

**Subject: Affordable Housing Community Improvement Plan (CIP) Program
Update**

File Number: ACS2024-SI-HSI-0022

**Report to Finance and Corporate Services Committee on 1 October 2024
and Council 16 October 2024**

**Submitted on September 20, 2024 by Geraldine Wildman, Interim Director,
Housing Solutions and Investments Services**

Contact Person: Lauren Reeves, Manager, Strategic Housing Projects Branch

Ward: Citywide

**Objet : Mise à jour du Plan d'améliorations communautaires (PAC) pour le
logement abordable**

Numéro de dossier : ACS2024-SI-HSI-0022

Rapport présenté au Comité des finances et des services organisationnels

Rapport soumis le 1er octobre 2024

et au Conseil le 16 octobre 2024

**Soumis le 2024-09-20 par Geraldine Wildman, Directrice intérimaire, Services des
solutions de logement et des investissements, Direction générale des initiatives
stratégiques**

**Personne ressource : Lauren Reeves, gestionnaire, Direction des projets
stratégiques de logement**

Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee recommend Council:

- 1. Approve the Amended Affordable Housing Community Improvement Plan (Document 1);**
- 2. Approve the implementing By-Law as detailed in Document 2 and repeal By-law No. 2024-172;**
- 3. Delegate authority to the General Manager, Strategic Initiatives and the City Solicitor to finalize and make any necessary adjustments to the proposed Affordable Housing Community Improvement Plan By-law to give effect to the intent of Council; and**
- 4. Approve the Consultation Details Section of this report to be included as part of the 'brief explanation' in the Summary of Written and Oral Public Submissions, to be prepared by the Office of the City Clerk and submitted to Council in the report titled, "Summary of Oral and Written Public Submissions for Items Subject to the Planning Act 'Explanation Requirements' at the City Council Meeting of October 16, 2024," subject to submissions received between the publication of this report and the time of Council's decision.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnels recommande au Conseil :

- 1. D'approuver le Plan d'améliorations communautaires pour le logement abordable modifié (document 1);**
- 2. D'approuver le règlement de mise en œuvre de la Ville d'Ottawa dans la forme présentée dans le document 2 ci-joint, et d'abroger le Règlement n° 2024-172 ;**
- 3. De déléguer le pouvoir à la directrice générale, Initiatives stratégiques et à l'avocat général de la Ville de parachever et d'apporter les ajustements nécessaires au projet de règlement sur le Plan d'améliorations communautaires pour le logement abordable pour donner suite à la volonté du Conseil; et**

- 4. D'approuver l'intégration de la section du présent rapport consacré aux détails de la consultation dans la « brève explication » du résumé des observations écrites et orales du public, qui sera rédigé par le Bureau du greffe municipal et soumis au Conseil dans le rapport intitulé « Résumé des observations orales et écrites du public sur les questions assujetties aux "exigences d'explication" aux termes de la *Loi sur l'aménagement du territoire*, à la réunion du Conseil municipal prévue le 16 octobre 2024 », sous réserve des observations reçues entre le moment de la publication du présent rapport et la date à laquelle le Conseil rendra sa décision.**

BACKGROUND

The Affordable Housing Community Improvement Plan (CIP) serves as a financial incentive-based program to stimulate and increase the development of affordable rental housing options across Ottawa. The program was developed in accordance with Section 28 of the *Planning Act* as well as Sections 106 and 365 of the *Municipal Act*. The City of Ottawa's Official Plan and 10-Year Housing and Homelessness Plan also provide direction for Community Improvement Plans to support social and community economic development which may include incentives to the private sector.

The CIP program includes a Tax Increment Equivalent Grant (TIEG) to help offset the cost for private sector developers to include affordable units in their developments. The grant is a yearly fixed grant for 20 years for any affordable units that are provided at or below the city-wide average market rent, as defined by the Canada Mortgage and Housing Corporation. The objective of the program is not only to facilitate the development of affordable units but to support the diversification of affordability and reinforce the provision of affordable housing as a City priority.

The Affordable Housing Community Improvement Plan and By-law was approved by the Finance and Corporate Services Committee on April 2, 2024, and [Council on April 17, 2024](#). The intake window for CIP applications opened on July 2, 2024, and to-date eight applications have been received, including over 450 affordable units.

As staff worked through administrative processes and the opening of the program, it was determined that several amendments and clarifications to the plan and program were required. This report outlines proposed changes to the Affordable Housing CIP and recommends that Committee and Council approve the Amended Affordable Housing CIP and implementing By-law. Enacting the Amended CIP and By-law will

permit staff to proceed with processing CIP applications, with the aim of seeking appropriate approvals in Q4 2024.

DISCUSSION

The immediate interest in the Affordable Housing CIP has provided staff the opportunity to identify areas of clarification and improvement in the CIP and TIEG program that went before Council on April 17, 2024. The purpose of this report is to bring forward major as well as minor amendments. Document 1 presents the modified version of the CIP that staff are recommending be approved and adopted by Committee and Council, while Document 3 includes proposed edits made to the original CIP document for review purposes.

Major Amendments

Major amendments may be made by amendment, in accordance with the *Planning Act*, which requires a statutory public meeting and Council approval. The following constitutes a major amendment, as listed in the Affordable Housing CIP:

1. Modifications to the Community Improvement Project Area;
2. Addition of a new financial incentive program;
3. Changes to the types of eligible projects or an addition of a new eligible project;
4. Changes to eligibility criteria;
5. Changes to value or calculation of the grant; and
6. Increases in funding provided by the incentives contained in the CIP.

The amendments contemplated in this report include, changes to the types of eligible projects or an addition of a new eligible project (#3), changes to the eligibility criteria (#4), as well as changes to the value or calculation of the grant (#5). Below is further detail and rationale on the major amendments being proposed:

1. Clarifying wording for the definition of affordability (Modification #1, modifying Section 3.3.1)

While working with CIP program applicants, it was noted that the definition of affordability within the CIP document could be improved by more clearly specifying the applicable Average Market Rent. Staff recommend explicitly stating that affordable rental units must be rented at or below Average Market Rent as defined by the Canada Mortgage and Housing Corporation (CMHC) in their latest Annual Market Survey for the Ottawa portion of the Ottawa-Gatineau Census Metropolitan Area, for the entire rental housing stock, based on building form and unit type. This amendment will clarify to

applicants and developers the exact data to be used to determine the applicable average rents for the CIP.

2. Additional wording on standards for affordable units (Modification #2, modifying Sections 3.3.3 & 3.4.1 of CIP)

Additional wording on unit standards is recommended to ensure affordable units are appropriately sized, have access to the same amenities as market units, and are dispersed throughout a development. This additional wording supports equitable housing standards for all units within a development.

3. Revising the timeline for applying to the program (Modifications #3 & #4, modifying Section 3.3.4 of CIP)

The approved CIP stated that applications may be submitted simultaneously with applications for Site Plan Control (if applicable) or Building Permit and prior to issuance of an Occupancy Permit. However, since the CIP was adopted, provincial Bill 185 came into effect on June 1, 2024, which removed the requirement for pre-consultations and alleviated the 60-day legislative timeline for Site Plan Control application approval. This may result in the Site Plan process lasting longer than 60 days. Therefore, it is recommended that wording be revised to require that applications be submitted only after Building Permit applications. This change will ensure that applicants are far enough in the development process that building design and number of units are set.

In addition, staff also recommend setting a deadline of four years for applicants to receive an Occupancy Permit after their CIP application has been approved. This added deadline is to encourage the development of the affordable housing units in a timely manner, as well as to avoid committing funds to a project that is not proceeding to construction.

4. Clarifying wording on program stacking (Modification #5, modifying Section 3.3.5 of CIP)

Clarifying wording regarding stacking permissions for the Affordable Housing CIP is required to give effect to the intent of the CIP report approved by Council in April 2024. The report indicated that the CIP TIEG can be stacked with programs and funding from other levels of government as well as other City CIPs. The report also indicated that the Affordable Housing CIP TIEG program may not be stacked with other City programs or agreements that incent affordable units. However, the latter was omitted from the final CIP and implementing By-law. Therefore, staff recommend clarifying in Section 3.3.5

that the Affordable Housing CIP TIEG cannot be stacked with other City programs, funding, benefits, and incentives programs, unless otherwise approved by the applicable City approval authority. This amendment is to ensure the City is not duplicating funding efforts to incentivize affordable units.

5. Clarifying wording on the tax uplift cap and determining the annual TIEG amount (Modifications #6 and #7, modifying Sections 3.4, 3.4.2, 3.4.5, and 4.2)

Upon reviewing the approved CIP, the Finance and Corporate Services Department noticed two areas that require additional clarification regarding determining the TIEG amount:

(1) The annual grant shall not exceed 50 per cent of the incremental uplift increase, specifically of the municipal portion of property taxes, as the City can only reimburse the portion of taxes that are paid to the municipality. The tax grant does not include reimbursing the schoolboard tax. This clarification was included in the April 2024 staff report but was omitted in the CIP document. This approach is consistent with other City of Ottawa CIPs.

(2) The tax increment is only established once and locked in, on the first-year following the completion and assessment of the uplift. Any subsequent annual budgetary municipal tax increases will not be included in the grant value as those funds are allocated through the budget process to fund specific services. Maintaining the same tax increment for the duration of 20 years alleviates the need to recalculate the tax increment after every property tax increase. Notwithstanding, the TIEG itself is always the lesser of 50 per cent of the incremental increase in the municipal portion of property taxes or the affordability level grant.

6. Additional requirements for TIEG payment requests (Modifications #8 and #9, modifying Sections 3.4.3, and 3.4.3.h)

The approved CIP does not specify when proponents are required to submit their initial and annual TIEG payment requests. Staff recommend requiring applicants to submit their TIEG request, with required materials, by December 31 of the following year. Staff are satisfied this will provide proponents a reasonable amount of time and will allow for the Finance and Corporate Services Department to report and track the grants issued on a yearly basis. If the proponent fails to request the annual TIEG by December 31 of the following year for which the TIEG is being requested, the City shall have no obligation to pay the TIEG for that year.

Additionally, staff recommend adding language to require that affordable units be continuously occupied to receive the TIEG, with the exception of brief periods to accommodate a change in tenancy or extraordinary circumstances. This amendment discourages lengthy vacancies for affordable units.

Minor Amendments

Minor amendments, such as the correction of typographical errors, revisions to definition and administrative details of specific programs, may be made without Council approval. Document 3 contains a tracked version of the CIP, including major and minor amendments.

These amendments are primarily for housekeeping purposes, they vary from adding clarification in certain areas of the CIP, expanding on annual grant request requirements, and re-formatting the CIP. The final version of the CIP is contained in Document 1.

Next Steps

Once the Amended CIP and By-law is enacted, staff will proceed with processing CIP applications, with the aim to seek appropriate approvals in Q4 2024.

FINANCIAL IMPLICATIONS

There are no financial implications associated with the amendments proposed. The Affordable Housing CIP is a Tax Increment Equivalent Grant (TIEG) incentive between \$6,000 and \$8,000 per affordable rental unit per year for a duration of 20 years. The grants are funded from the municipal property tax uplift resulting from a development.

The Affordable Housing CIP TIEG program may be stacked with other CIPs. When stacked, the Affordable Housing CIP TIEG shall be paid first. If the combined grant funding of all CIP programs exceeds 100 per cent of the municipal property tax uplift, only 100 per cent of the municipal property tax uplift will be paid in a given year to the maximum eligible, or until the 20-year period has been reached. Once the 20-year period has been reached, no additional payments will be made.

LEGAL IMPLICATIONS

There are no legal impediments to adopting the recommendations in this report. The meeting of Finance and Corporate Services Committee serves as the required public meeting under the Planning Act. The process for adopting a Community Improvement Plan is similar to that for adopting an Official Plan Amendment. This includes the

obligation to give notice of adoption and the ability for the Plan to be appealed to the Ontario Land Tribunal.

CONSULTATION

Public consultation will consist of attendance, virtually or in person, at the Finance and Corporate Services Committee scheduled for October 1, 2024. Notice that the CIP By-law is to be considered at Committee will be achieved by placing advertisements in both French and English newspapers at least 10 days in advance of the meeting as well as a circulating an email to stakeholders that were involved in its development.

ACCESSIBILITY IMPACTS

All actions that arise from the Affordable Housing CIP program will adhere to the obligations of the *Accessibility Standards Regulation of the Accessibility for Ontarians with Disabilities Act, 2005 (AODA)*, the *Integrated Accessibility Standards Regulation, 191/11* and the *Ontario Building Code 2012* to the greatest extent possible. Additionally, as per its Accessibility Policy, the City of Ottawa is committed to providing equal treatment to people with disabilities with respect to the use and benefit of City services, programs and goods in a manner that respects their dignity and that is equitable in relation to the broader public.

Affordable and accessible housing is an initiative as part of the 2020-2024 City of Ottawa Municipal Accessibility Plan (COMAP). It is the intent of the City for all affordable housing programs to provide a minimum of 10 per cent barrier-free affordable dwelling units. Council receives an update on this plan annually, with the next report going to Council in May 2025.

Additionally, as per the Ontario Human Rights Code, landlords would be required to provide accessibility-related accommodations for their tenants, unless to do so would cause undue hardship.

While the 10-Year Housing and Homelessness Plan aims for 10 per cent of all new affordable units to be accessible, the City's Accessibility Advisory Committee (AAC) has previously expressed concerns over a lack of accessible and affordable housing options and the associated retrofit of buildings and its impact to persons with disabilities. As such, during the 2027 comprehensive review of the CIP program, staff commit to consulting with persons with disability to ensure mitigation of any unintended disability-related barriers within the Affordable Housing CIP program and its associated by-laws.

DELEGATION OF AUTHORITY IMPLICATIONS

Applications wherein the total TIEG value is less than \$2 million, approval authority is delegated to the Director of Housing Solutions and Investments Services.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

Housing is a key determinant of health. The Affordable Housing CIP will encourage a greater diversity and supply of affordable rental housing city-wide, resulting in greater socio-economic equity and inclusion. Units at 80 per cent of AMR or less will also be offered to tenants from the City administered Below Market Rent (BMR) waiting list.

RISK MANAGEMENT IMPLICATIONS

There is a risk of disputes or breach of contract with housing providers. However, this risk will be mitigated via clear conditions outlined in agreements. Agreements will also be registered on title.

RURAL IMPLICATIONS

The Affordable Housing CIP is applicable city-wide, including all villages designated in the Official Plan. Projects meeting the eligibility requirements may apply.

TERM OF COUNCIL PRIORITIES

Council has deemed “A city that has affordable housing and is more liveable for all” as one of four priorities in the [2023-2026 Term of Council Priorities](#) report. The Affordable Housing CIP will contribute to the increase in affordable housing supply in the City. The incentives would support a range of affordable housing developments, city-wide.

SUPPORTING DOCUMENTATION

Document 1 – Amended Affordable Housing CIP, Clean Version

Document 2 – Implementing Affordable Housing CIP By-law

Document 3 – Amended Affordable Housing CIP, Tracked Changes

Document 4 – Table of Substantive Amendments

DISPOSITION

Housing Solutions and Investments Services will coordinate with the Strategic Projects Branch for Housing Solutions and Investments Services, to undertake the statutory notification process.

Housing Solutions and Investments Services will update the Affordable Housing CIP

website on Ottawa.ca as well as other program documents to include amendments to the CIP program in partnership with the Finance and Corporate Services Department and Legal Services.