informal and, at times, siloed.

Progressing the Affordable Housing goals requires collaboration across the City. Key stakeholders critical to affordable housing development include:

- The Affordable Housing Branch, located within the Housing Services Service Area of the Community and Social Services Department (CSSD), develops affordable housing policy and oversees the delivery of capital programs and funding for new affordable and supportive housing.
- The Development Review Unit in Planning Services is part of the Planning, Real Estate and Economic Development (PRED) Department which provides coordination of review by internal stakeholders and approval of development applications.
- The Disposals and Strategic Development Unit in Corporate Real Estate Office (CREO) is part of PRED and is responsible for the disposal of property, acquisition of land and buildings as well as management of the Build Ottawa (formally known as the Ottawa Community Land Development Corporation).



- The Research and Forecasting Unit, in Economic Development and Long-Range Planning is part of PRED and provides monitoring of the Official Plan and economic indicators to inform the development of economic and planning policy within the City.

While there is strong collaboration between the key affordable housing stakeholders across the City, the structures are not formalized. More specifically, despite affordable housing being one of Council's top priorities, there is currently no cross-functional oversight body that governs affordable housing developments from the identification of strategic lands to development application stage, through to construction completion and operation, that has the authority to prioritize and expedite projects.

Collaboration between departments on affordable housing projects relies on existing relationships between interdepartmental teams and individuals currently holding the positions. The lack of a formalized governance structure for the portfolio can impact the ability to expedite or streamline projects that support this Council priority. We understand that, at times, there have been process slowdowns or pushed timelines as result of the involvement of multiple City stakeholders. This increases both City and developer costs, reducing affordability and lengthening total throughput time (from pre-consultation until move-in).

Considering the changing legislative, financial, and political landscape, including mandated, expedited approval timelines, a coordinated governance structure will be crucial to affordable housing development success. Without a holistic governance structure, delays/missed opportunities or foregone revenue could result due to untimely decision making.

### **RECOMMENDATION 1 – CROSS-FUNCTIONAL OVERSIGHT BODY**

The Director of Housing Services, in collaboration with the Directors of Planning Services, CREO, and Economic Development and Long-Range Planning, should develop a formalized governance structure to oversee the affordable housing portfolio which would include the establishment of a cross-functional oversight body with the authority to prioritize and expedite key projects.

Additionally, this governance structure should outline the roles, responsibilities, and expected outcomes of all involved parties across the lifecycle of an affordable housing development.

### **MANAGEMENT RESPONSE 1**

Management agrees with this recommendation. Management will establish an internal formalized governance structure, outlining roles and responsibilities, to oversee the affordable housing projects along with City objectives in Q1 2024.

## 2. Affordable Housing Programs and Tools

### 2.1 Tools could be better leveraged to facilitate affordable housing development.

The City has tools, programs, and processes in place to help affordable housing projects. As an example, pre-development funding is available for non-profit developers to assist in the planning and approval stages. After projects are selected, Contribution Agreements are entered into with developers to obtain City funding and sometimes land for affordable housing projects. While the City has a range of implemented tools and incentives for supporting affordable housing development, opportunities exist to increase uptake of these tools as funding increases.

Work continues by multiple teams within the City to study the operational and financial implications of various new or expanded tools that will be implemented as a result of new funding sources such as the HAF.

#### High Social Impact Projects Program

The High Social Impact Projects (HSIP) Program, implemented in February 2021, has the objective of prioritizing and streamlining development applications for high social impact projects, such as affordable housing and long-term care facilities. HSIP projects have benefited from faster-than-standard circulation period for review of their applications.

Despite the existence of this program, with the intent to facilitate the development application process for qualifying projects, the HSIP program does not currently allow for additional flexibility on Zoning By-Law requirements such as parking minimums, storey maximums, setbacks, and land use. This has resulted in process delays and less planned units, which affects overall affordability on a per unit basis.

#### Municipal Capital Facility Agreements

The Municipal Capital Facility (MCF) by-law allows the City to enter into agreements with non-profit housing providers to reduce the municipal property tax burden if a project meets the definition of affordable housing under the by-law. While several non-profit developers do have MCF status on certain developments and recognize it as a key tool, we understand that there can be frustration with the application and approval process associated with this status. Specifically, non-profits, other than Ottawa Community Housing Corporation, have to apply on a project-by-project basis which can add costs if taxes must be paid in the meantime as well as result in process delays.

According to the Affordable Housing Branch, a financial analysis is underway on the impact on tax revenues if MCFs were offered to all non-profit affordable developments.

#### Tracking and Reporting

Currently, there is no holistic view of affordable housing projects and what tools are being leveraged, nor is feedback on their efficacy being centrally tracked.

We understand that the Affordable Housing Branch is currently developing a tracking tool. Though reporting is not yet offered, once fully implemented, the tracker is expected to have program-based information on all affordable housing projects.

If programs and tools are underutilized, fewer developers will be incentivized to build affordable projects. Without a centralized view on the utilization of these critical tools, the City is less equipped to support partners in the development of affordable housing projects.

### **RECOMMENDATION 2 – ADDITIONAL HSIP PROGRAM MEASURES**

The Director of Planning Services, in collaboration with the Directors of Economic Development and Long-Range Planning and Housing Services, should consider additional measures under the HSIP program. This could include the ability to further expedite approvals and permits as well as examining more flexible zoning requirements such as parking minimums, height maximums, setbacks, design, and other requirements while maintaining key controls. The governance body from Recommendation #1 should provide oversight on all HSIP projects.

### **MANAGEMENT RESPONSE 2**

Management agrees with this recommendation. PRED and CSSD will review the HSIP program to leverage potential opportunities to find efficiencies and assist with expediting the approval process for applications related to the development of affordable housing while ensuring legislative requirements are met. This review will be targeting a completion of Q2 2024 and if opportunities and efficiencies are recognized the City will provide implementation targets. The role of the governance body in Recommendation 1 will be to have oversight to the identified revisions to the HSIP program. Implementation of the program and processing of affordable housing applications through the revised program will be overseen by PRED and CSSD as part of regular operations.

### **RECOMMENDATION 3 – REVIEW OF MCF ELIGIBILITY**

The Director of Housing Services, in collaboration with the Deputy City Treasurer, Revenue, should review the eligibility process for the MCF strategy, ensuring projects are assessed as early as possible in the development cycle.

### **MANAGEMENT RESPONSE 3**

Management agrees with this recommendation. CSSD in collaboration with Finance and Corporate Services Department will develop a MCF strategy and by-law that will provide not for profit affordable housing developments with MCF (tax-free) status subject to construction completion and after assessment of the property by the

Municipal Property Assessment Corporation has been completed. The strategy and by-law will be presented to Council in Q2 2024. Since the by-law will establish a project's eligibility for MCF status, oversight by the governance body from Recommendation #1 would not be necessary. However, regular reporting of new MCF Agreements could be appropriate.

#### **RECOMMENDATION 4 – CENTRALIZED TRACKING OF AVAILABLE TOOLS**

The Director of Housing Services should centrally track the use of all affordable housing tools and programs in order to gauge the uptake of programs offered by the City. This system should also be used to record client feedback on program efficacy to inform future improvements, as necessary.

#### **MANAGEMENT RESPONSE 4**

Management agrees with this recommendation. CSSD, PRED and other City Departments will work together to track the use of affordable housing tools and programs in order to gauge the uptake of programs offered by the City. The City will meet with Information Technology Services and review options available within the City to determine if a tracking system currently exists within the City that could satisfy this recommendation. This recommendation will target a Q4 2024 completion if a system currently exists or provide a follow up to the OAG with a new proposed timeline if an external option is required. Once a central system is in place, Housing Services will provide an annual report of all data and a summary of feedback received, to Council.

### **3. Affordable Housing Land Strategy**

#### **3.1 The land strategy for affordable housing is not yet formalized or operationalized to maximize surplus land for affordable housing development or contribution.**

Land is a critical element to affordable developments. Typically, for a non-profit or private builder to make an affordable development financially feasible, land must be granted at a deep discount or nominal value. The Affordable Housing Land and Funding Policy<sup>8</sup> has the goal of making land available for affordable housing development. Specifically, the expectation is that Housing Services and CREO identify and make available suitable surplus City-owned land for the provision of long-term, affordable housing. Land that is designated for the purpose of affordable housing development may be disposed of or leased to housing providers at less than market value, with Council authority.

Build Ottawa (originally the Ottawa Community Land Development Corporation) was created in 2009 and is a separate, wholly owned corporation that the City uses to acquire

<sup>8</sup> <https://pub-ottawa.escribemeetings.com/filestream.ashx?documentid=39204>

and dispose of surplus land. Build Ottawa allows for agile transactions and separates the City's land ownership/real estate development role from its planning authority role.

While there is the Affordable Housing Land and Funding Policy in place, there is currently no formalized affordable land strategy at the City, despite the criticality of land to affordable housing development. Some examples of the impact of the lack of a holistic strategy include:

- The Disposals and Strategic Development Unit within CREO maintains an inventory of non-active properties. Before a parcel is declared surplus, there is a circulation to all City departments to get their feedback, including Housing Services. The Affordable Housing Branch also maintains an inventory of properties with candidate property description, number of potential units, development potential, timeframe, viability, and other information. Though the Affordable Housing Branch has draft criteria that they will use to decide the suitability of land for affordable housing development, these criteria are still in development.
- The revenue targets associated with the sale of surplus land directly competes with the goal of making land or proceeds from land available for affordable housing development. Specifically, the City and Build Ottawa have revenue generation targets associated with the sale of surplus land – \$2.5M and \$5M, respectfully for 2023. This goal inherently conflicts with making land available to affordable housing developers at lower-than-market prices.
- While CREO looks at all City lands with a strategic lens, other strategic, surplus lands across the City, lands and buildings owned by other levels governments (e.g. the Federal Government's Disposal list<sup>9</sup>) and private stakeholders are not yet evaluated for suitability for affordable housing. Highly desirable properties identified could be considered for initial discussions with the other entities.

Without a fully implemented strategy for identification, evaluation and prioritizing of City lands, affordable housing development opportunities could be missed. Additionally, having revenue targets in contrast to the affordable housing goals can impact the ability to achieve affordable housing objectives.

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<sup>9</sup> <https://www.tpsgc-pwgsc.gc.ca/biens-property/rpportfolio-eng.html#disp>

**RECOMMENDATION 5 – AFFORDABLE HOUSING LAND STRATEGY**

The Director of Housing Services, in collaboration with the Director of CREO, should formalize its affordable housing land strategy, ensuring that:

- Detailed and specific criteria for evaluating lands for affordable housing development are formalized and implemented to prioritize optimal land parcels, including consultation with relevant development partners;
- Consideration is made for affordable housing targets alongside revenue targets; and
- Consideration and evaluations are made for strategic surplus lands owned by other governments and/or private stakeholders.

**MANAGEMENT RESPONSE 5**

Management agrees with this recommendation. CSSD and CREO, in consultation with FCSD, will formalize an affordable housing land strategy to include detailed criteria and prioritization criteria for evaluating land parcels. This update will include consideration for housing targets versus revenue targets and surplus government and privately owned lands. This update will be completed by Q4 2024.

**3.2 Opportunities exist to broaden the scope of the Affordable Housing Land and Funding Policy.**

The Affordable Housing Land and Funding Policy states that: "when City-owned Land is sold, [the City must] ensure that 25 per cent of any housing development on that land meets the definition of affordable housing or where affordable housing is not provided, ensure that 25 percent of the City's Net Proceeds be transferred to the Affordable Housing Reserve Fund to fund the development of new affordable housing elsewhere."

In practice, only sales on surplus land deemed appropriate for residential development are contributing to the Affordable Housing Reserve Fund; resulting in an average of 9.4% of sale proceeds from all City and OCLDC sales going to the fund from 2018 through 2022, for a total of \$5.9 million.

If 25% of sales were allocated to the Fund from all City and OCLDC sales since 2018, an additional \$9.8 million would have been transferred and available for affordable housing development. Since the OCLDC's inception in 2009, if 25% of all sale proceeds had been allocated to the Fund, it would account for an additional \$20.8 million available to fund affordable housing. (These figures are based on gross sales as closing cost information was not available.)

Some other smaller municipalities have higher rates of inclusion for the transfer of proceeds. However, increasing the inclusion rate would reduce funds available for other purposes.

Funding for affordable housing development is one of the City's key challenges. Without maximizing the scope of the policy, there is a direct impact on the funds available to be used towards the achievement of affordable housing goals.

### **RECOMMENDATION 6 – LANDS DISPOSAL PROCEEDS FOR AFFORDABLE HOUSING**

The Director of Housing Services, in collaboration with the Deputy City Treasurer and the Director of the Corporate Real Estate Office should undertake a cost-benefit analysis of expanding the scope of the land strategy with respect to sales, to estimate the impact of:

- expanding the types of properties (i.e. beyond land deemed appropriate for residential development) included in the Affordable Housing Land and Funding Policy for proceeds transfers.

Based on the results of the analysis, a recommendation should then be made to the Planning and Housing Committee, as applicable.

### **MANAGEMENT RESPONSE 6**

Management agrees with this recommendation. An analysis will be undertaken on expanding the types of properties included in the Affordable Housing Land and Funding Policy for proceeds transfers. This analysis can be completed and presented to Council for consideration as part of the Housing LRFP update in Q2 2024.

## **4. Monitoring and Reporting**

### **4.1 There are multiple definitions of “Affordable Housing” used by the City.**

The term “affordable housing” has multiple definitions at the City. In some cases, the same document can contain more than one definition of affordable housing. Despite this, typical definitions for affordable housing include:

- the occupant does not pay more than 30% of their gross income;
- 80% of CMHC Average Market Rent, as reported in their annual market report; or
- CMHC Average Market Rent

The glossary definition from the 10-Year Housing and Homelessness Plan 2020-2030 (the Plan) of affordable housing is “a housing unit that can be owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that are less than 30 per cent of its gross income.” Included in the Plan are more specific definitions of affordable housing including market-affordable, below-market, and core-affordable based on income percentiles. In the body of the Plan, affordable housing is defined as “new affordable housing developments provide mixed income communities with a range of building types,

tenant profiles and levels of support. Rents are not geared to income, rather they are typically set at 80% of the average market rents.”

Within Contribution Agreements which are signed with housing developers, there are different definitions for “affordable housing”, ranging from 30% of gross income to 80% of Average Market Rent.

Without a consistent definition of affordability, the reliability and consistency of monitoring and reporting is reduced which can negatively affected decision-making. Inconsistent definitions can also create confusion for stakeholders.

### **RECOMMENDATION 7 – AFFORDABLE HOUSING DEFINITION**

The Director of Housing Services should adopt a clear and consistent definition of Affordable Housing for use across the City, in communication and reporting. Leveraging any other definitions in specific circumstances should be clearly noted and explained.

### **MANAGEMENT RESPONSE 7**

Management agrees with this recommendation. The Director of Housing Services will devise affordability definition(s) in consultation with PRED and the affordable housing sector. This work is also intended as a precursor to the work on the 10 Year Housing and Homelessness Plan refresh. However, provincial and federal programs and regulations may continue to require that more than one definition be established. This will be completed by Q4 2024.

#### **4.2 The City is not currently reporting on progress against all outcomes.**

The Plan sets out a recommended reporting template to measure progress on the established outcomes which includes targets and indicators to measure progress.

The primary deliverable for reporting on affordable housing targets is the 10-Year Housing and Homelessness Plan Update (the Update) which is presented annually to the Planning and Housing Committee. Currently, the annual Update does not fully align with the commitments made on reporting of progress against targets; specifically:

- While the City does report on the number of new affordable units, there is no reporting on levels of affordability as committed to in the Plan.
- Information on affordable home ownership is not being tracked or reported.
- The Affordable Housing Land and Funding Policy states that the results of the policy shall be monitored and reported on annually by Housing Services as part of the Update; however, there is no information on land transfers or disposals for affordable housing included in the Update.



Without complete reporting on the results of the strategy, transparency is diminished, and decision making could be affected.

**RECOMMENDATION 8 – COMPLETENESS OF REPORTING**

The Director of Housing Services should ensure that all commitments made on reporting against targets/outcomes are reflected in the annual 10-Year Housing and Homelessness Plan Update. This should include information on the depth of affordability, in line with the City’s definition of affordable housing (see Recommendation #7).

Additionally, outcomes related to the Affordable Housing Land and Funding Policy should be consolidated in the Update, including declarations, acquisitions, transfers, and disposals of land at the City and Build Ottawa related to affordable housing.

**MANAGEMENT RESPONSE 8**

Management agrees with this recommendation. The Director of Housing Services, in collaboration with the Director of CREO, will include the additional information in future annual 10-Year Housing and Homelessness Plan updates. These updates are legislated by the province and must be submitted by June 30th of each year, as a result, the 2025 update will capture this new information, subject to the province deeming it appropriate.

**4.3 Key affordable housing indicators could be reported in a timelier manner.**

Currently, the Update is a static snapshot, released once annually and generally months after the City’s year-end. Other reporting mechanisms, such as the quarterly “Residential Dwelling Approval Pipeline Dashboard” reports on milestones of residential developments. Included in this report are data on “not-for-profit” dwellings (such as how many are under construction), which is a proxy for affordable housing units.

Our audit reviewed other jurisdictions and it was noted that some published specific affordable housing quarterly reporting dashboards including:

- Geographical data of developments
- Stage of approvals and/or progress on construction of developments
- Specific project information on:
  - Affordable housing programs utilized
  - Location, number, and type of affordable units, including number of bedrooms

The Affordable Housing Branch is currently implementing an affordable housing tracker tool, though reporting from this is not yet available. As a result, affordable housing quarterly reporting is not currently provided by the City.

Without timely reporting on the results of the existing strategies, transparency is diminished, and decision making could be impacted.

In addition, Council's 2023-2026 Term of Council Priorities include Strategic Objectives #1 and #2 that directly relate to housing supply. Performance indicators attached to those objectives include number and level of affordability of units as well as location, unit type, and application status. An opportunity exists to align these indicators with regular reporting.

### **RECOMMENDATION 9 – QUARTERLY AFFORDABLE HOUSING DASHBOARD**

The Director of Housing Services, in collaboration with the Director of Economic Development and Long-Range Planning, should develop a quarterly dashboard that includes key affordable housing indicators, including related performance indicators from the related strategic objectives, for timely transparency and decision making. This should be reported to the Planning and Housing Committee by, no later than the end of the following quarter.

### **MANAGEMENT RESPONSE 9**

Management agrees with this recommendation. PRED and CSSD will develop a quarterly dashboard for affordable housing, including data required to report to the Ministry of Municipal Affairs and Housing based on the Municipal Housing Pledge, to the Planning and Housing Committee. The 2024 Q2 dashboard will be presented to the Planning and Housing Committee in Q3 2024.

## Appendix 1 – Subject Matter Expert Profiles

The audit leveraged subject matter expertise throughout the project. We are appreciative of the support provided by these individuals with extensive knowledge of affordable housing development in Canada. Profiles are outlined below.

### **Sean Gadon**

Mr. Gadon is an expert in the field of affordable housing policy, programs and housing development in Canada. Mr. Gadon has worked in the field of affordable housing for more than 40 years, with senior government experience at both the provincial and municipal levels. Due to his experience and expertise, he has worked for a diverse group of clients, including municipal and provincial governments, charities, and non-profit and private sector developers. As the former Executive Director of the City of Toronto’s Housing Secretariat, Mr. Gadon was the architect of the first two 10-Year Municipal Housing and Homelessness Action Plans. Mr. Gadon is frequently called upon as an expert speaker at local, provincial and national housing conferences.

### **Stephen Giustizia**

Mr. Giustizia is a private affordable housing development consultant and leadership coach. With over 30 years in progressive leadership roles in municipal government and as the former CEO of a municipal housing corporation, he oversaw the planning, incubation, and direct development of multiple affordable and mixed housing projects. Since his retirement in 2022, Mr. Giustizia has acted as a program adjudicator for the Canada Mortgage and Housing Corporation and as an expert advisor to applicants in the National Housing Strategy’s Housing Supply Challenge, managed through Evergreen Canada. As a Charter Member and volunteer with the Canadian Chartered Institute of Housing, Mr. Giustizia helps set educational curriculum and mentors emerging housing experts.

## Appendix 2 – City of Ottawa Housing Definitions

Term	Definition
Emergency Shelters & Transitional Housing	The objective of emergency housing is to provide safe, short-term, accommodation with varying levels of support. The City of Ottawa provides individuals, couples, and families experiencing homelessness with temporary, safe, and secure emergency shelter services (e.g. beds, meals, personal supports) with the goal of helping them stabilize and find suitable, affordable housing.
Supportive Housing	Supportive housing is a community-based, person-centred model of providing affordable, permanent accommodation that provides a range of services and supports based on an individual’s needs. Support service providers assist tenants in attaining their optimum quality of life by providing services such as referrals, assistance with life skills, assistance in maintaining housing, and opportunities for peer support and community involvement
Community/Social Housing	Social housing is subsidized (rent geared-to-income assistance) rental housing that was constructed under federal and provincial building programs over the last six decades. The operating subsidy paid to housing providers by the City of Ottawa reduces the cost of housing so that households pay 30 percent of their gross monthly income for rent.
Housing Subsidies	Housing subsidies (rent supplements and housing allowances) provide households with financial support to offset the rental costs of accommodations. Programs assist people exiting homelessness to secure private market housing they can afford over the long-term, and assist people who need help with rental costs to sustain their current accommodations.
Affordable Housing	Affordable housing definitions vary but typically range from: a housing unit that can be owned or rented by a household with shelter costs that are less than 30% of its gross income, up to the Average Market Rent (AMR), as determined by the Canada Mortgage and Housing Corporation.
Market Housing	Market housing includes purpose-built rentals, condominiums, other private rentals, and home ownership at market determined prices.

## Appendix 3 – About the Audit

### Audit Objectives and Criteria

The objective of the audit was to assess whether the City has designed and implemented programs and structures to support its affordable housing objectives as outlined in the 10-Year Housing and Homelessness Plan.

<b>1) Appropriate programs, tools and structures have been established to support the City’s affordable housing targets and commitments.</b>	
1.1	A collaborative, one-City approach has been established for managing the affordable housing portfolio across the City. This includes an appropriate organizational structure and roles and responsibilities to deliver the program.
1.2	The City has established appropriate strategies for the achievement of its affordable housing targets, which includes periodically reviewing and re-establishing these plans.
1.3	The City has identified, evaluated and implemented available tools to support its affordable housing targets.
1.4	The City has established and maintained effective relationships across the industry (i.e., private and non-profit housing providers and other external stakeholders) to support its affordable housing objectives.
1.5	A strategy has been developed and is being implemented to ensure available lands under municipal control are leveraged for affordable housing opportunities.
<b>2) The City has coordinated sufficient planning of projects to allow agility when new funding is announced for affordable housing.</b>	
2.1	The City has identified and supported the advancement of affordable housing projects towards community readiness when new funding is available.
<b>3) There is an established and accepted approach to determining affordable housing targets and measuring progress towards these targets.</b>	
3.1	In the absence of a consistent approach within the industry, the City has determined a standard definition of a “unit” for measurement purposes towards affordable housing targets.
3.2	A standard methodology has been developed and implemented for counting and reporting new affordable housing units to stakeholders.

## Audit Approach and Methodology

Audit staff performed the following procedures to complete this audit:

- Reviewed relevant documents (e.g., 10-Year Housing and Homelessness Plan, Housing Services Long Range Financial Plan, etc);
- Interviewed City staff and external housing stakeholders;
- Performed comparisons with other Ontario municipalities, where relevant;
- Utilized subject matter expertise in the area of affordable housing; and
- Performed other analyses and tests, as necessary.

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