

Subject: 2025 Affordable Housing Capital Strategy and Update

File Number: ACS2025-SI-HSI-0023

Report to Planning and Housing Committee on 19 November 2025

and Council 26 November 2025

**Submitted on November 7, 2025 by Lily Xu, Interim Director, Housing Solutions
and Investment Services**

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Ward: Citywide

**Objet: Stratégie et compte rendu: investissement pour le logement abordable
2025**

Numéro de dossier: ACS2025-SI-HSI-0023

Rapport présenté au Comité de la planification et du logement

Rapport soumis le 19 novembre 2025

et au Conseil le 26 novembre 2025

**Soumis le 7 novembre 2025 par Lily Xu, Directrice par intérim, Services des
solutions de logement et des investissements**

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Quartier: À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Planning and Housing Committee recommend that Council:

- 1. Delegate authority to the Interim Director, Housing Solutions and Investment Services (HSIS), to allocate 2025-2026 Ontario Priorities Housing Initiative (OPHI) funds, and any additional funding that becomes available in 2026, to either a contingency budget to support non-profit, affordable and supportive housing projects that require additional funding, or to cover non-exempt City fees and charges, or to projects selected from the Non-profit Affordable Housing Pipeline (Document 1), and to any other projects that receive, or will receive, pre-development funding and that may be added to the Pipeline list in accordance with the selection criteria outlined in the 2024 Affordable Housing Capital Strategy and Update report.**
- 2. Approve a final extension up to March 31, 2026, based on the conditions set out in the report, of the short-term interest-free repayable loan of \$606,075 to the African Canadian Association of Ottawa (ACAO) that was provided through the 2021 Capital Plan for their project at 881-883 Pinecrest Road and delegate authority to the Interim Director, HSIS, to convert a portion of the short-term loan to a conditional contribution, if conditions set out in the report are satisfied.**

RECOMMANDATION(S) DU RAPPORT

Que le Comité de la planification et du logement recommande au Conseil municipal :

- 1. De déléguer à la directrice par intérim, Solutions de logement et Investissements, le pouvoir d'allouer les fonds de l'Initiative liée aux priorités de l'Ontario en matière de logement pour 2025-2026 ainsi que tout autre financement disponible en 2026 à un budget réservé aux imprévus afin d'appuyer des projets de logement à but non lucratif, abordable et avec services de soutien qui nécessitent un financement supplémentaire, de couvrir les droits et redevances municipaux non exemptés ou d'appuyer certains projets figurant sur la liste des projets de logement abordable à but non lucratif (document 1), et tout autre projet qui reçoit ou recevra un financement de pré-aménagement et qui pourrait être ajouté à la liste des projets en phase préparatoire conformément aux critères de sélection**

énoncés dans le rapport Stratégie et compte rendu : Investissement pour le logement abordable de 2025.

- 2. D'approuver une dernière prolongation jusqu'au 31 mars 2026, en fonction des conditions établies dans le présent rapport, du prêt remboursable à court terme sans intérêt de 606 075 \$ accordé à l'Association des Africains Canadiens d'Ottawa (AACO) au titre du Plan d'immobilisations 2021 pour son projet aux 881 et 883, chemin Pinecrest et de déléguer à la directrice par intérim, Service des solutions de logement et investissements, le pouvoir de convertir une partie du prêt à court terme en contribution conditionnelle, si les conditions spécifiées dans le présent rapport sont remplies.**

EXECUTIVE SUMMARY

This report provides the 2025 update on the City's Affordable Housing Capital Strategy, outlining funding allocations, progress on development projects, and key initiatives advancing affordable and supportive housing across the city. The main funding sources supporting the advancement of affordable and supportive housing developments include: the Housing Accelerator Fund (HAF), the Building Faster Fund (BFF), the Ontario Priorities Housing Initiative (OPHI), and municipal capital funding.

The report also recommends delegating authority to the Interim Director, HSIS, to allocate 2025-2026 OPHI funds, and any additional municipal, provincial, and federal funding that becomes available in 2026 to projects selected from the Non-profit Affordable Housing Pipeline, including any other projects that may be added to the Pipeline list, and to support the stabilization of existing projects under or nearing construction. Delegated authority provisions will allow the City to respond quickly to new funding opportunities and maintain progress toward housing targets under the Housing Accelerator Fund, the Building Faster Fund, and the 10-Year Housing and Homelessness Plan. Approval of a final extension of the short-term interest-free repayable loan to ACAO is also being requested to provide them with additional time to submit required documentation, and to meet conditions outlined in this report.

Since 2024, staff have been developing and administering a suite of new initiatives to support affordable housing, as well as continuing to assist dozens of non-profit development projects, to accelerate affordable and supportive housing delivery, including:

- The Non-Profit Affordable Housing Pipeline Strategy
- The Municipal Land Strategy (MLS)
- The Affordable Housing Community Improvement Plan (CIP)
- The Municipal Housing Facility By-law Expansion
- The New Affordable Housing Tax Subclass
- The Bill 23 – Municipal Development-Related Charge Exemptions
- Over 20 fully or partially funded non-profit projects under or nearing construction. This excludes unfunded projects and project closeouts that are still being supported by HSIS staff, or projects resulting from MLS, CIP and Bill 23 agreements.

While this report highlights significant progress, sustained success will be strengthened through ongoing collaboration across all levels of government, continued investment in staffing resources, and inclusive partnerships with community organizations.

RÉSUMÉ

Le présent rapport fait le point sur l'état d'avancement de la Stratégie municipale d'investissement pour le logement abordable en 2025 et décrit l'allocation des fonds, la progression des projets d'aménagement et les principales initiatives visant le développement du logement abordable avec services de soutien dans toute la ville. Les principales sources de financement appuyant l'avancement des projets d'aménagement de logements abordables avec services de soutien comprennent : le Fonds pour accélérer la construction de logements (FACL), le Fonds pour accélérer la construction (FAC), l'Initiative liée aux priorités de l'Ontario en matière de logement et le Fonds d'immobilisations municipal.

Le rapport recommande également de déléguer à la directrice par intérim, Solutions de logement et Investissements, le pouvoir d'allouer les fonds de l'Initiative liée aux priorités de l'Ontario en matière de logements pour 2025-2026 ainsi que tout autre financement municipal, provincial et fédéral disponible en 2026 aux projets de la liste des projets de logement abordable à but non lucratif, y compris à tout autre projet susceptible d'être ajouté à cette dernière, et d'étayer la stabilisation des projets en cours ou en voie de construction. Ce faisant, la Ville pourra réagir rapidement aux nouvelles possibilités de financement et continuer à progresser vers les cibles de

logement conformément au Fonds pour accélérer la construction de logements, au Fonds pour accélérer la construction et au Plan décennal de logement et de lutte contre l'itinérance. L'approbation d'une dernière prolongation du prêt remboursable à court terme sans intérêt accordé à l'AACO est également afin de lui donner davantage de temps pour présenter les documents requis et satisfaire aux conditions énoncées dans le présent rapport.

Depuis 2024, le personnel élabore et administre une série de nouvelles initiatives en vue d'appuyer le logement abordable et de continuer à appuyer des dizaines de projets de logement à but non lucratif afin d'accélérer la livraison de logements abordables avec services de soutien, telles que :

- la Stratégie de réserve de logements abordables à but non lucratif
- la Stratégie foncière municipale
- le plan d'améliorations communautaires pour le logement abordable
- l'expansion du Règlement sur les immobilisations domiciliaires municipales
- la nouvelle sous-catégorie de l'impôt foncier pour les logements abordables
- le projet de loi 23 – Exemptions des redevances d'aménagement municipales
- une vingtaine de projets à but non lucratif en cours ou en voie de construction financés entièrement ou partiellement. En sont exclus les projets non financés, les projets lacunaires dont s'occupe toujours le personnel des Services des Solutions de logement et des investissements ainsi que les projets découlant des ententes conclues en vertu de la Stratégie foncière municipale, du Plan d'améliorations communautaires pour le logement abordable et du projet de loi 23

Si ce rapport fait état de progrès significatifs, il reste que la collaboration actuelle entre tous les paliers de gouvernement, l'investissement continu dans les ressources en personnel et les partenariats inclusifs avec des organismes communautaires permettront d'assurer une réussite durable.

BACKGROUND

Affordable Housing Landscape

Ottawa's affordable housing landscape continues to evolve given shifting market conditions, legislative reforms, available funding and financing programs, and new municipal initiatives. These changes aim to improve housing affordability, accelerate development timelines, and expand the supply of both affordable and supportive housing across the city.

Industry Trends

Ottawa's housing environment in 2025 reflects a stabilizing yet high-cost climate. Although overall inflation has moderated, the rate of change varies across categories, with shelter costs and rents remaining elevated. This sustained pressure on household affordability is further compounded by a growing disparity between housing costs and household incomes.

Construction costs remain a major constraint on housing delivery. Higher labour and material costs, combined with labour market shortages and tariff uncertainties, have slowed project timelines and reinforced the need for innovative delivery models such as modular construction to reduce costs and improve efficiency.

Rental market pressures persist, with vacancy rates remaining below levels associated with improved affordability and rent increases on turnover continuing to significantly exceed those for existing tenants. Longer-term forecasts indicate a growing share of Ottawa households will rely on rental housing, underscoring the need for sustained investment in purpose-built rental, supportive, and affordable housing.

Opportunities and Challenges

At the federal level, the National Housing Strategy provides ongoing support for new affordable housing construction through programs such as the Housing Accelerator Fund (HAF), the Canada–Ontario Priorities Housing Initiative (OPHI) as well as through a suite of targeted funding and financing programs, notably the Affordable Housing Fund (AHF). In May 2025, the AHF ran out of repayable loans, which created uncertainty for non-profit housing providers, who could not proceed without low-cost, long-term financing. A recent [announcement](#) confirmed an additional repayable loan budget of \$1.5B to support existing instream projects submitted to the AHF. This funding is designed to facilitate the transition as the new federal initiative Build Canada Homes scales up its operations. The federal government also recently signed a bilateral

agreement with the province, which includes a three-year extension of the OPHI program, providing more funding predictability for affordable housing delivery (further detail provided below).

Finally, aligning with the upcoming federal Build Canada Homes initiative presents a key opportunity to improve sector coordination, by addressing existing inefficiencies in affordable housing development such as the undue pressure placed on smaller non-profits to act as developers while the capacity of larger non-profits and private sector partners to build at scale is underutilized. Sector partnerships and increased private sector engagement in housing delivery are key to addressing this knowledge gap. The City can support a more effective distribution of roles by leveraging industry expertise, which is a priority identified in the [Housing Innovation Task Force Report and Housing Acceleration Plan](#) approved by Council on October 8, 2025.

At the provincial level, legislation—including the *More Homes Built Faster Act* and the *Cutting Red Tape to Build More Homes Act*— seeks to accelerate development timelines and reduce regulatory barriers, creating opportunities to expand housing supply across Ontario. Although delayed, the bilateral agreement between the province and the federal government has been executed, resulting in a cumulative Ottawa OPHI allocation totaling \$10.6 million over the next 3 fiscal years (2025-2028). This continued funding stream allows for better coordination of housing investments across all levels of government and will enable a wider range of affordable housing projects.

Municipally, the City is advancing new initiatives to incentivize affordable housing delivery. The Comprehensive Zoning By-law review, and the Affordable Housing CIP support higher densities near transit and greater financial viability for non-profit and private-sector projects with affordable units. Other additional incentives to support long-term affordability and sustainability of affordable housing have been introduced and will be further discussed in this report including newly proposed actions resulting from the Housing Acceleration Plan.

DISCUSSION

Affordable Housing Initiatives and Project Updates

The City of Ottawa is actively advancing affordable and supportive housing through the development and administration of new initiatives, and the oversight of numerous housing development projects. The City's term of Council approach to leverage municipal funds, the first three tranches of Housing Accelerator Funds, and funding from provincial programs such as the BFF and the OPHI, has resulted in approximately \$230

million in funding commitments across 2024 and 2025. Staff received delegated authority to allocate these funds through the [2023-2026 Affordable Housing Capital Strategy and Update](#), the [2024 Affordable Housing Capital Strategy and Update](#), and [HAF Use of Funds and Roadmap](#) reports. These investments are supporting the delivery of over 1,373 units from the non-profit sector and 496 units from the private sector. The breakdown of the initiatives and projects contributing to this progress, categorized by funding source, is as follows:

Housing Accelerator Fund (HAF) – Affordable Housing Initiatives

Affordable Housing Pipeline Strategy

The Affordable Housing Pipeline Strategy, approved by Council in April 2024 through the [HAF Use of Funds and Roadmap](#) report, continues to accelerate the delivery of new non-profit affordable and supportive housing projects across Ottawa by providing essential capital and pre-development funding. Ninety per cent of Housing Accelerator Fund (HAF) funding is directed to this initiative, supporting non-profit housing providers through the allocation of capital funding for projects ready to begin construction, and pre-development funding for projects progressing to building permit issuance. This pipeline approach ensures both immediate housing delivery and a continuous, suitable supply of non-profit projects, enabling the City to advance housing targets under the HAF and the 10-Year Housing and Homelessness Plan. A full list of projects in the affordable housing pipeline and their status can be found in **Document 1**.

Municipal Land Strategy (MLS)

Since Spring 2024, HSIS staff have been working on the Municipal Land Strategy (MLS), a [HAF initiative](#) designed to prepare and dispose of City-owned lands for housing development, including affordable and market housing.

Key activities under the MLS include:

- **Inventory Review:** Reviewing the City's inventory of viable and surplus lands to identify sites that are suitable for residential development, including market and affordable housing.
- **Site Identification:** Using formalized evaluation criteria to identify City-owned lands that are most appropriate for affordable housing including having excellent access to transit, as well as a range of services and amenities.
- **Site Disposal Strategies:** Collaboration with City real estate and Build Ottawa staff to recommend disposal approach for properties identified for housing,

including the incorporation of affordable units or securing revenue from land sales for the Affordable Housing Reserve Fund, where sites are recommended for market residential development.

- **Site Preparation:** Undertaking due diligence and preparation of sites that have been prioritized for affordable housing, including analysis of development constraints, preparing concept plans to illustrate development potential, completing technical studies (e.g. serviceability, geotechnical studies, tree inventory reports, environmental site assessments) and undertaking remediation where required. Since 2024, HSIS staff have been working to prepare and advance 14 sites for not-for-profit owned and affordable housing. An additional 6 sites are being advanced for market-led housing, where property sales will either require a proportion of affordable units in the development or direct funds from a sale to the Affordable Housing Reserve Fund.
- **Zoning Alignment:** Proactively aligning zoning permissions with the City's Official Plan to enhance developability of prioritized sites. A rezoning application for 1770 Heatherington Road was approved by Council on September 18, 2024 ([ACS2024-PDB-PS-0038](#)). Additional zoning amendment approvals for 40 Beechcliffe Street, 2 Pretty Street, 185 Hawthorne Avenue, 261A Hinchey Avenue, 2548 Cl rroux Crescent and 2060 Lanthier Drive were received on November 13, 2024 ([ACS2024-PDB-PSX-0038](#)).
- **MLS Surplus Land Disposition:** In Q2 2025, Council approved ([ACS2025-SI-HIS-0010](#)) the first round of MLS surplus lands including eight City-owned properties with delegated authority to transfer these properties to not-for-profit housing providers for the development of new housing. Since approval of this report, staff have been completing due diligence for each site, as required, and working with housing providers, where identified, to advance concept designs and permit applications. A second round of upcoming sites is scheduled to be presented to Council in Q4 2025.
- **Upcoming RFP on City lands:** Preparing a Request for Proposals (RFP) process to select not-for-profit housing providers to develop up to four City-owned sites. This RFP will be released in Q1 2026 and will pilot new approaches to reduce and streamline proponent response efforts and to support financial viability of projects through additional flexibility and pre-development funding.
- **Subdivision Approval:** The municipal lands at 1770 Heatherington Road are being advanced through a City-led subdivision process. Staff are working towards subdivision draft approval, targeting end of 2025. Two of the development blocks will be transferred to Ottawa Community Housing

Corporation (OCHC) to build two low-rise apartments with a total of 90 units. Detailed design and engineering solutions for the site are underway to obtain building permit issuance in 2026. Advancement of development is reliant on the Ministry of Environment, Conservation and Parks (MECP) approval of a Record of Site Condition. The remaining development parcels will be made available to not-for-profit housing providers through a forthcoming RFP process.

- Fulfilling Commitments with the Province: Advancing pre-development activities to meet Provincial obligations under the [Ontario-Ottawa Agreement](#) and the [BFF Investment Plan](#) to provide City-owned surplus sites for modular attainable homeownership units.

Together, these activities ensure that City-owned lands are being prepared and transferred efficiently to housing partners, enabling the delivery of new affordable homes in alignment with municipal, provincial, and federal funding commitments.

Affordable Housing Community Improvement Plan (CIP)

The Affordable Housing CIP was approved by Council on April 17, 2024 ([ACS2024-CSS-GEN-003](#)), and amended on October 16, 2024 ([ACS2024-SI-HSI-0022](#)).

Depending on level of affordability, the program provides Tax Increment Equivalent Grants (TIEGs) of \$6,000 to \$8,000 per affordable unit, up to 50% of the municipal property tax uplift.

To date, Council has approved two rounds of applications totaling up to \$60.3 million in TIEGs over a 20-year duration, or a present value of \$37.4 million. These TIEGs will support 488 new affordable rental units collocated with a total of 1,923 market rental units, across eight developments: 299 City Centre Avenue, 375 Codd's Road, 265 Rideau Street, 317 Lett Street, 1707 Carling Avenue, 661-665 Albert Street, 1040 Somerset Street and 141 George Street. These market developments will offer diverse rental options for moderate- to low-income households in communities located near amenities and transit.

Two developments have successfully entered into CIP agreements registered on title (265 Rideau and 317 Lett), both of which have resulted in unforeseen benefits which include: partnerships between a non-profit provider and private developer, units being provided to households from a City-identified priority group, for example, youth experiencing or at risk of experiencing homelessness, and rents at a much greater depth of affordability for households.

Staff will continue to monitor this program as market conditions and available incentive programs evolve to ensure efficacy, with a comprehensive review planned in Q1 2027.

Building Faster Fund (BFF) Investment Plan

On June 24, 2024, the Province confirmed that the City of Ottawa met 80 per cent of its 2023 housing targets, making the City eligible for \$37.5 million in funding through the BFF. The investment plan, approved by the Province on August 13, 2024, supports housing-enabling infrastructure, advances affordable housing construction, and prepares City-owned lands for residential development. Notably, the City did not meet its 2024 housing targets and did not receive BFF funds for the 2025 calendar year.

Affordable housing projects funded through the 2024 BFF funds include:

- 1770 Heatherington Road, Blocks 1 and 13 (Ward 10 – Gloucester-Southgate), OCHC:
Funding of \$16 million has been allocated for the construction of a new road and its associated municipal infrastructure as well as 90 affordable housing units on this City-owned site. Pre-development work is underway, including subdivision approvals, site servicing, and supporting infrastructure. BFF funding will enable the construction of new affordable units, with project delivery anticipated in phases, beginning in 2026.
- 2262 Braeside Avenue (Ward 18 – Alta Vista), Ellwood House:
A 38-unit extension to the existing 30-unit affordable housing development for seniors has received \$9.5 million in BFF funding for capital construction. Municipal pre-development funding has supported detailed design work and building permit applications. The project has also received approval for funding and financing from Canada Mortgage Housing Corporation (CMHC), with construction expected to begin in spring 2026.
- 40 Beechcliffe Street (Ward 9 – Knoxdale-Merivale):
Pre-development activities are underway on this City-owned property following Council's approval of zoning amendments. In April 2025, the property was declared surplus and City Council approved its transfer to a housing provider ([ACS2025-SI-HSI-0010](#)). BFF funding will support servicing and site preparation work to enable the construction of over 30 affordable housing units.

These investments will help unlock City-owned lands, deliver new affordable housing units, and advance Ottawa's housing targets under the Ontario-Ottawa Agreement, the Housing Accelerator Fund, and the Building Faster Fund.

Ontario Priorities Housing Initiative (OPHI)

For the 2025-2026 fiscal year, the City was awarded \$5,234,800 in OPHI funding. The funding is to be allocated as follows:

- Up to \$600,000 directed to the Ontario Renovates program, with funds being split between eligible private households and not-for-profit housing organizations. Should there be any remaining funds, the Director, Housing Solutions and Investment Services, has delegated authority to reallocate funds as required to ensure full spending by provincial deadlines as per the 2024 Affordable Housing Capital Strategy and Update report; and
- Up to \$250,000 set aside for administration costs; and
- Subject to Ministry approval, up to \$4,384,800 anticipated to support approximately 25 units within a non-profit affordable housing development included in Document 1.

Municipal Strategies

2023-2026 Affordable Housing Capital Strategy Reports

The [2023-2026 Affordable Housing Capital Strategy and Update](#) report was approved by Council on September 13, 2023. It outlines a Term of Council strategy to allocate municipal, provincial and federal funding for 2023 (\$66.6M), and anticipated funding for 2024 (\$20.7M), 2025 (\$15.0M) and 2026 (\$15.0M), towards new affordable housing, while stabilizing projects under construction. Following this report, on December 6, 2023, as part of the 2024 City budget, Council approved an additional \$15M for affordable housing. The [2024 Affordable Housing Capital Strategy and Update](#) report, approved by Council on November 13, 2024, allocated the additional \$15M in capital received through the 2024 City Budget process and received delegated authority to allocate any additional funds received in 2025. The Housing Services Long Range Financial Plan 2025-2030 Update, also approved on November 13, 2024, included updated projections for the municipal capital contributions towards affordable housing. These funds support key project expenses, including studies and plans, non-exempt City fees and charges, land acquisitions, and construction costs.

As of October 2025, the status of the projects in receipt of municipally administered funding through annual capital strategy reports, during this term of Council, is as follows:

Project Address and Ward	Proponent	# of units	Status
289 Carling Avenue (17 – Capital)	John Howard Society	40	Completed in 2022
715 Mikinak Road (13 – Rideau- Rockcliffe)	OCHC	271	Completed in 2024
464 Lisgar Street (14 – Somerset)	John Howard Society	29	Completed in 2024
44 Eccles Street (14 – Somerset)	Cornerstone Housing for Women	46	Completed in 2024
54 and 256 St-Denis Street (12 - Rideau-Vanier)	Gignul Non-Profit Housing	12	Completed in 2024
1 Dunbar Court (9 - Knoxdale-Merivale)	Nepean Housing	31	Completed in 2025
216 Murray Street (12 - Rideau-Vanier)	Shepherds of Good Hope	48	Completed in 2025
881-883 Pinecrest Road (7 – Bay)	African Canadian Association of Ottawa	2	Acquired in 2022
887 Kirkwood Avenue (Ward 16 – River)	Ottawa Community Land Trust	6	Acquired in 2023
56 Capilano Drive (9 - Knoxdale-Merivale)	Salus	54	Under construction Estimated completion: Q4 2025
171 Armstrong Avenue (15 – Kitchissippi)	CCOC	10	Under construction Estimated completion: Q4 2025
818 Gladstone Avenue (Rochester Heights Phase 2) (14 – Somerset)	OCHC	273	Under construction Estimated completion: Q3 2026
665 Albert Street (14 – Somerset)	Multifaith Housing Initiative	133	Under construction Estimated completion: Q4 2027
1770 Heatherington Road – Blocks 1 and 13 (10 – Gloucester-Southgate)	OCHC	90	Pre-development
To be announced	Habitat for Humanity	33	Pre-development
1245 Kilborn Place	City	TBD	Pre-development

(18 – Alta Vista)			
Total Units		1,078+	

1245 Kilborn Place Concept Plan

City Council approved the purchase of 1245 Kilborn Place in September 2023 ([ACS2023-PRE-CRO-0015](#)) with the goal of creating a mixed-use community hub, including affordable, supportive, and market housing options. The objective is to deliver a well-designed, integrated, and complete community on the site.

Since acquisition, staff have advanced a range of technical studies and engagement activities to inform the future vision, including completion of:

- Review of the Building Condition Audit to help assess whether to retrofit or demolish the existing building
- A supportive housing needs assessment to understand needs and projects in the development pipeline across the City
- Phase I and II Environmental Site Assessments to address site conditions
- A Tree Inventory and Environmental Impact Study to support sustainable development
- Internal consultations with City departments and service areas
- Outreach to the Anishinabe Algonquin Host Nation
- Engagement with housing and homelessness service providers, the Ottawa Aboriginal Coalition, newcomer-serving agencies, and the South East Ottawa Community Health Centre and
- Public Open House #1, held in September 2025 (both in person and virtual), to share background information and seek public input on the emerging vision for the site, which includes: a range of health, community and social services, a mix of affordable, supportive and market rent housing units, a childcare centre, and a public park, new connections and other open spaces

Planned next steps include:

- Releasing a Request for Offers in Fall 2025 to identify potential delivery partners
- Preparing a Concept Plan and Implementation Plan in 2026 with selected delivery partners, building on technical work and public engagement feedback
- Undertaking additional technical studies as required

- Hosting two additional public consultation sessions on the draft and final Concept Plan and Implementation Plan and
- Aiming to bring the final Concept Plan and Implementation Plan to Council for consideration and approval in 2027

1010 Somerset Redevelopment

The redevelopment of 1010 Somerset Street West is a major city-led initiative, spearheaded by HSIS in collaboration with City departments and external partners. The project envisions a vibrant, mixed-use community hub featuring:

- A new French-language elementary school with childcare
- A recreation and cultural centre
- A redesigned public park and a new 1-hectare park
- A mix of affordable and market housing

Following Council's acquisition approval in December 2022, a Master Concept Plan was developed through extensive engagement and endorsed in principle in December 2024. Key milestones achieved on the project to date include:

- Site Plan application submission by Conseil des écoles publiques de l'Est de l'Ontario (CEPEO) for the school at 45 Oak St.
- Council approval of the relocation of Pinocchio childcare to 45 Oak St. (July 23, 2025).
- Council approval of Official Plan Amendment and Zoning By-law Amendment (July 25, 2025)
- Execution of Agreement of Purchase and Sale with CEPEO (August 29, 2025)
- Posting of RFP for park design on MERX (September 12, 2025)
- Indigenous engagement initiated with Algonquins of Ontario (AOO) (September 18, 2025)

Planned next steps include:

- Evaluation and awarding of park design RFP (November 2025). Assembling of a team to initiate consultation and design of parkland, including the concept design for the new 1-hectare park and the detailed redesign of the shared-use portion of Plouffe Park
- Existing building demolition
- Finalizing sidewalk and layby options for Oak Street
- Coordinating Hydro Ottawa pole relocation

- Finalizing survey, easements, and closing sale for 45 Oak St. Completing land transfer to CEPEO. School construction is anticipated to begin in 2026
- Obtaining Record of Site Condition from Ministry of Environment and Conservation and Parks (MECP)
- Parks and Facilities Planning (RCFS) engaging Asset Management's Capital Planning Project Definition staff to initiate the feasibility study for the new recreation and cultural facility
- Meeting with OCH to evaluate the feasibility of dedicating a mid-rise block for affordable housing and exploring private development partnerships for the proposed high-rise towers, after which staff will proceed with severing the lands to enable affordable housing development.

Municipal Housing Facility By-law Expansion

On July 10, 2024, Council approved an amendment to the [Municipal Housing Facility By-law](#) to expand property tax exemptions for affordable housing. Previously limited to OCHC, the 2024 by-law extended eligibility to affordable units owned by any non-profit or co-op housing provider in Ottawa. This change supports both existing and new developments.

As part of the Housing Acceleration Plan, developed through the Housing Innovation Taskforce, staff will further implement options to broaden eligibility criteria with recommendations anticipated to be brought to Council by Q2 2026. This includes considering more flexible rent structures to enable a wider range of non-profit and co-op projects to qualify for tax exemptions, improving the financial viability of projects, and ultimately long-term affordability and sustainability. Following this report, staff will bring forward the first round of new developments eligible to receive property tax exemptions.

New Affordable Housing Tax Subclass

On September 10, 2025, Council approved the adoption of a [new Affordable Housing Tax Subclass](#) which allows municipalities to offer property tax discounts of up to 35 per cent for eligible affordable rental housing units. The adoption of a new subclass is required for the Municipal Property Assessment Corporation (MPAC) to assess qualifying properties, which will support the City's analysis of the value of a new property tax subclass discount, the associated tax implications, and impacts to existing municipal affordable housing property tax incentives (i.e. Municipal Housing Facilities and Affordable Housing CIP By-laws). Staff will also identify any gaps in existing affordable housing incentives that the new subclass could assist in supporting the

delivery and retention of affordable housing. This analysis will inform a recommendation on an appropriate discount rate and any associated tax shifting, which will be presented as part of the annual tax policy report in April 2026, by the Tax Billing and Assessment Branch.

Bill 23 – Municipal Development-Related Charge Exemptions

Provincial legislation providing exemptions and fee reductions for development charges, parkland, and community benefits charges where affordable housing units are delivered came into effect on June 1, 2024. Council delegated authority ([ACS-2025-SI-HSI-0013](#)) to the Director, Housing Solutions and Investment Services, to enter into agreements with developers seeking these exemptions. Legal has finalized an agreement template, resulting in the execution of the first agreement in September 2025. Staff are finalizing several other agreements under this authority.

Innovation and Research

To respond to Council direction and accelerate affordable housing development, the following innovative initiatives focused on delivery models and financing tools are being further explored:

- **Public Developer Model:** Review of best practices and precedent public developer models, alternative financing tools, and innovative delivery approaches to scale up the delivery of affordable housing in response to [Council direction](#) in [November 2024](#) and [January 2025](#). As per action item #32 in the Housing Acceleration Plan, staff will continue this analysis of public developer options to determine the most efficient model to leverage the strengths of the City, Build Ottawa and OCHC to address existing challenges to developing affordable housing. Strategic Initiatives staff will return to committee by Q2 2026 with a cost-benefit analysis of model options.
- **Alternative Financing:** Staff are assessing options to expand funding and financing tools for affordable housing and reduce reliance on traditional capital sources.
- **Construction methodologies:** Non-profit multi-residential housing projects are often at the forefront of adopting new technologies to reduce construction and operating costs. Notable examples include CCOC's 159 Forward Avenue, built to Passive House standards, and OCHC's modular development at 3380 Jockvale Road.

Recommendations

Staff further recommend measures that provide flexibility in allocating future funding to projects selected from the Non-profit Affordable Housing Pipeline, including any other projects that may be added to the Pipeline list, and to support the stabilization of existing projects. These recommendations build on Council's previous direction under the 2024 Affordable Housing Capital Strategy and respond to current funding conditions, program uncertainties, and operational challenges faced by housing partners.

Recommendation #1 - Delegate authority to the Interim Director of HSIS to allocate 2025-2026 OPHI funds, and any additional funding that becomes available in 2026

As part of the 2024 Affordable Housing Capital Strategy, Council delegated authority to staff to allocate any additional funds received in 2025 toward contingency budgets, non-exempt City fees and charges, or projects within the affordable housing pipeline. In 2025, the City was awarded \$5,234,800 in additional funds through OPHI. Of this amount, up to \$4,384,800 is anticipated to support approximately 25 units within a non-profit affordable housing development included in Document 1.

With anticipated uncommitted 2026 funding totaling approximately \$51.1 million, including \$7.5 million from the 2026 municipal budget, \$3.9 million from 2026-2027 OPHI funds, and up to \$39.6 million from the final (fourth) tranche of the HAF, sufficient resources are expected to support both contingency requirements and new allocations for pre-development and capital funding. Advancing the final fourth tranche of HAF will require separate Council approval through the Q1 2026 HAF update report. Preparations for the issuance of an RFP in 2026 will be undertaken, with issuance occurring once further clarity is provided on available federal housing programs, enabling staff to assess the financial viability of proposed projects. Should a new program with significant funding be announced, similar to HAF, staff will bring forward a separate report for Council direction.

Staff is recommending the continuation of delegated authority provisions to allocate any additional funds received in 2026. This approach will enable staff to respond promptly as new funding becomes available, ensuring that shovel-ready projects can advance without delay. These measures are critical to achieving the City's housing targets under the HAF, the BFF, and the 10-Year Housing and Homelessness Plan.

Recommendation #2 - Approve an extension of the short-term loan for the project at 881-883 Pinecrest Road, based on the conditions set out in the report

In 2021, the African Canadian Association of Ottawa (ACAO) was selected for funding through the Black-led Family Rental Housing RFP, which aimed to support Black-led organizations in building capacity within the not-for-profit housing sector. ACAO's successful proposal involved the acquisition and operation of two family-sized affordable rental units located at 881 and 883 Pinecrest Road, and they were awarded a municipal grant of \$350,000.

As a relatively new organization with limited housing expertise and financial assets, ACAO was unable to secure long-term financing for the balance of the purchase price of the property in time for the original closing. In February 2022, the City agreed that in addition to the \$350,000 grant, the City would further offer ACAO an 18-month, \$606,075 short-term, no interest, repayable loan to allow them to explore available financing options once the project was occupied and stabilized.

As part of the 2024 Affordable Housing Capital Strategy and Update report, the term of the short-term loan was extended by one year, with the revised expiry date set for March 31, 2025. The intent was to provide ACAO the opportunity to submit documentation for outstanding agreement requirements and secure a mortgage for the portion of the short-term loan. Since that time, staff have been working with ACAO to fulfill the reporting requirements outlined in the contribution agreement, including the repayment of the loan. ACAO continues to face ongoing challenges in managing the rental units and securing mortgage financing to repay the City's short-term loan.

In October 2025, staff shared with ACAO a Letter of Concern drafted with Legal which includes a record of communications over the last year, outstanding items as of the applicable March 2025 deadline, how outstanding items may be remedied, and a list of conditions for staff to consider converting a portion of the loan to a contribution. These conditions are outlined below.

Considering that the grant and loan were allocated as a pilot acquisition project, staff recommend granting a final extension until March 31, 2026. This extension would allow ACAO to submit its financial statements, and provide evidence of an approved mortgage, which may be for an amount less than the full value of the repayable loan.

Staff will consider the conversion of a portion of the short-term loan into a conditional contribution, subject to receipt of the required documentation by December 8, 2025, to

rectify outstanding concerns regarding their Contribution Agreement, and the fulfillment of the following conditions by March 31, 2026:

- Property taxes are not in arrears
- Required capital reserves are in place
- Confirmation of separate bank accounts are established for property management
- Rent rolls are completed, submitted and in accordance with the Contribution Agreement
- The current Contribution Agreement is in good standing
- Documentation of mortgage applications, including conditional approval and/or rejection letters is provided to the satisfaction of the City
- A qualified third-party property manager is engaged to oversee annual reporting and to be the direct point person to correspond with the City
- Any communications with an ACAO board member must be with several board members as well as the third-party property manager mentioned above, to ensure transparency and accountability of the entire board
- The duration of affordability of the project be increased from 20 years to 50 years and
- ACAO is to include \$50,000 of ACAO equity into the project

This approach aims to support ACAO's continued participation in the affordable housing sector while ensuring accountability and financial sustainability. While the intent remains to resolve the current challenges in collaboration with ACAO, if the required documentation is not submitted by December 8, 2025, or if the required conditions are not met by March 31, 2026, staff will be declaring ACAO in default of their agreement. This would include exploring the potential to acquire the units to then transfer them to an alternative non-profit housing provider with demonstrated experience in managing affordable housing. Staff have shared the details of the final extension and associated conditions with ACAO and have offered to meet to ensure transparency and continued engagement.

FINANCIAL IMPLICATIONS

If approved, the Interim Director, Housing Solutions and Investment Services, will have delegated authority to allocate uncommitted 2025 budget funds and any additional municipal, provincial, and federal funding that becomes available in 2026.

The 2025 Budget included \$22.9 million in annual funding, \$18.9M in line with the

Housing Services Long Range Financial Plan 2025-2030 Update and an additional \$4M from the graduated VUT rate. To date \$15.8 million has been committed through two agreements leaving 7.1M remaining to be allocated through delegated authority. In 2025, the City was awarded \$5,234,800.00 million in Ontario Priorities Housing Initiative funding and will be allocated as described in the report.

The 2026 Draft Capital Budget is projected to include \$23.25M in annual funding. To date \$15.8M has been committed, leaving \$7.5M remaining to be allocated through delegated authority as described in Recommendation 1.

Term of Council Municipal Capital Contributions, Commitments and Remaining Funds:

(\$ million) by Year	2023	2024	2025	2026 Draft
Municipal Capital Contribution	29.3	30	22.9	23.3
Previously Committed	29.3	30	15.8	15.8
Remaining	0	0	7.1	7.5

There are no financial implications related to recommendation 2, as no additional funds are being requested, and the conversion of a portion of the short-term loan into a conditional contribution will be funded within the existing budget.

LEGAL IMPLICATIONS

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

COMMENTS BY THE WARD COUNCILLOR(S)

This is a city-wide report.

CONSULTATION

Housing Solutions and Investments Services staff continue to engage with affordable and supportive housing not-for-profit partners on an ongoing basis.

ACCESSIBILITY IMPACTS

Visitable and accessible dwelling units are a requirement under the Ontario Building Code, the CMHC National Housing Strategy programs, provincial funding programs and the City's Action Ottawa program.

Most projects being supported by the City are also funded through the CMHC Affordable Housing Fund, which requires applicants to ensure that (1) a minimum of 20% of dwelling units meet accessibility standards and common areas are "barrier-free", or (2) the entire project (common areas and dwelling units) has full universal design. Applications that exceed these minimum requirements are prioritized for funding. Due to this requirement, most projects funded by the City meet or exceed these accessibility targets.

Furthermore, the 10-Year Housing and Homelessness Plan aims for 10 per cent of all new affordable units to be accessible.

ASSET MANAGEMENT IMPLICATIONS

Although this report provides an update on the Municipal Land Strategy and outlines strategic municipal lands currently undergoing master planning led by HSIS, there are no asset management implications with adopting its recommendations. The Community and Social Services Asset Management Plan does not include housing services assets because they are not owned by the City and are therefore outside the scope of the City's asset management planning obligations.

CLIMATE IMPLICATIONS

Most projects being supported by the City are also funded through the CMHC Affordable Housing Fund, which requires applicants to demonstrate that their project(s) are highly energy efficient. A project must be designed to achieve a minimum 25% decrease in energy consumption and Greenhouse Gas (GHG) emissions outlined in the requirements of the 2015 National Energy Code for Buildings (NECB) or the 2015 National Building Code (NBC) ("base case"), or a 15% decrease relative to the 2017 National Energy Code for Buildings. Applications that exceed these minimum requirements are prioritized for funding. Due to this requirement, most projects funded by the City meet or exceed these energy targets.

DELEGATION OF AUTHORITY IMPLICATIONS

The following existing authorities, as set out under the Delegation of Authority By-law No. 2024-265, will be exercised to implement the report recommendations:

- Schedule B: Finance and Corporate Services Department
- Schedule L: Strategic Initiatives Department

The exercise of delegated authority shall be reported to the appropriate Standing Committee at least once in each calendar year.

ECONOMIC IMPLICATIONS

There are no economic implications in this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications in this report.

INDIGENOUS, GENDER AND EQUITY IMPLICATIONS

Affordable and supportive housing is a key determinant of health. Developments funded by the City support a greater diversity and supply of rental housing city-wide, resulting in improved socio-economic equity and inclusion. Projects led by and/or targeting tenancies for equity deserving groups are prioritized.

RISK MANAGEMENT IMPLICATIONS

As part of a comprehensive risk management strategy, staff will monitor expenditures closely and take the necessary proactive steps to ensure the financial viability of projects and maximize the use of available funds to avoid any loss in funding.

RURAL IMPLICATIONS

There are no rural implications in this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications in this report.

TERM OF COUNCIL PRIORITIES

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

SUPPORTING DOCUMENTATION

Document 1 – Affordable Housing Pipeline of Projects

DISPOSITION

Housing Solutions and Investment Services staff, in consultation with other service areas, will action the recommendations.

Document 1 – Affordable Housing Pipeline of Projects

Project Address	Ward	Proponent	# of units	Affordable (A)/ Supportive (S)	Status (as of Oct 2025)	Estimated Completion
171 Armstrong Ave.	15 – Kitchissippi	CCOC	10	A	Under Construction	Q4 2025
56 Capilano Dr.	9 – Knoxdale-Merivale	Salus	54	S	Under Construction	Q4 2025
212-216 Carruthers Ave.	15 – Kitchissippi	CCOC	10	A	Under Construction	Q4 2025
Ward 10	10 – Gloucester Southgate	Interval House of Ottawa	10	S	Under Construction	Q4 2025
3380 Jockvale Rd. (Ph 1)*	3 – Barrhaven West	OCHC	32	A	Under Construction	Q1 2026
818 Gladstone Ave.	14 – Somerset	OCHC	273	A	Under Construction	Q4 2026
1 Finch Pvt. (3405 Uplands Dr.)	16 – River	OCHC	45	A	Under Construction	Q3 2026
71/75 Oak St. (GV Phase 1)	14 – Somerset	OCHC	336	A	Under construction	Q3 2027
665 Albert St.	14 – Somerset	Multifaith Housing Initiative	133	A	Under construction	Q4 2027
Total units under construction			903			

Project Address	Ward	Proponent	# of units	Affordable (A)/ Supportive (S)	Status (as of Oct 2025)	Estimated Completion
214-216 Somerset St. E	12 – Rideau - Vanier	OCHC	23	S	Funded, nearing construction start	Q2 2027
2040 Arrowsmith Dr.*	11– Beacon Hill-Cyrville	Wigwamen	50	A	Funded, nearing construction start	Q4 2027
2865 Riverside Dr.	16 – River	St Patrick's Home of Ottawa	67	A	Funded, nearing construction start	Q4 2027
1770 Heatherington Rd. Blocks 1 and 13*	10 – Gloucester Southgate	OCHC	90	A	Funded, nearing construction start	Q1 2028
2262 Braeside Dr.	18 – Alta Vista	Ellwood House	38	A	Funded, nearing construction start	Q2 2028
200-201 Beausoleil Dr.	12 – Rideau - Vanier	OCHC	159	A	Partially Funded, nearing construction ready	TBD
1360 Ogilvie Rd.	11 – Beacon Hill-Cyrville	Better Living Co-op	39	A	Partially Funded, nearing construction ready	TBD
58 Capilano Dr.	9 – Knoxdale-Merivale	Salus	4	S	Partially Funded, nearing construction ready	TBD
Total units nearing construction start			470			

Project Address	Ward	Proponent	# of units	Affordable (A)/ Supportive (S)	Status (as of Oct 2025)
5581 Doctor Leach Dr.	21 – Rideau-Jock	Rideau Non-profit	38	A	Pre-development
1083 Merivale Rd.	16 – River	Shepherds of Good Hope	56	S	Pre-development
To be announced	To be announced	Habitat for Humanity	33	A	Pre-development
8 Withrow Ave.	8 – College	Anglican Diocese	65	A	Pre-development
Total units supported through pre-development			192		

Total pipeline units receiving funding support	1,565
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*Indicates a municipal land contribution to the project