

Subject: Housing Services Long Range Financial Plan 2025-2030 Update

File Number: ACS2024-FCS-FIN-0011

**Report to Special Joint Finance and Corporate Services Committee and Planning
and Housing Committee on 6 November 2024**

and Council 13 November 2024

**Submitted on October 28, 2024 by Cyril Rogers, General Manager and Chief
Financial Officer, Finance and Corporate Services Department**

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Ward: Citywide

**Objet : Mise à jour – Plan financier à long terme pour les services de
logement 2025-2030**

Numéro de dossier : ACS2024-FCS-FIN-0011

**Rapport présenté à la réunion conjointe extraordinaire du Comité des finances et
des services organisationnels et du Comité de la planification et du logement**

le 6 novembre 2024

et au Conseil le 13 novembre 2024

**Soumis le 28 octobre 2024 par Cyril Rogers, Directeur général et chef des
finances, Direction générale des finances et des services organisationnels**

**Personne ressource : Isabelle Jasmin, Trésorière municipale adjointe, Services
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Quartier : À l'échelle de la ville

REPORT RECOMMENDATIONS

That the Special Joint Finance and Corporate Services and Planning and Housing Committee recommend that Council approve:

- 1. That the annual contribution from taxation for affordable housing continue to be increased by \$1 million annually for the next six years (2025 to 2030) to increase the affordable housing annual base budget capital contribution from \$9 million to \$15 million by 2030, within Council's approved tax target.**
- 2. Continue to allocate the net proceeds from the Vacant Unit Tax to the City's Housing Reserve.**
- 3. Stop increasing the Development Charge Exemption Charge budget by \$500 thousand annually because exemptions for affordable housing (including Transit DCs) are now mandatory under provincial law (Bill 23).**
- 4. Ensure the City's Housing Reserve maintain a positive balance and if it goes into deficit, repay the negative balance within one to three years from the capital contribution, unless other sources are available.**
- 5. Direct staff to continue efforts to secure additional capital funding from the federal and provincial governments estimated at \$342.8 million over the next six years to support new affordable and supportive housing units.**
- 6. Direct staff to explore the feasibility of the City offering debt financing, as an alternative to direct equity contributions to support service providers in launching affordable housing projects and that the debt servicing would be temporarily covered by the city's Affordable Housing annual budget until service providers can use rent revenue to cover these costs**
- 7. Direct staff to continue to pursue permanent stable operating funding from the federal and provincial governments estimated at \$13.7 million annually over the next six years to provide up to 1,300 new housing subsidies annually.**
- 8. Direct staff to advocate for the continuation of existing provincial and federal programs to secure \$75 million annually from 2027-2030 to support new supportive and transitional housing, enhanced support services, and increase emergency shelter funding.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels et le Comité de la planification et du logement recommandent au Conseil municipal d'approuver :

- 1. Que la contribution annuelle des recettes fiscales au logement abordable continue d'être augmentée de 1 M\$ par année pendant les six prochaines années (2025 à 2030) afin d'augmenter la contribution au budget de base annuel en matière de logements abordables de 9 M\$ à 15 M\$ d'ici 2030 dans le cadre de l'objectif fiscal approuvé par le Conseil.**
- 2. Que les recettes nettes de l'impôt sur les logements vacants continuent d'être affectées au fonds de réserve de logement de la Ville.**
- 3. Que le budget des exemptions de redevances d'aménagement ne soit plus augmenté de 500 000 \$ par année pour tenir compte du fait que l'ancienne exemption discrétionnaire de redevances d'aménagement non liées au transport en commun pour les unités de logement abordable de la Ville, qui comprend désormais les redevances d'aménagement liées au transport en commun, est une exemption obligatoire dans le cadre du projet de loi 23.**
- 4. Que conformément à la politique sur les réserves de la Ville, le fonds de réserve pour le logement conserve un solde positif et tout solde négatif soit remboursé au cours des un à trois années suivantes à partir de la contribution pour les immobilisations si le financement provenant d'autres sources est insuffisant pour reconstituer ce fonds de réserve.**
- 5. Qu'il soit enjoint au personnel de continuer de demander aux gouvernements fédéral et provincial des fonds d'immobilisations supplémentaires pour de nouveaux logements abordables et avec des services de soutien estimés à 342,8 M\$ au cours des six prochaines années.**
- 6. Qu'il soit enjoint au personnel d'étudier la possibilité que la Ville fournisse du financement par emprunt pour compléter le financement offert aux fournisseurs de services, au besoin, au lieu d'une contribution en espèces sous forme de capitaux propres afin de faire progresser la mise en chantier de logements abordables au cas par cas. Le coût de la dette sera financé à même la contribution annuelle au logement abordable pendant une période**

limitée jusqu'à ce que le fournisseur de services puisse recouvrer ce coût à même les revenus de location.

- 7. Qu'il soit enjoint au personnel de continuer de demander aux gouvernements fédéral et provincial des fonds de fonctionnement permanents et stables estimés à 13,7 M\$ par année au cours des six prochaines années afin de fournir jusqu'à 1 300 nouvelles subventions au logement par année.**
- 8. Qu'il soit enjoint au personnel de poursuivre les programmes provinciaux et fédéraux existants qui s'élèvent à 75 M\$ par année de 2027 à 2030 afin de fournir des fonds de fonctionnement à de nouveaux logements avec services de soutien et logements de transition, d'offrir des services de soutien améliorés et d'augmenter le financement des refuges d'urgence.**

EXECUTIVE SUMMARY

The City's first Housing Long Range Financial Plan (LRFP) was approved by Council in 2021 based on the 10 Year 2020-2030 Housing and Homelessness Plan (10-Year Plan). The LRFP was created to help guide decisions and ensure that financial resources are aligned with the goals of the 10-Year Plan, which focuses on addressing housing needs, reducing homelessness, and enhancing housing services across the City. After four years, including the COVID-19 pandemic, many factors have changed including rising interest rates and inflationary increases in construction, rising private market rates, and increasing homelessness in our community. However, the City of Ottawa has made significant strides in attracting municipal, provincial, and federal funding support as outlined in the first LRFP, as well as delivering on the objectives of the 10-Year Plan. This 2025-2030 LRFP provides an update for the remaining six years of the plan to the costing, funding, and strategies to achieve the objectives set out in the LRFP and 10-Year Plan.

The refreshed LRFP for 2025-2030 continues to look to achieve the objectives of the 10-Year Plan and has significant funding and progress already made. Ongoing partnerships with the provincial and federal government continue to collectively deliver on targets for new affordable, supportive, and transitional housing. The funding projections for 2025-2030 for key 10-Year Plan objectives are as follows:

- \$920 million in equity required for creating 450 affordable and 50 supportive new homes annually, with \$577.2 million in anticipated capital funding, leaving \$342.8 million in new funding partnerships needed to achieve collective targets.

- The City will increase annual predictable and sustainable funding from \$14.6 million in the 2021 LRFP to \$18.9 million in 2025. Depending on Council's approval of the VUT amendments, this amount could increase to \$23.9 million.
- The City is also projected to contribute an additional \$24.3 million over the next six years, from surplus land sales, cash in lieu and community benefit charge.
- In addition to direct funding, the City is projected to contribute an additional \$66.4 million over the next six years to new affordable housing in the form of fee relief, property tax exemptions to non-profit housing providers and tax increment equivalent grants as part of the Affordable Housing Community Improvement Plan.
- \$125 million in capital funding required for up to seven new permanent transitional housing options to purchase and operate, with \$125 million in anticipated capital funding from federal funding partnerships.
- \$440 million in operating funding required to fund new transitional housing, supportive housing, and provide housing supports, with \$140 million in anticipated operating funding, leaving \$300 million in funding partnerships needed to continue from 2027-2030.
- \$288.2 million in funding required to deliver 1300 housing subsidies annually to eliminate chronic homelessness, with \$288.2 million in funding partnerships needed.

In addition to the record investments in funding from provincial and federal partners as well as the municipal investments, there are several strategies staff are using to deliver objectives of the 10-Year Plan, including:

- Municipal Land Strategy for Affordable Housing and Build Ottawa Disposals.
- Affordable Housing Community Improvement Plan and Bill 23 Incentives (development charge exemptions and discounts to cash-in-lieu of parkland and community benefit charges).
- New development review team focused on streamlining planning approvals for affordable housing (Development Review All Wards).
- City-initiated zoning amendments and other Housing Accelerator Fund projects aimed at removing barriers and accelerating the delivery of affordable housing.

The City is also working with the Ottawa Community Housing Corporation (OCHC) to explore the possibility of an alternative equity financing solution that would allow them to accelerate the development of affordable housing units in the near term.

RÉSUMÉ

Le Conseil municipal a approuvé le premier Plan financier à long terme (PFLT) de la Ville en matière de logement en 2021 à la lumière du Plan décennal pour le logement et la lutte contre l'itinérance 2020-2030 (Plan décennal). Le PFLT vise à orienter les décisions et à s'assurer que les ressources financières sont alignées sur les objectifs du Plan décennal. Ce dernier vise à répondre aux besoins en matière de logement, à réduire l'itinérance et à améliorer les services de logement dans l'ensemble de la ville. Après quatre années, y compris la pandémie de COVID-19, de nombreux facteurs ont changé, notamment la hausse des taux d'intérêt, l'augmentation des coûts de construction due à l'inflation, la hausse des taux sur le marché privé et l'augmentation de l'itinérance dans notre communauté. La Ville d'Ottawa a toutefois fait des progrès considérables pour obtenir du soutien financier municipal, provincial et fédéral, comme indiqué dans le premier PFLT, et pour atteindre les objectifs du Plan décennal. Le PFLT pour 2025 à 2030 prévoit une mise à jour pour les six années restantes du Plan décennal au chapitre de l'établissement des coûts, du financement et des stratégies visant à atteindre les objectifs énoncés dans le PFLT et le Plan décennal.

Le PFLT actualisé pour 2025 à 2030 vise toujours à atteindre les objectifs du Plan décennal. Il bénéficie d'un financement important, et nous avons déjà réalisé des progrès. Les partenariats en cours avec les gouvernements provincial et fédéral continuent de contribuer collectivement à l'atteinte des objectifs en matière de nouveaux logements avec services de soutien et de transition abordables. Les projections au chapitre des fonds pour 2025 à 2030 qui sont associées aux principaux objectifs du Plan décennal sont les suivantes :

- 920 M\$ de fonds propres nécessaires pour créer 450 logements abordables et 50 logements avec services de soutien nouveaux par année, ainsi que 577,2 M\$ de financement d'immobilisations prévu, ce qui laissera 342,8 M\$ par le truchement de nouveaux partenariats afin d'atteindre des objectifs collectifs.
- La Ville fera passer le financement annuel prévisible et durable de 14,6 M\$ dans le PFLT de 2021 à 18,9 M\$ en 2025. En fonction de l'approbation par le Conseil des modifications à l'impôt sur les logements vacants, ce montant pourrait passer à 23,9 M\$.

- On prévoit également que la Ville apportera une somme supplémentaire de 24,3 millions de dollars au cours des six prochaines années, financée par la vente de terrains excédentaires, le règlement financier de frais et les redevances pour avantages communautaires.
- De plus, outre le financement direct, la Ville devrait contribuer aux nouveaux logements abordables, à hauteur de 66,4 millions de dollars au cours des six prochaines années, sous la forme d'allègement des coûts, d'exonérations d'impôt foncier pour les fournisseurs de logements à but non lucratif et de subventions proportionnelles à la hausse des impôts fonciers dans le cadre du Plan d'améliorations communautaires pour le logement abordable.
- 125 M\$ en fonds d'immobilisations nécessaires pour l'acquisition et le fonctionnement d'un maximum de sept nouvelles options permanentes de logement de transition, ainsi que 125 M\$ de financement d'immobilisations prévu provenant de partenariats de financement fédéraux.
- 440 M\$ en financement opérationnel nécessaire pour financer de nouveaux logements de transition et avec services de soutien, et pour fournir de l'aide au logement, ainsi que 140 M\$ de financement opérationnel prévu, ce qui laissera 300 M\$ par le truchement de partenariats pour continuer à partir de 2027-2030.
- 288,2 M\$ en financement nécessaire pour fournir chaque année 1 300 subventions au logement destinées à éliminer l'itinérance chronique, ainsi que 288,2 M\$ par le truchement de partenariats.

En plus de mettre à profit des investissements records de partenaires provinciaux et fédéraux, ainsi que des investissements municipaux, le personnel recourt à plusieurs stratégies pour atteindre les objectifs du Plan décennal, dont les suivantes :

- Stratégie foncière municipale pour le logement abordable et aliénation de biens par le truchement de Bâtir Ottawa.
- Plan d'amélioration communautaire en matière de logement abordable et mesures incitatives prévues au projet de loi 23 (exemptions et réductions de redevances d'aménagement, règlement financier des frais relatifs aux terrains à vocation de parcs et redevances pour avantages communautaires).
- Nouvelle équipe d'examen des projets d'aménagement qui est axée sur la simplification de l'approbation des demandes d'aménagement de logements

abordables (dans tous les quartiers).

- Projets de modification de zonages lancés par la Ville et autres projets financés par le fonds pour accélérer la construction de logements abordables afin d'éliminer des obstacles et d'accélérer la livraison de logements abordables.

La Ville collabore également avec la Société de logement communautaire d'Ottawa pour explorer la possibilité d'une autre solution de financement par capitaux propres qui lui permettrait d'accélérer l'aménagement d'unités de logement abordable à court terme.

BACKGROUND

In 2001, the responsibility of providing housing in Ontario was directed to municipal governments, which is unique compared to other provinces. This creates significant pressure on the municipal budget and property tax base. The City acknowledges that significant funding commitments have been made by the provincial and federal governments to support local efforts to create a housing and homelessness system that can adequately respond to the needs of residents (see Document 1 – Summary of provincial and federal investments and programs overview). However, many of these investments have been time-limited, particularly in the past three years with pandemic-related capital funding and other funding programs, which means there is no certainty going forward regarding levels of investments from higher levels of government. Meeting the objectives of the 10-Year Plan is contingent on equitable, adequate, predictable, and sustained funding from all levels of government.

10-Year Housing and Homelessness Plan

The City's first 10-Year Housing and Homelessness Plan was implemented in 2014, and Council approved record capital investments to fund new affordable housing between 2014 to 2020. Within that timeframe, 1,692 new units were funded using funding from all three levels of government totaling \$161.7 million. The City provided a total investment of \$54.9 million in those seven years, which represents 34 per cent of the overall government investment during that period, while 66 per cent came from provincial and federal funding.

The updated 10-Year Housing and Homelessness Plan 2020 to 2030 (10-Year Plan) was adopted by Council on July 15, 2020 ([ACS2020-CSS-GEN-006](#)). The Plan identified current and future housing needs and priorities and set targets and objectives to meet these needs. One of the objectives was to increase the supply of affordable

housing by creating 5,700 to 8,500 new affordable housing options over the ten-year period, which includes both housing benefits and new affordable units through capital investments.

2021 Housing Services Long Range Financial Plan

As a means of delivering the new affordable units contemplated in the 10-Year Plan and to support good financial planning, Council approved the Housing Services Long Range Financial Plan (LRFP) on March 10, 2021 ([ACS2021-FSD-FIN-0001](#)). The 2021 Housing Services LRFP addressed two key components of the 10-Year Plan: the funding required to maintain existing services and the funding required to meet the targets set out in the Plan. The 2021 Housing Services LRFP outlined the capital funding required for 500 new affordable and supportive housing units annually, as well as 3 new transitional housing facilities, between 2021 and 2030 and provided a funding and advocacy strategy to fulfill the objectives of the 10-Year Plan. Table 1 below shows the breakdown of funding requirements by level of government that was required to meet the 10-year capital requirement as set out by the 2021 Housing Services LRFP.

Table 1 – Estimated Capital Cost Sharing from 2021 to 2030 (\$ millions)

Capital Requirement	City	Prov/Fed	Total
New affordable and supportive housing	188.4	376.7	565.1
New transitional housing	10.0	20.0	30.0
Total 10-Year Capital Requirement	198.4	396.7	595.1
Annual capital requirement	14.6	40.0	54.6
Annual Development Charge Exemptions	5.4	-	5.4

The 2021 Housing Services LRFP assumed a total investment of \$595.1 million and estimated \$198.4 million in municipal funding over ten years. This funding was made up of \$146.8 million for capital funding, contributing \$14.6 million annually to new affordable and supportive housing units and transitional housing; and, \$51.6 million in development charge exemptions, which are now mandated by the province as a result of Bill 23 – *More Homes Built Faster Act, 2022* and eliminating the need for the City to fund these exemptions going forward. In the 2021 budget, the \$14.6 million contribution proposed by the 2021 Housing Services LRFP was increased to \$15 million to match previous years' budget envelopes.

In addition to new capital funding for affordable housing units, the 2021 Housing

Services LRFP outlined the long-term requirements for new housing subsidies, operating funding for supportive and transitional housing and operating funding for two new transitional housing facilities. Table 2 below shows the estimated operating cost from the 2021 Housing services LRFP.

Table 2 – Estimated Operating Cost from 2021 to 2030 (\$ millions)

Operating Requirement	City	Prov/Fed	Total
New Housing Benefits		282.3	282.3
New Operating Funding	5.0	652.1	657.1
Pressures on existing budget	16.0		16.0
Total 10-Year Operating Requirement Gap	21.0	934.4	955.4
Average Annual Operating Requirement Gap	2.1	93.4	95.5

Progress on the Housing Services LRFP 2021-2024

As a result of the capital investments made from all levels of government between 2021 and 2023, the number of affordable and supportive housing units under construction as of the end of 2023 was at the highest level it has been historically. The 10-Year Plan included an annual target of 500 new affordable / supportive housing units. Since the approval of 2021 Housing Services LRFP, the City has completed 785 new housing units and at the time of this report, there is 438 units under construction as detailed in Table 3 below, including a summary of funding contributed from all three levels of government.

Table 3 - New Affordable Units 2021-2024 (\$ millions)

	2021	2022	2023	2024 to date	Total	%
Units Completed	222	64	106	393	785	
Units Under Construction	234	535	831	438	438	
Funding:						
City Funding	15.0	15.0	29.3	30.0	89.3	37%
Provincial Funding	16.7	4.2	30.1	5.7	56.7	23%
Federal Funding	33.8	0.0	23.2	39.6	96.6	40%
Total Funding	65.5	19.2	82.6	75.3	242.6	

The 2021 Housing Services LRFP assumed funding of \$14.6 million annually for the City's annual capital contribution to fund 500 new units per year, combined with

additional funding from the provincial and federal governments. Table 4 below, shows that the City provided predictable annual funding that exceeded the capital requirement set by the 2021 Housing Services LRFP.

Table 4 – Municipal Capital Investments between 2021 to 2024 (\$ millions)

Municipal Investments 2021-2024					
	2021	2022	2023	2024	Total
2021 LRFP annual requirement	14.6	14.6	14.6	14.6	58.4
Council approved annual budget	15.0	15.0	16.0	30.0	76.0
2022 Capital Strategy Report			13.3		13.3
Total City Funding	15.0	15.0	29.3	30.0	89.3

The provincial government did not meet their required average \$20 million annual capital investments towards new affordable units, to meet the 500-unit annual goal. The amount of funding varied greatly year to year and a large portion of the funding was pandemic-related, with the provincial Social Services Relief Fund program only providing capital funding in 2020 and 2021. However, the amount of funding received was an increase from previous years, averaging \$14 million over the last four years. Table 5 below shows the provincial capital investments between 2021 and 2024.

Table 5 – Provincial Capital Investments between 2021 to 2024 (\$ millions)

Provincial Investments 2021-2024					
	2021	2022	2023	2024	Total
2021 LRFP annual requirement	20.0	20.0	20.0	20.0	80.0
Social Services Relief Fund	10.5				10.5
Canada-Ontario Community Housing Initiative	1.5				1.5
Ontario Priorities Housing Initiative	4.7	4.2	5.9	5.7	20.5
Priority Projects for Municipalities			24.2		24.2
Total Annual Funding	16.7	4.2	30.1	5.7	56.7

As detailed in Table 6, the federal government did meet their required \$20 million annual capital investments towards new affordable units, on average, towards the 500-unit annual goal. However, this funding was also unpredictable and varied year over year. Between 2021 and 2023, the federal Rapid Housing Initiative was a key funding source for meeting the City's plan and, to date, there is no confirmation whether this

funding program will continue in the future. In 2024, the Housing Accelerator Fund was an important funding source to help contribute towards new affordable housing units. While these funding sources have been vital in the creation of hundreds of new affordable and supportive housing units, they are not well aligned with the housing capital plan and the needs of housing providers for construction permit, financing and development lead times, which requires annual, sustainable and predictable funding. Table 6 below shows the Federal investments between 2021 and 2024.

Table 6 – Federal Investments between 2021-2024 (\$ millions)

Federal Capital Investments 2021-2024					
	2021	2022	2023	2024	Total
2021 LRFP annual requirement	20.0	20.0	20.0	20.0	80.0
Rapid Housing Initiative	22.4		18.5		40.9
AHF Forgivable Loans	11.4		4.7		16.1
Housing Accelerator Fund				39.6	39.6
Total Annual Funding	33.8	-	23.2	39.6	96.6

The City will continue to advocate for new and sustained funding programs from both the federal and provincial governments.

Investments from all three levels of government was also received for operating funding from 2021 to 2024 as outlined in Document 1 – Summary of Provincial and Federal Investments and Programs Overview.

Economic Pressures on Housing Development

Since the approval of the 2021 Housing Services LRFP, the economic impacts of the COVID-19 pandemic have caused construction costs and financing rates to increase significantly, such that the delivery of new units requires a greater funding allocation per unit than what was contemplated in the 2021 Housing Services LRFP. As outlined in the 2023-2026 Affordable Housing Capital Strategy and Update, approved by Council on September 13, 2023 ([ACS2023-CSS-GEN-011](#)), the supply chain issues and cost escalations that were triggered by the pandemic continue to impact the ability of our not-for-profit partners to deliver affordable housing projects within anticipated timelines and budgets.

Between 2020 and 2022, Statistics Canada reported that residential construction costs increased by over 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, with marginal increases seen in 2023 and the first two quarters of 2024. According to the Altus Group's *2024 Canadian Cost Guide*, the construction cost of an apartment building up to 12 storeys is up to \$365 per square foot, a 2.8 per cent increase from 2023. This figure is a baseline and does not include parking costs, land costs, or soft costs such as legal and consulting fees, and municipal fees and charges. According to the Altus Group, it appears as though construction costs will remain stable over the next year but may begin to increase as rapid population growth drives increased demand for housing and infrastructure.

In addition to construction cost increases, interest rates increased 3.5 per cent between 2022 and 2024 with the Bank of Canada's key interest rate holding at five per cent until April 2024, compared to 1.5 per cent in June 2022. High interest rates, coupled with steep inflation rates in the past three years means the cost of constructing new units is significantly higher than it was prior to 2021. Many current and upcoming affordable housing projects rely on financing to fund a portion of the capital construction cost and have been significantly impacted by interest rate increases. Given the higher cost of borrowing through both private bank loans and through the Affordable Housing Fund, affordable housing providers can borrow less money, which is increasing the overall funding required from senior levels of government for projects to remain viable. However, interest rates have begun to reduce in the last several months, with projections for further rate cuts, which will help ease the pressure on project budgets.

DISCUSSION

Council approved the recommendations in the 2021 Housing Long Range Financial Plan based on a set of financial, market and regulatory assumptions that were relevant at that time. The budget for affordable housing has been updated and increased each year based on those recommendations.

However, there have been significant changes in those assumptions and in the sources of funding that have materialized since that 2021 plan. To stay on track with the City's approved 10-Year Housing and Homelessness Plan, the funding strategy required to achieve the targets in that plan need to be updated to set a new funding direction and as input to the 2025 budget.

2025-2030 Housing Services Long Range Financial Plan Update

The 2025-2030 Housing Services Long Range Financial Plan Update ("The Housing Services LRF Update") provides an update to the capital investments and funding

sources required to meet the goals of the 10-Year Plan. As part of the 2024 budget adopted December 6, 2023, staff committed to providing an update to the 2021 Housing LRF in conjunction with the 2025 budget to better reflect the changing regulatory and economic landscape.

Table 7 below provides a summary of the goals set by the 10-Year Plan, the investments required from 2025 to 2030 to achieve those goals, the funding required from all levels of government to the end of 2030, the planned funding from existing federal and provincial programs and from City sources, and the additional predictable funding that will be required to sustain this plan beyond the current and known funding programs, either in the form of new or extended programs.

Table 7 – Funding Required to Address 2025-2030 Plan (\$ millions)

Goals	Plan 2025-2030	Investment Required	Planned Funding	New/ Extended Funding Needed
Create new affordable housing for low to moderate income households	3000 new affordable housing units (capital)	920.0	577.2	342.8
	1300 Annual new housing subsidies	288.2	-	288.2
Eliminate Chronic Homelessness and reduce overall homelessness	7 new transitional housing for families and women (capital)	125.0	125.0	-
	Additional operating funding for services and programming 2027-2030	440.0	140.0	300.0
Total 2025-2030 Plan Requirement		1,773.2	842.2	931.0
Average Annual Requirement		295.5	40.4	155.2

To meet the targets identified in the 10-Year Plan, predictable and reliable funding from all levels of government is required. The series of targets over the next six years outlined above in Table 7, are explained below:

1. Ongoing capital funding for 500 new housing units per year - \$920 million over six years to build 450 new affordable units, and 50 new supportive housing units annually, based on a housing provider net development equity requirement of \$142.2 million annually or an average across all housing providers of \$285 thousand per unit for affordable and supportive combined.
2. \$13.7 million in continued annual funding for 1,300 new housing subsidies annually to provide affordable housing options to support the City's centralized waitlist, and affordable housing targets.
3. Capital funding of \$125 million to increase transitional housing capacity for families and women experiencing homelessness, allowing the City to build or acquire seven transitional housing facilities, and reduce the City's use of hotels and motels, as well as physical distancing emergency overflow centers.
4. Beginning in 2027, annual operating funding of \$75 million to continue to operate the portfolio of transitional facilities, as well as incremental operating funding for 50 new supportive homes annually.

No one level of government alone can bear the costs of creating a responsive, sustainable housing system where people have access to safe, affordable housing with the supports they need to stay housed over the long term. Additionally, the municipality, with its limited sources of revenue above the property tax base, is least positioned to bear further costs. Given the current financial pressures of municipalities, the City is not in a position to add any new long-term financial commitments towards the housing benefit programs that are a provincial and federal responsibility.

The next section describes in greater detail the revised capital and operating financial requirements for the remaining six years of the 10-Year Plan.

New Affordable Units

The LRFP Update, assumes the new affordable and supportive unit targets from the approved 2021 Housing Services LRFP of 500 units per year, have not changed. However, the assumptions have been updated to reflect the current economic environment and significant changes in funding sources and funding programs available. The City does not build affordable and supportive housing units, but rather

provides funding, development charge exemptions, property tax exemptions and relief from municipal fees and charges to local housing providers. Table 8 shows the increase in the net equity requirement for 500 affordable housing units from 2021 to 2025:

Table 8 - Capital Cost New Affordable Units 2021 vs 2025 (\$ millions)

10 Year Development Plan	2021	2025	Increase \$	Increase %
Annual New Affordable Housing Units	500	500		
Annual Net Equity Requirement	56.5	142.2	85.7	152%

As a result of economic changes, the net development equity required to deliver 500 units annually has increased by \$85.7 million.

Table 9 below provides an overview of the of the updated net development equity required to fund new affordable housing units annually. The net development equity requirement is the cost of development less the estimated financing available to service providers. The current estimated funding requirement for 3,000 new housing units by 2030 is \$920 million.

Table 9 - Capital Cost of new Affordable Housing Units 2025-2030 (\$ millions)

Total Net Requirement	2025	2026	2027	2028	2029	2030	Total
New Units	500	500	500	500	500	500	3000
Development Cost	281.4	289.9	298.6	307.5	316.7	326.2	1,820.4
Less Developer Equity	9.3	9.6	9.9	10.2	10.5	10.8	60.4
Less Mortgage Financing	129.9	133.7	137.8	141.9	146.2	150.5	839.9
Net Requirement	142.2	146.5	150.9	155.4	160.1	164.9	920.0
Community Improvement Plan (CIP)							
New CIP Units	50	50	-	-	-	-	100
Equity Savings	14.2	14.6	-	-	-	-	28.9
Net New Units	450	450	500	500	500	500	2,900
Net Equity Requirement	128.0	131.8	150.9	155.4	160.1	164.9	891.1

On an annual basis, this includes 450 new affordable units and 50 supportive units. For new affordable units, the current estimated cost per unit ranges from \$540 thousand to

\$600 thousand. This represents an increase of roughly 50 per cent to 67 per cent from the 2021 Housing Services LRFP, which estimated the development cost at \$338 thousand per unit. The net equity requirement per unit that is modeled in the plan ranges from \$200 thousand per unit to \$350 thousand per unit for an average of \$250 thousand per unit. It should be noted that this is the average net equity requirement per new affordable unit based on costing from all service providers.

The 10-Year Plan has a target of 65 per cent of new affordable units allocated to low-income households (monthly rents of \$443 - \$1,008) and 35 per cent are targeted to moderate income households (monthly rents of \$1,332 - \$2,028).

The estimated development cost of affordable units and net requirement are aligned with the parameters set by the CMHC Affordable Housing Fund that would be required to secure maximum financing of 75 per cent debt to equity. The model assumes that for any new affordable housing development, 40 per cent of the units will be available at less than 70 per cent of Medium Market Rent (MMR), and 60 per cent of the units at 100 per cent Average Market Rent (AMR).

New Supportive Units

Included in the 10-Year Plan was the development of 50 supportive units annually. The equity requirement for new supportive units is significantly higher than new affordable units, as mortgage financing is seldom applied to finance these deeply affordable units which includes 24/7 staffing, support, and case management. As a result, the full development costs of \$600 thousand per unit is included as the equity requirement for the 50 supportive units.

Supportive housing rents are generally set at the max shelter allowance of \$390 to \$583 per month for a single client on Ontario Works or Ontario Disability Support. The total rent may be higher when food is provided as part of the program. The deep level of affordability and higher operating costs also result in the need for operating funding which is outlined later in the report.

City staff are continuing to advocate for consistent and stable financial support from provincial and federal governments to build 2,700 affordable housing units and 300 supportive housing units over the next six years, to meet the targets under the 10-Year Plan.

New Transitional Housing

The 2021 Housing Services LRFPP outlined the need for three transitional housing facilities – two for families experiencing homelessness and one for women to ensure adequate capacity for the women’s sector. Significant work by staff has continued since 2021 as the pressures on both the emergency shelter system and transitional housing system has increased. On July 12, 2023, Council approved the Integrated Transition to Housing Strategy (ITHS) ([ACS2023-CSS-GEN-006](#)) and provided an update on July 10, 2024 ([ACS2024-CSS-GEN-008](#)). The ITHS is comprised of short, medium and long-term initiatives to support single adult shelter clients to transition to housing, while addressing immediate pressures in the shelter system and exit the operation of Physical Distancing Emergency Overflow Centers (PD-EOCs) in City-owned recreational facilities.

Since the ITHS was adopted in July 2023, the context and pressures in the single adult shelter system have shifted significantly due to an unprecedented influx of newcomers.

The following transitional sites have been secured for occupancy between 2024 and early 2025:

- 1 Corkstown Way – Lease approved by Council on November 8, 2023 ([ACS2023-PRE-CRO-0029](#)) for up to 150 transitional housing units for families. This site was opened in February 2024, but renovations continue, and costs have been included for 2025.
- 230 Queen Street – Lease approved by Council on March 6, 2024 ([Motion No. 2024-32-11](#)) which will provide transitional housing for 142 transitional housing units for single adults. The site is currently under construction to convert the office building into transitional housing.
- 1754 St. Joseph acquisition – Acquisition approved by Council on July 10, 2024 ([ACS2024-2024-SI-HSI-0011](#)) totaling \$11.3 million and providing up to 150 clients. In addition to the acquisition cost, there will be renovation and fit-up costs.

In addition to these three facilities, Housing and Homelessness Services continues to work with Housing Solutions and Investment Services on identifying further sites for projected occupancy between 2025 and 2027 for the following:

- Second Family Facility – Proposed acquisition and renovation of a residential facility that could support up to 150 families. Additional site fit-up cost to equip and furnish the site have been included.
- Third Family Facility – Proposed lease and renovation of a residential facility that could support up to 150 families. Initial fit-up costs for the site, as well as ongoing lease payments have been included.
- Newcomer Reception Centres – Proposed construction of two new facilities that could support up to 300 newcomers total.
- Scattered Homes – Proposed acquisition of up to 20 single family homes across the City of Ottawa for the expansion and operation of an existing community partner model of newcomer reception and transitional homes.

The proposed transitional housing strategy will provide transitional support for nearly 450 families and over 1,100 singles annually. With this strategy, the City anticipates a significant reduction in the use of hotels and motels, and a phase-out of operations of PD-EOCs in recreational facilities.

The transformation of the transitional housing system includes several key components as follows:

1. New long-term and permanent Transitional Housing Facilities: The Housing Services LRFP invests in a combination of long-term leases, with options to renew, as well as permanent acquired assets. This allows the City to capitalize on opportunities available immediately to address pressures, while creating both stability and flexibility in the system to respond to changes in demand over time for service.
2. Repairs and renovations necessary to customize each facility to meet the unique operating needs of transitional housing and its clients.
3. Creation of enhanced systems which ensure clients have direct access to onsite services that support the transition to long term housing, leading to better client outcomes and briefer experiences of homelessness.

As summarized in Table 10 below, the City of Ottawa is receiving reimbursements under the federal government's Interim Housing Assistance Program and the federal budget projected this program to be extended to 2026, which could total up to \$125 million. Funding to reimburse 2023 and Q1 2024 costs totaling \$39.2 million has been

received in 2024 to date. There were reserves of \$9 million from 2023 reimbursements, for a total of \$48.2 million (see Document 1 – Summary of provincial and federal investments and programs overview) that can be used for new transitional housing capital funding.

The City of Ottawa has also submitted a newcomer reception center model to Immigration, Refugees and Citizenship Canada (IRCC) under IHAP for 2024-2026 and will continue to submit requests for funding for the duration of the funding program to ensure the funding is received for the remaining \$76.8 million net federal requirement for new transitional housing capital.

Table 10 – Capital Cost of New Transitional Housing Facilities

New Transitional Housing Facilities (\$ millions)	Total
One-Time acquisition, construction, renovation, and fit-up costs for up to 7 new transitional housing facilities	125.0
Funding received in 2023-2024 under the Interim Housing Assistance Program	(48.2)
Anticipated Funding for 2024-2026 under the Interim Housing Assistance Program	(76.8)
Net Requirement	-

New Operating Funding

This section describes the new or extended funding programs required from the Province to fund new transitional housing, supportive housing, and provide housing supports.

1. Operating funding for 50 new supportive housing units annually - A key component of the 10-Year Plan is that 10 per cent of new affordable housing units developed will be supportive housing units. In addition to the capital requirement to build the units, support services must be available for residents. Based on comparable service providers, an estimate of \$1.5 million per 50 units has been costed. Increasing every year, in 2030 this will result in an annualized requirement of \$10 million and a total of \$35 million over the span of the plan.
2. Operating funding for seven new transitional housing facilities annually – As outlined above, securing new permanent transitional housing facilities are crucial for both singles and families in the City of Ottawa. While households are moved

from temporary transitional housing options, including recreation centres and hotels/motels, the costs will be higher in initial years, with an estimated annual cost of \$65 million in 2025. These annual costs will be reduced as new facilities are operationalized, with a projected annual operating cost of \$55 million by 2030, for total cost of \$340 million during 2025 to 2030.

3. Operating funding for increased homelessness prevention activities – With the new funding allocated as part of the Ontario-Ottawa New Deal, \$10 million annually, has been identified for strategic homelessness initiatives. These initiatives will be developed in partnership with sector leadership with a focus on reducing new inflows to homelessness and increasing outflows. The funding will allow for innovative programming that can be scaled depending on the availability of ongoing funding.

Table 11 – Net Provincial and Federal Operating Requirement 2025-2030

	2025	2030	Total
Operating funding for 50 new supportive housing units annually	2.0	10.0	40.0
Operating funding for 7 new transitional housing facilities annually	65.0	55.0	340.0
Increase homelessness prevention activities	10.0	10.0	60.0
Total Requirement			440.0
Provincial Funding – Ontario-Ottawa New Deal	(40.0)	-	(80.0)
Federal Funding - IHAP	(30.0)	-	(60.0)
Net Provincial and Federal Requirement for 2025-2030	-	75.0	300.0

There are funding commitments from the provincial and federal governments that have supported the City of Ottawa in creating this funding plan. The funding commitments are for two years, 2025 and 2026, including \$40 million through the Ontario-Ottawa New Deal funding and \$30 million through IHAP. There are no funding commitments for the above-mentioned programs in 2027 to 2030, which will result in a gap of \$75.0 million per year.

New Housing Subsidies

Portable housing subsidies 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.

Since 2021, there have been 1,322 new housing subsidies created. Available housing subsidy programs are now fully subscribed, and no new households can be supported without additional funding.

Ongoing operating funding is required from the federal and provincial governments to address housing affordability for households in the City, including those households experiencing homelessness and exiting shelters, or households on the Centralized Wait List, through the provision of housing subsidies. A minimum target of 1,300 new housing subsidies are needed each year in order to contribute the 5,700 to 8,500 affordable housing options over the next ten years.

Based on the current Canada-Ontario Housing Benefit (COHB) program, an average portable housing allowance benefit costs \$880 per month. There will be an annual incremental cost of \$13.7 million per year which will add 1,300 new housing subsidies annually. Table 12 shows the annual operating funding requirement as 1,300 subsidies are added each year from 2025 to 2030.

Table 12- New Housing Subsidies Requirement 2025-2030

New Housing Subsidies Requirement	Year 1 2025	Year 6 2030	Total (2025-2030)
Household Housing Subsidies	1,300	7,800	7,800
Total Cost of Housing Subsidy Program	13.7	82.3	288.2
Provincial and Federal Requirement	13.7	82.3	288.2

Municipal Operating Budget Pressures

The City contributes \$131 million to the Housing and Homelessness Services operating budget annually. The projected pressure over the next six years to 2030 is \$7 million above an annual two per cent increase, due to the decrease in federal funding for social housing as mortgages expire. This pressure is consistent with the Housing Services LRFP Update's estimate.

Community Housing Capital Repairs Funding

The City continues to work closely with community housing providers to identify and quantify required short and long-term repairs and retrofits. The City funded 79 capital repairs projects in 2023 totaling \$16.6 million in capital funding, consisting of \$13.5 million in COCHI (see document 1) and \$3.1 million in municipal funding. This funding has continued in 2024 and will continue to be invested in more repairs and retrofits to keep the existing community housing portfolio in a good state of repair. Housing and Homelessness Services will be conducting an updated assessment of the long-term capital repairs, identifying the funding gap, and bringing strategies in a report to Council in 2025.

Municipal Capital Funding Strategy

The 2021 Housing Services LRFP established a consistent, reliable annual funding envelope towards the development of new affordable units. In order to provide that stable funding, the base budget contribution to the affordable housing capital account has increased annually by \$1 million, and in combination with the Vacant Unit Tax (VUT), has allowed the City to commit stable, consistent funding. The 2021 Housing Services LRFP was also dependent on other potential sources of revenue to increase the capital budget to align with the \$15 million budget that had been contributed in the three preceding years. Other potential sources included funding from the sale of surplus lands, development charge revenue, community benefit charges, operating surpluses and debt. However, many of these sources of additional revenue have not materialized to the level expected and the amount committed each year exceeded the sources of funds available. The most stable and predictable source of funding comes from the base budget and the VUT. The other sources of revenue, some of which no longer exist and some new ones that have been added should fund the following year's allocation from when the revenue is received.

Over the last four years, the City has committed \$89.3 million in capital funding, from several funding sources. But has only received \$74.3 million, but which is still more than the annual \$14.6 million contribution amount set by the 2021 Housing Services LRFP. Since the funding requirement has also increased since 2021, it will be important to continue to increase the base budget funding amount until 2030 and supplement the annual allocation with revenues received from other sources and designated to affordable housing.

Table 13 below shows the updated capital funding plan. The committed, predictable and sustainable funding available from the City will increase from \$18.9 million in 2025 to

\$22.4 million in 2030 for a total of \$122.3 million over six years. These funds will then be supplemented each year by any additional revenues received and designated to affordable housing from the previous year, such as surplus land sales, cash in lieu of affordable housing and community benefit charges. These additional revenues are estimated to be \$24.3 million over the next six years. It is important to note the other financial contributions the City makes to affordable housing in the form of fee relief property tax exemptions and tax increment equivalent grants. Table 13 summarizes all the projected contributions from the City for affordable housing for the next six years, totaling \$213 million or on average \$35.5 million annually.

Table 13 – Municipal Funding Sources for Affordable Housing (\$ millions)

	2025	2026	2027	2028	2029	2030	Total
Base Budget	10.0	11.0	12.0	13.0	14.0	15.0	75.0
Vacant Unit Tax	8.9	8.3	7.7	7.5	7.5	7.4	47.3
Annual Funding	18.9	19.3	19.7	20.5	21.5	22.4	122.3
Surplus Land Sales	0.0	4.9	1.0	6.9	1.0	1.0	14.8
Cash in Lieu	0.0	3.8	2.5	0.0	0.0	0.0	6.3
Community Benefits Charges	0.0	0.7	0.7	0.7	0.7	0.7	3.3
Potential Funding Sources	0.0	9.3	4.2	7.5	1.7	1.7	24.3
City Projected Capital Contribution	18.9	28.6	23.8	28.0	23.1	24.1	146.5
Other contributions							
Fee Relief	1.5	1.5	1.5	1.6	1.6	1.7	9.4
MCFA Exemption	3.3	4.3	5.6	6.9	8.3	9.7	38.1
CIP TIEG Contribution	2.7	3.0	3.3	3.3	3.3	3.3	18.9
Total Other	7.5	8.8	10.4	11.8	13.2	14.7	66.4
Total Contribution	26.4	37.4	34.3	39.8	36.4	38.8	213.0

Base Budget

Contribution to Capital from Taxation - Increase base budget contribution to capital for affordable housing by \$1 million for the next six years.

Vacant Unit Tax

In response to the housing affordability pressure in Ottawa, the City approved the Vacant Unit Tax (VUT) in March 2022 ([ACS2022-FSD-REV-0001](#)) under the following Council-approved guiding principles:

- Increase the rental housing stock available in the market by influencing the behavior of property owners.
- Fair and Equitable: the definitions must be fair and equitable in ensuring that it targets the correct units for taxation.
- The residential VUT program should be implemented with the least administrative burden to the City and its residents.

The program has generated additional revenue of \$12.6 million in 2023, the net proceeds of which, will be directed towards the funding of new affordable units.

With the success of the VUT program, it is estimated the City can provide consistent, annual capital funding of \$47.3 million over the next six years for the development of new affordable units.

Surplus Land Sales

The Affordable Housing Land and Funding Policy allocates 25 per cent of the net proceeds from City-wide dispositions of residential or institutional land to the affordable housing reserve for new developments. The forecasted contribution is \$1 million annually. The sale of subterranean and air rights is also pursuant to this policy and is forecasted to contribute \$9.75 million as a result of the estimated sale of subterranean and air rights at Lansdowne.

In March 2024, the City's office of the Auditor General completed the Audit of Affordable Housing, and recommended an analysis of the land strategy with respect to land 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 analysis of the past five years' land sales from 2019 to 2023, if the scope was expanded to include lands beyond residential development land, an additional \$3.77 million, or \$755 thousand annually, could have been allocated towards the Housing reserve. However, these funds would no longer be available to support tax supported services and would create a budget pressure for those services.

Cash in Lieu of Affordable Housing

In October 2019, Council approved ([ACS2019-PIE-PS-0061](#)) the memorandum of understanding (“MOU”) between the City and Trinity Developments to contribute directly to the City’s Affordable housing reserve in lieu of developing affordable units at 900 Albert Street.

Trinity Developments will contribute \$6.25 million to the City’s general reserve for affordable housing. A minimum of 60 per cent of the total amount will be paid upon the issuance of the first residential occupancy permit for the first tower. If the number of residential units in the first tower is greater than 60 per cent of the overall number of residential units in the development, the amount to be paid shall be equal to the percentage of units to be provided in the first tower, as compared to the overall development. The remainder shall be due upon the issuance of the first occupancy permit for the second residential tower.

Community Benefit Charges (CBC)

In September 2024 the City approved the Community Benefits Charge Strategy and By-law report ([ACS2024-PDB-GEN-0005](#)) which will replace the former Section 37 provisions of the *Planning Act*. The report identified roughly \$4.5 million that could be recovered from housing programs, over a seven-year period, based on estimates of the number of developments that would be eligible each year and applying the maximum four per cent charge. The Housing Services LRFP Update model includes an estimated \$650 thousand of annual funding from CBC revenue.

Legislative Changes

Bill 23

In November of 2022, the Government of Ontario passed the *More Homes Built Faster Act, 2022* (Bill 23) which is part of Ontario’s Housing Supply Action Plan and aims to support the province’s goal to add 1.5 million new homes in Ontario by 2031. The Bill makes extensive changes to several Acts and regulations including the *Development Charges Act*, *Planning Act*, *Municipal Act*, and others. While the Bill provides some positive changes that will help the City to enable new housing supply, it has removed the City’s ability to collect anticipated and budgeted development charges revenues for Affordable Housing. The 2021 Housing Services LRFP included approximately \$19 million in development charge revenue as a funding source over the 10-year period, and because of Bill 23, the updated model assumes \$0.

Other Municipal Contributions to Affordable Housing

In addition to the capital funding contribution made by the City annually, the City also foregoes revenue that reduces the cost of development for new affordable housing units and is an additional financial contribution and investment from the city in affordable housing. Fee relief, property tax exemptions for non-profit housing providers and the recently implemented TIEG are all examples of additional investments in affordable housing.

Fee Relief

The City provides waivers for planning and development fees for new affordable housing units that meet the affordability criteria.

Municipal Capital Facilities Agreement (MCFA) Exemption

On July 10, 2024, through the Affordable Housing Qualification and Property Tax Relief – Municipal Housing Facility By-law report ([ACS2024-FCS-REV-0003](#)) Council passed the revisions to the Municipal Capital Facilities Agreement (MCFA) to include Municipal Housing Facilities. In addition to the already designated properties, it is estimated that there are currently 30 affordable housing properties that may qualify immediately for a property tax exemption for municipal and school purposes under the proposed revision to the definition. At this time, it is estimated that the potential additional property tax exemptions could result in a total of \$3 million in municipal property tax exemptions in 2025, and approximately \$38.0 million over the next six years.

Affordable Housing Community Improvement Plan (CIP), Tax Increment Equivalent Grant (TIEG) Contribution

On April 2, 2024 through Affordable Housing Community Improvement Plan (CIP) and Implementing By-laws report ([ACS2024-CSS-GEN-003](#)) council approved the use of TIEG's to help provide incentives for the delivery of affordable housing throughout the city. TIEGs work by leveraging the projected future uplift in property tax revenue resulting from a development as a tax refund in the form of a conditional grant to the developer to help finance the development. This helps to improve cashflow for rental projects, which can help reduce the principal balance of the mortgage over the first several years, creating long-term financial benefits. TIEGs can also allow for organizations to access larger mortgages and reduce equity requirements, including capital funding being allocated by the City. As a result of current applications in 2024, it is estimated that \$2.7 million of grants will be offered in 2025, with an additional \$300 thousand being offered in 2026 and 2027, with the total of \$3.3 million to continue for 20

years. The program will stop taking applications at the end of 2026 to determine its viability going forward.

Reserves

The Housing Reserve was established to provide funding for social and affordable housing purposes. Funds are contributed from the City-wide operating budget as a contribution to capital, vacant unit tax revenue, the disposition of any annual housing services budget year-end surplus, as well as 25 per cent of surplus land sales and sale of air rights and cash in lieu of affordable housing. Funds are distributed from the Housing Reserve to the Affordable Housing capital program per the capital budget approved by Council each year.

As described earlier, the capital budget approved over the past four years has been aligned with the estimated funding projected by the 2021 Housing LRFP, which included sources of revenue that have not materialized, primarily debt and development charge revenues for affordable housing. The latter was eliminated by Bill 23 and the former, namely “debt” was not issued and was only intended to be a placeholder for cash flowing the affordable housing contributions each year until sufficient other revenues could compensate. Therefore, the Housing Reserve is now in a deficit position and the Housing Services LRFP Update includes a plan to replenish the reserves over the next two years. It is recommended that going forward any deficit in the reserves should be replenished from contributions to the reserve in the following one to three years to maintain a sustainable funding source for the future.

Table 14 below provides a forecast of the housing reserve and plan to replenish those reserves:

Table 14 – Housing Reserve Forecast 2025-2030 (in millions \$)

Housing Reserve	2025	2026	2027	2028	2029	2030
Opening Balance	(15.3)	(6.6)	(3.1)	3.7	4.7	5.7
Base Budget	10.0	11.0	12.0	13.0	14.0	15.0
VUT	8.9	8.3	7.7	7.5	7.5	7.4
Annual contribution	18.9	19.3	19.7	20.5	21.5	22.4
Surplus Lands	1.0	1.0	1.0	1.0	1.0	1.0
Other Contributions	7.7	2.5	5.9	0.0	0.0	0.0
Potential contribution	8.7	3.5	6.9	1.0	1.0	1.0
Estimated Contribution to Capital	(18.9)	(19.3)	(19.7)	(20.5)	(21.5)	(22.4)
Ending Balance	(6.6)	(3.1)	3.7	4.7	5.7	6.7

New Funding Requirements

Table 15 below summarizes the total funding requirement for new affordable and supportive units compared to the expected funding over the next six years.

Table 15 – Forecasted Funding Requirement Compared to Planned Funding (\$ millions)

	2025	2026	2027	2028	2029	2030	Total
New Units	500	500	500	500	500	500	3000
Community Improvement Plan - TIEG	50	50					100
Net New Units	450	450	500	500	500	500	2900
Net Requirement	128.0	131.8	150.9	155.4	160.1	164.9	891.1
City							
Base Budget	10.0	11.0	12.0	13.0	14.0	15.0	75.0
Vacant Unit Tax	8.9	8.3	7.7	7.5	7.5	7.4	47.3
Potential Funding (Land Sales, CBC, Other)	0.0	9.3	4.2	7.5	1.7	1.7	24.3
City Capital Contribution	18.9	28.6	23.8	28.0	23.1	24.1	146.5
Federal							
Affordable Housing Fund	33.8	33.8	37.5	37.5	37.5	37.5	217.5
Housing Accelerator Fund	39.6	39.6	39.6	0.0	0.0	0.0	118.8
Federal Contribution	73.4	73.4	77.1	37.5	37.5	37.5	336.3
Provincial Contribution							
OPHI	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Building Faster Fund	25.5	20.0	20.0	0.0	0.0	0.0	65.5
Provincial Contribution	25.5	20.0	20.0	0.0	0.0	0.0	65.5
Total Funding	117.8	121.9	120.9	65.5	60.6	61.6	548.3
Difference	(10.3)	(9.9)	(29.9)	(89.9)	(99.4)	(103.3)	(342.8)

Planned funding amounts are based on current or known funding programs in place from senior levels of government and the City's projected funding for affordable housing. Based on those projections both the City and federal government are expected to sufficiently increase contributions towards new affordable housing units to address the housing crisis, with the combined investment of City and federal government totaling 54 per cent of the required investment for the 2025-2030 timeframe.

Funding from the province is currently not projected to match these levels of investment and the programs that could be available after the next three years is unknown. Affordable housing development requires significant lead times with committed and predictable funding several years out. Per the City's Housing Services LRFP Update, the City is committing predictable funding until 2030 and beyond, but similar assurances are not available from the Province.

Use of Debt

Historically, the City has provided equity funding to non-profit housing providers to supplement their own funding or financing. There is a possibility to advance more affordable housing by leveraging the City's annual contribution to affordable housing capital to fund debt servicing costs instead. As a response to the increased affordability challenges for the City to provide adequate investment, the use of debt is an alternative funding strategy to meet the need.

Ottawa Community Housing Corporation (OCHC) has been exploring the possibility of an alternative equity financing solution that would allow them to accelerate the development of 2500 new units by 2028 as per the City's Strategic Plan, capitalizing on the availability of CMHC Affordable Housing Fund and Housing Accelerator Fund both of which require unit delivery by 2028. Any potential bond issuance by OCHC would be subject to any approvals required by the OCHC Board of Directors, the City of Ottawa Service Manager and City of Ottawa Council. City staff working with OCHC would need to explore the possibility of doing so. Finalization of this plan and approvals would be sought in 2025.

By allocating a portion of the City's annual investment in affordable housing to debt servicing costs, the City can leverage its investment to advance the development of affordable units. Debt would be used to fund the equity requirement and a portion of the City's investment in affordable housing would be used to service the debt, until the projects are completed, and have a net operating income, at that point the debt servicing costs would be paid from the rents of the units. This model has potential for delivery of a larger number of additional units beyond 2028.

Non-Financial Strategies

The City is committed to working towards the targets established in the 10-Year Plan. In addition to increasing the City's annual investment in affordable housing capital funding, the City is also implementing several non-financial strategies that will contribute towards the development of new affordable units. These strategies include:

- City Land Strategy for Affordable Housing and Build Ottawa Disposals.
- Affordable Housing Community Improvement Plan and Bill 23 Incentives (development charge exemptions and discounts to cash-in-lieu of parking and community benefit charges).
- New development review team focused on streamlining planning approvals for affordable housing (Development Review All Wards team).
- City-initiated zoning amendments and other Housing Accelerator Fund projects aimed at accelerating the delivery of affordable housing.

In addition to the additional operating funding for housing and homelessness programs and services, the City is implementing non-financial strategies and actions to deliver on the 10-Year Plan's goals. These strategies include:

- Update of the local rules and priorities for rent-geared-to-income households in the City to improve and simplify administration, with the goal of housing more clients.
- Conduct key surveys, enumerations, data collection and analysis, and reporting through the Point-in-Time Count and Housing Needs Assessment to inform strategic prioritization.
- Creating a clear and consistent definition of affordability for use across the City which will be used to set targets and report on outcomes.
- Collaborating with the housing and homelessness community sector on a refreshed 10-Year Plan by Q1 2026 with updated goals, targets, and tactics.

Conclusion

The Housing Services LRF Update provides a funding and advocacy strategy for the objectives of the 10-Year Plan. The City's previous ongoing investment of \$15 million in capital funding will be increased to \$22.4 million by 2030.

This will enable the City to provide a funding commitment for its share of the capital requirement to build 450 new affordable and 50 supportive housing units per year and seven new transitional housing facilities.

The 10-Year Plan however cannot be achieved without significant new, enhanced, and continued support from the provincial and federal governments.

The City requires \$342.8 million from the provincial and federal governments to fund the capital requirement, \$13.7 million annually increasing to \$82.3 million annually by 2030 to add new housing subsidies, and beginning in 2027, \$75 million annually to provide enhanced support services, increase emergency shelter funding, and provide operating funding for new supportive and transitional housing. Only with these combined investments will the City of Ottawa be able to address homelessness and housing affordability in our community.

FINANCIAL IMPLICATIONS

Financial implications are as described in the report. This report describes a funding plan based on current projections. Budget authority is approved annually as part of the budget process.

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendations in this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a citywide report.

CONSULTATION

Consultation for the comprehensive refresh of the Housing Services LRFP will be undertaken with internal and external stakeholders in 2024.

ACCESSIBILITY IMPACTS

The City of Ottawa is committed to ensuring accessibility for persons with disabilities and older adults. The development of new housing construction and the design of public spaces is guided by a legislated accessibility framework that includes the City's Accessibility Policy, the *Accessibility for Ontarians with Disabilities Act, 2005*, the *Integrated Accessibility Standards Regulation, O.Reg. 191/11*, the City of Ottawa Accessibility Design Standards, as well as the Ontario Building Code. As outlined in the

Housing and Homelessness Long Range Financial Plan, a minimum of ten percent of affordable units must be barrier-free. It is essential that this standard is adhered to, to ensure the intersectionality of poverty and disability is accounted for in all acquisitions and developments. Visitable and accessible units are a requirement under the Ontario Building Code, Canada Mortgage Housing Corporation's National Housing Strategy programs, provincial funding programs, and the City's Action Ottawa program. Finance and Corporate Services is equally committed to ensuring stakeholders are consulted through the life of the plan to ensure outcomes are consistent with the needs of the disability community.

ASSET MANAGEMENT IMPLICATIONS

The City's Comprehensive Asset Management (CAM) Program objectives include consideration for the lifecycle cost of the assets the City acquires and owns. The intent is to support the City to effectively manage existing and new infrastructure to maximize benefits, reduce risk, and provide safe, reliable and sustained levels of service to community users. This is done in a socially, culturally, environmentally, and economically conscious manner.

When the City commits to the acquisition of new assets, such as those described in this report, required to support the delivery of transitional housing and newcomer reception services, consideration must also be given to the City's commitment to fund future operations, maintenance, and renewal costs. It must also account for future depreciation when reviewing long-term financial sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value and lifecycle costing, both capital and operating, of the acquired assets being taken on by the City.

Consideration for the additional renewal costs the City will incur as part of the acquisition of facilities to support transitional housing and newcomer reception services, described in this report, is outside the scope of the Housing LRFP update. In accordance with the City's CAM program, these additional renewal costs should be included when considering the City's needs for the development of the tax-supported long range financial plan, anticipated to come to Council for approval in 2025.

All City-owned facilities acquired as part of the Housing LRFP update will be added to the inventory of assets and financial forecasts included under the Community and Social Services Asset Management Plan.

ECONOMIC IMPLICATIONS

The allocation of capital funding to new affordable housing developments results in the creation of new construction jobs within the City.

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.

SUPPORTING DOCUMENTATION

Document 1 – Summary of provincial and federal investments and programs overview

DISPOSITION

Information contained in this report will be utilized during the annual budget setting process.

**Note: A Minor correction was made to this report further to the City Clerk's Delegated Authority, as set out in Schedule C, Section 8 of Delegation of Authority By-Law 2024-265 to remove a duplicate of Table 10 from the staff report.*

Document 1 – Summary of provincial and federal investments and programs overview

Housing and Homelessness Funding Program Overview

1. **Ottawa – Ontario New Deal (New Deal)** - In March 2024, the government of Ontario announced “A New Deal for Ottawa”, which includes \$120 million over three years of new Homelessness Prevention Program (HPP) funding.
2. **Interim Housing Assistance Program (IHAP)** - In August 2024, the City of Ottawa and the federal government entered into an agreement under IHAP for a financial grant of \$11.5 million to compensate the City for expenses incurred between January and March 2024 related to the temporary housing of refugee claimants. The City also received \$27.7 million to reimburse expenses from 2023, totaling \$39.2 million received in 2024 to date, in addition to \$9 million received in 2024. The City is working with IRCC on a newcomer reception proposal and further reimbursements for 2024-2026 which are tentatively projected to be \$166.8 million as outlined in the table below. The agreement remains in effect until March 31, 2025.
3. **Canada-Ontario Community Housing Initiative (COCHI)** - COCHI is a cost-shared provincial and federally funded program that protects affordability for households in community housing, supports the repair and renewal of existing social housing supply, and expands the supply of community housing over time. The funding was first allocated the fiscal year 2019/20 and is expected to go until 2027/28 when the National Housing Strategy agreement ends.
4. **Canada-Ontario Housing Benefit (COHB)** – COHB is a cost-shared provincial and federally funded program that provides portable housing benefits to low to moderate income households with a monthly payment to help with rental costs in the private housing market. The monthly benefit is calculated as the difference between 30 per cent of the household’s net income reported on your notice of assessment, divided by 12 months, and 80 per cent of the average market rent for Ottawa. The benefit belongs to the individual and can be used to help pay rent anywhere in Ottawa.
5. **Reaching Home** – Reaching Home is part of the Federal Government’s Homelessness Strategy as a community-based program aimed at preventing and reducing homelessness across Canada. This program provides funding to urban, Indigenous, rural and remote communities to help them address their local homelessness needs.

6. **Homelessness Prevention Program (HPP)** – HPP is a provincially-funded program that supports the City of Ottawa to provide affordable housing and support services for people at risk of or experiencing homelessness. The objective of the program is to support service managers in preventing, addressing and reducing homelessness, including chronic homelessness.

Actual Provincial and Federal Funding 2021-2024

\$ millions					
	2021	2022	2023	2024	Total
Reaching Home	16.9	16.0	19.1	15.9	67.9
HPP	48.4	48.4	48.4	48.4	193.6
New Deal	-	-	-	40.0	40.0
IHAP	-	-	9.0	39.2	48.2
COCHI	12.0	14.0	15.3	16.5	57.8
COHB	2.5	3.4	4.3	2.2	12.4
Total	79.8	81.8	96.1	162.2	419.9

Anticipated Provincial and Federal Funding 2025-2030

\$ millions					
	2025	2026	2027	2028-2030	Total
Reaching Home	15.9	8.6	8.6	25.8	58.9
HPP	48.4	48.4	48.4	145.2	290.4
New Deal	40.0	40.0			80.0
IHAP*	131.8	35.0			166.8
COCHI	-	-	-	-	-
COHB	-	-	-	-	-
Total	236.1	132.0	57.0	171.0	596.1

New Affordable and Supportive Housing Funding Program Overview

1. Housing Accelerator Fund (HAF) - In December 2023, the City entered into a contribution agreement with the Canada Mortgage and Housing Corporation (CMHC) to access up to \$176.3 million through the Housing Accelerator Fund (HAF) program. The agreement requires the issuance of building permits for 37,586 units by December 2026, of which 2,067 must be affordable units. From 2024 to 2027, funding will be provided in four equal advances of \$44 million annually, with \$39.6 million being solely for the development of new affordable units, provided the City meets project milestones and housing growth targets. To date, the City has received the first advance.
2. Building Faster Fund (BFF) - As a result of meeting 80 per cent of the housing targets set by the province for 2023, the City is eligible to receive \$37.5 million from the Building Faster Fund (BFF) to support housing-enabling infrastructure. On August 13, 2024, the City's BFF investment plan was approved, and the funding will support the construction of approximately 200 affordable housing units. The Province released 70 per cent of the funds (\$26 million) to the City within 30 business days of approving the investment plan, and the remainder of the funds will be released after the City submits the required year-end report, which is due by February 4, 2025. Funds must be spent by March 31, 2026. The Housing Services LRFP Update assumes Ottawa will receive future BFF funds in 2026 and 2027.
3. Ontario Priorities Housing Initiative (OPHI) - OPHI provides flexible funding to address local housing priorities and improve access to affordable housing options. The initiative will help to increase affordable housing supply, increase housing affordability, and improve the state of repair of the affordable and social housing stock. Between 2021 and 2024, a total of \$20.5 million was allocated under the OPHI program. There have not been any formal funding commitments for the remaining years of the Housing Services LRFP Update.
4. Rapid Housing Initiative (RHI) - The Rapid Housing Initiative (RHI) provides capital contributions to construct new affordable units, convert existing non-residential buildings or spaces into affordable units, and the rehabilitation of housing that is in a state of disrepair or that has been abandoned. Under Round 1 of the RHI in 2020, the City was allocated \$31.9 million to deliver a minimum of 83 units. Under RHI Round 2 in 2021, the City was allocated \$22.4 million to deliver a minimum of 58 units. Under RHI Round 3 in 2022, the City was

allocated \$18.5 million to deliver a minimum of 48 units. Overall, the RHI funding allocations totaling \$72.8 million supported seven projects with a total of 229 units. It is unknown at this time whether the federal government will release future rounds of the program.

5. Social Service Relief Fund (SSRF) - In March 2020, the government of Ontario launched the Social Services Relief Fund (SSRF), which allocated \$148 million to municipalities across the province to help protect the health and safety of the province's most vulnerable people during the pandemic. The City received three tranches of funding under the SSRF in 2020. The second and third tranches of funding permitted capital costs as eligible expenses, the objective of which was to create longer-term housing solutions for people experiencing homelessness. Three projects with a total of 97 units were supported with the second and third tranches of funding in 2020. In 2021, the City received an additional allocation of SSRF funding and \$10.5 million was allocated to support the construction of 46 new units.
6. Federal Capital Funding - The Affordable Housing Fund (Formerly National Housing Co-Investment Fund) and the Canada Mortgage and Housing Corporation (CMHC) recently updated the Co-Investment Fund to provide forgivable loans of up to \$75 thousand per unit for projects that exceed affordability and energy efficiency standards. The previous maximum contribution of \$25 thousand per unit is now the 'base' contribution for projects that achieve the program's minimum social outcome requirements.